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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)**

## **PROPOSED ADOPTION OF THE EMPLOYEE STOCK OWNERSHIP PLAN**

The Board hereby announces that, in order to establish and improve the mechanism of benefit-sharing between the employees and owners of the Company, enhance corporate governance standard, improve the cohesion and competitiveness of the Company and advance the sustainable and healthy development of the Company, the Company formulated the Employee Stock Ownership Plan (Draft) of CITIC Securities Company Limited in accordance with the Company Law, the Securities Law, the Guiding Opinions of the CPC Central Committee and the State Council on Improving the Management of State Financial Capital, the Guiding Opinions on the Pilot Program of Employee Stock Ownership Plans Implemented by Listed Companies issued by the CSRC, the Guidelines of Shanghai Stock Exchange on Information Disclosure in respect of Employee Stock Ownership Plan of Listed Companies, the Hong Kong Listing Rules and other applicable laws and regulatory requirements in Hong Kong, with a term of ten years during which time specific proposal for implementation of the Plan will be formulated on a yearly basis.

The Plan does not constitute a share option scheme pursuant to Chapter 17 of the Hong Kong Listing Rules and is a discretionary plan of the Company.

The Plan has been approved at a meeting of the Board held on 4 March 2019, but is still subject to the approval of the Shareholders pursuant to the relevant PRC regulatory requirements. Shareholders' approval will be sought at the EGM to consider and, if thought fit, to approve, among others, the resolutions in relation to the Employee Stock Ownership Plan and the proposed authorization to the Board and the management of the Company in this respect.

A circular containing, inter alia, further details of the Employee Stock Ownership Plan and the proposed authorization to the Board and the management of the Company in this respect, together with a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

## **I. INTRODUCTION**

In order to establish and improve the mechanism of benefit-sharing between the employees and owners of the Company, enhance corporate governance standard, improve the cohesion and competitiveness of the Company and advance the sustainable and healthy development of the Company, the Company formulated the Employee Stock Ownership Plan (Draft) of CITIC Securities Company Limited in accordance with the Company Law, the Securities Law, the Guiding Opinions of the CPC Central Committee and the State Council on Improving the Management of State Financial Capital, the Guiding Opinions on the Pilot Program of Employee Stock Ownership Plans Implemented by Listed Companies issued by the CSRC, the Guidelines of Shanghai Stock Exchange on Information Disclosure in respect of Employee Stock Ownership Plan of Listed Companies, the Hong Kong Listing Rules and other applicable laws and regulatory requirements in Hong Kong, with a term of ten years during which time specific proposal for implementation of the Plan will be formulated on a yearly basis.

## **II. THE EMPLOYEE STOCK OWNERSHIP PLAN**

### **1. Basis**

The Company Law, the Securities Law, the Guiding Opinions of the CPC Central Committee and the State Council on Improving the Management of State Financial Capital, the Guiding Opinions on the Pilot Program of Employee Stock Ownership Plans Implemented by Listed Companies issued by the CSRC, the Opinions on Supporting the Repurchase of Shares by Listed Companies issued by the CSRC, the Ministry of Finance and the State-Owned Assets Supervision and Administration Commission, the Guidelines of Shanghai Stock Exchange for Information Disclosure for Employee Stock Ownership Plans of Listed Companies, the Hong Kong Listing Rules and other applicable laws and regulatory requirements in Hong Kong.

### **2. Purpose**

To establish and improve the mechanism of benefit sharing between the employees and owners of the Company, improve corporate governance level, improve the cohesion and competitiveness of the Company and advance the sustainable and healthy development of the Company.

### **3. Principles**

- (i) Compliance with law and regulations. To strictly comply with the requirements of the law, administrative regulations, rules, regulatory documents, perform procedures and disclose information in a true, accurate, complete and timely manner. It is not permitted to use the Employee Stock Ownership Plan to engage in insider trading, stock market manipulation or other fraudulent actions in relation to securities.

- (ii) Voluntary participation. The Plan is subject to discretionary decisions of the Company and voluntary participation of the employees. The Company shall not force the employees to participate in the Employee Stock Ownership Plan in any manner such as apportionment and mandatory distribution.
- (iii) Voluntary risk undertaking. The participants under the Employee Stock Ownership Plan will be responsible for their own gains or losses and will undertake their own risks, and their interests rank *pari passu* with those of other investors.
- (iv) The interests of current Shareholders of the Company are not affected and without incurring additional operating cost of the Company.

#### 4. Scope

##### (i) *Scope of personnel*

- (1) Directors and Supervisors who have entered into formal employment contracts with the Company.
- (2) senior management of the Company.
- (3) middle-level management of the Company.
- (4) core and key employees nominated by the management of the Company.
- (5) employees at senior vice-president level and above of the headquarter, and the employees at the general manager level and above of the business departments at the branches in PRC.
- (6) personnel of the Company's wholly-owned or non wholly-owned subsidiaries in PRC as determined by reference to the principles of the Company's headquarter and subject to the actual conditions.
- (7) personnel of the Company's wholly-owned or non wholly-owned subsidiaries seconded by the headquarter, who meet the relevant requirements of the Company.
- (8) other key employees of the Company.

##### (ii) *Qualification of personnel*

Holders of the Shares under the Plan shall fulfil all the following conditions or otherwise be a qualified employee approved by the Board.

- (1) an employee who has entered into a formal employment contract with the Company on a full-time basis.

- (2) an employee who has served the Company for 12 months.
- (3) an employee whose individual performance appraisal for the last year has fulfilled the requirements of the Company.
- (4) an employee who has not yet retired at the time when the specific proposal to be formulated under the Employee Stock Ownership Plan is approved by the Shareholders or the Board authorized to do so.

## **5. Number of participants and amount of funds**

Under the Employee Stock Ownership Plan, the number of participants from the parent company was approximately 1,000 to 1,500. Upon the Employee Stock Ownership Plan becoming effective, the Board will determine the number of participants, amount of funds and shareholding in accordance with the procedures prescribed by the Plan.

## **6. Source of funds**

The funds of the Employee Stock Ownership Plan shall be derived from the legitimate salaries payable to the employees by the Company, while the source of funds of the wholly owned or non-wholly owned subsidiaries in PRC shall be the legitimate salaries payable to the employees by the subsidiaries.

## **7. Source of Shares**

The source of Shares under the Employee Stock Ownership Plan shall be the A Shares and H Shares directly purchased in the secondary market by the Trust Entity according to the instructions of the Management Committee.

## **8. Size of shareholding**

The total number of Shares to be held in all effective specific proposals to be formulated under the Employee Stock Ownership Plan shall not exceed 10% of the total issued Shares of the Company as at the date on which the Plan is approved by the Shareholders (if it exceeds 5% of the total issued Shares, a report shall be made for approval in accordance with the requirements of the CSRC), among which, the number of A Shares and H Shares to be held under the Plan shall not exceed 10% of the total issued A Shares and 10% of the total issued H Shares, respectively as at the date on which the Plan is approved by the Shareholders. The implementation of the Employee Stock Ownership Plan will not lead to the shareholding structure of the Company not in compliance with the listing conditions and requirements under relevant laws, regulations and listing rules of the place where the Shares of the Company are listed. The number of Shares corresponding to share interests allotted to an individual holder shall not, in aggregate, exceed 0.5% of the total number of Shares as at the date on which the Plan is approved by the Shareholders. The total number of Shares held under the Employee Stock Ownership Plan does not include any Shares acquired independently from the secondary market by the employees, any Shares obtained by the employees through equity

incentives, and any Shares subsequently issued or allotted to the employees in proportion to the share interest of such employees including capitalization issue, bonus issue and rights issue.

In the event of any change in relevant laws and administrative regulations in the future, the Employee Stock Ownership Plan shall comply with the new requirements.

## **9. Periods of shareholding**

### *(i) Term of the Employee Stock Ownership Plan*

The Employee Stock Ownership Plan will be effective for a term of ten years commencing from the date of being approved at the general meeting of the Company and ending upon expiration, except for any early termination or extension as approved at the general meeting of the Company or as required by relevant laws and regulations.. The Employee Stock Ownership Plan will be implemented on a yearly basis. The Board is authorized by the Shareholders to deliberate and approve each specific proposal to be formulated under the Employee Stock Ownership Plan and the management of the Company is authorized to implement such proposals.

The lock-up period for each specific proposal to be formulated under the Employee Stock Ownership Plan shall not be less than 24 months, starting from the time when the Company announces that the underlying Shares for the special proposal concerned have been transferred to the shareholding account specially set up by the Trust Entity for the Employee Stock Ownership Plan. During the Lock-up period, trading in the Shares to be held under the Plan is prohibited.

### *(ii) Purchase period*

The Shares purchase under each specific proposal to be formulated under the Employee Stock Ownership Plan will be completed within 6 months from the date when it is deliberated and approved by the Shareholders (or the Board authorized to do so).

### *(iii) Purchase windows*

The purchase windows in the secondary market for the Trust Entity under the Employee Stock Ownership Plan shall be strictly in compliance with the relevant regulations of the stock exchanges where the Shares are listed.

### *(iv) Adjustments of Shares*

In case of financing, allotment of shares in proportion to the shareholding of shareholders including capitalization issue, bonus issue and rights issue, distribution of interests, distribution of dividends, share consolidation, etc. by the Company, the Shares held under the Employee Stock Ownership Plan under implementation will be handled accordingly under the principle that the same share be entitled to the same rights.

## 10. Management of the Plan

### (i) *Holders*

Employees who effectively participated in the Employee Stock Ownership Plan and hold the interests of relevant Shares accordingly are holders. During the term of each specific proposal to be formulated under the Employee Stock Ownership Plan (which includes the lock-up period not less than 24 months and a period of Shares disposal and proceeds distribution), the Shares held by the holders under the Plan shall not be sold, transferred, withdrawn, or used for the purposes of creating any charge, pledge or security thereon or repaying of debts.

Employees under any of the following circumstances shall not be a participant of a specific proposal to be formulated under the Employee Stock Ownership Plan in the special proposal concerned, and all Shares and interests in relation thereto held by employees under any of the following circumstances in a specific proposal to be formulated under the Employee Stock Ownership Plan shall be withdrawn:

- (1) anyone who is publicly condemned or declared unfit by a stock exchange in the last three years.
- (2) anyone who is imposed administrative penalty by the CSRC for serious violation of law or regulation in the last three years.
- (3) anyone who is subject to criminal liability imposed by a judicial organization for his/her personal deliberate or negligent act which was in violation of criminal law of PRC in the past three years.
- (4) anyone who has caused serious damage to the Company's operation, reputation and interests due to his personal deliberate or negligent act in the past three years.
- (5) any circumstance determined by the Board to be unfit for becoming a holder.
- (6) other circumstances stipulated by the relevant law, regulations or regulatory documents.

In addition, in case a holder of any specific proposal to be formulated under the Employee Stock Ownership Plan leaves the Company on his/her own accord or due to his/her unsatisfactory performance during the term of the specific proposal, his/her Shares and interests in relation thereto shall be withdrawn.

Such withdrawn Shares and interests in relation thereto will be used in the next specific proposal to be formulated under the Employee Stock Ownership Plan.

In case a holder under the Employee Stock Ownership Plan retires, is in internal early retirement or retires because of illness during the term of a specific proposal to be formulated under the Employee Stock Ownership Plan, his/her rights and interests shall remain unchanged. The rights and interests of a deceased holder will be inherited by his/her statutory successor.

*(ii) Holders Representative Meeting*

The authority of the Employee Stock Ownership Plan is the Holders Representative Meeting. Holders representatives are elected by various departments. The Holders Representative Meeting has a Management Committee, the members of which are elected and removed by the Holders Representative Meeting. Meetings of the Holders Representative Meeting are chaired by a person designated by the Management Committee.

The Management Committee is responsible for supervising the daily management of the Employee Stock Ownership Plan, and shall authorize the Trust Entity to exercise holders' rights on their behalf. However, the A Shares and H Shares purchased by the Trust Entity under the Employee Stock Ownership Plan shall carry no voting rights during the period when the Trust Entity holds the Shares.

*(iii) Trust Entity*

An independent third party shall be appointed to manage the Employee Stock Ownership Plan. The Trust Entity shall be the trustee entity of the Employee Stock Ownership Plan, who is a qualified asset management entity under relevant laws and regulations and will purchase and hold the Shares by the means as permitted by applicable laws and regulations.

The Holders Representative Meeting shall enter into a Trust Agreement on Employee Stock Ownership Plan to stipulate the rights and obligations of the Trust Entity, to safeguard the legitimate rights and interests of the holders under the Employee Stock Ownership Plan, and to ensure independence and safety of assets under the Employee Stock Ownership Plan. Service fees incurred by the Trust Entity for management of the Employee Stock Ownership Plan shall be borne by the Employee Stock Ownership Plan.

The Trust Entity shall exercise holders' rights (except for voting rights) on behalf of the holders, and shall carry out trading of Shares, distribution of dividends and payment of interests, distribution of profits, payment of tax and other relevant work in accordance with the Trust Agreement on Employee Stock Ownership Plan. The Trust Entity shall only purchase or sell the underlying Shares under the Employee Stock Ownership Plan upon receipt of instructions from the Management Committee, so as to avoid insider trading due to involvement of window periods or sensitive periods.

The purchase and sale of the underlying Shares by the Trust Entity under the Employee Stock Ownership Plan will be traded in round lots based on the respective board lot size of A Shares and H Shares (i.e. 100 A shares for each board lot and 500 H shares for each board lot) in order to avoid fractional Shares and treasury Shares.

*(iv) Shares disposal and proceeds distribution upon the expiry of the lock-up period*

Upon the expiry of the lock-up period of each specific proposal to be formulated under the Employee Stock Ownership Plan, the Trust Entity shall sell the underlying Shares under the specific proposal in accordance with the instructions of the Management Committee and make payment to the qualified holders with relevant taxes and fees being deducted from the proceeds of the sale; During the period from the expiry of the lock-up period to the date of selling of the underlying Shares by the Trust Entity in accordance with the instructions of the Management Committee, the Shares shall still be held by the Trust Entity on behalf of the holders, and any holder has no individual rights to dispose of or instruct the Trust Entity to sell the relevant Shares.

## **11. Amendment and termination of the Plan**

The Shareholders shall authorize the Board to interpret the Employee Stock Ownership Plan. However, the Shareholders reserve the right to approve the early termination of the Employee Stock Ownership Plan before the cumulative number of Shares held under the Plan reaching the maximum amount and substantial amendments to the contents of the Plan.

In the two months preceding the expiration of the Employee Stock Ownership Plan, after being considered at the Holders Representative Meeting, the Board may submit relevant resolution to the general meeting of the Company for approving the extension of the term of the Employee Stock Ownership Plan. Each specific proposal to be formulated under the Employee Stock Ownership Plan shall be terminated when the distribution of proceeds is completed.

If any Shares under the Employee Stock Ownership Plan are unable to be sold before the expiration of the term of the Plan due to limitations on or short window of trading of Shares by the Trust Entity, provided that approval is obtained at both the Holders Representative Meeting and a meeting of the Board, the term of the Employee Stock Ownership Plan may be extended by not more than 6 months in a single extension.

## **12. Financial and tax issues**

Financial and tax issues shall be handled strictly in accordance with the relevant regulations of PRC and Hong Kong.



### **III. PROPOSED AUTHORIZATION TO THE BOARD AND THE MANAGEMENT OF THE COMPANY TO DEAL WITH MATTERS RELATING TO THE EMPLOYEE STOCK OWNERSHIP PLAN**

In order to ensure the successful implementation of the Employee Stock Ownership Plan, the Board proposed that, subject to the approval of the Plan by the Shareholders at the EGM, the Shareholders also grant an authorization to the Board and the management of the Company to deal with matters in relation to the Plan, which includes, but not limited to, the following:

1. authorize the Board to interpret the Plan;
2. authorize the Board to implement the Plan in accordance with the provisions therein and approve each specific proposal to be formulated thereunder (including but not limited to decide, in accordance with the provisions in the Plan, on the number of participants, the amount of the funding and percentage of interest of each participant); and authorize the management of the Company to carry out each specific proposal to be formulated under the Plan (including but not limited to the lock-up and unlocking of the Shares to be purchased under each specific proposal and related registration and settlement matters, and other necessary matters, if needed);
3. authorize the Board to make non-substantial amendments to the contents of the Plan and handle matters in relation to the modification and termination of each specific proposal to be formulated under the Plan in accordance with the provisions in the Plan;
4. authorize the Board to decide on matters in relation to the extension of the term of each specific proposal to be formulated under the Plan and the early termination of the Plan due to the cumulative number of Shares held under the Plan reaching the maximum amount;
5. authorize the Board to decide the extension of the Employee Stock Ownership Plan (no more than 6 months in a single extension) if any Shares under the Employee Stock Ownership Plan are unable to be sold before the expiration of the term of the Plan due to limitations on or short window of trading of Shares by the Trust Entity;
6. authorize the Board to decide on the selection and change of the trust entity and the trustee of each specific proposal to be formulated under the Plan;
7. authorize the Board to make corresponding adjustments to the Plan, except for any substantial amendments to the contents of the Plan, according to the newly issued laws, regulations and policies as well as the changed fund arrangement after the Plan is approved by the Shareholders, when there is any change in the applicable laws, regulations and policies or the fund arrangement of the Plan within the term of the Plan; and
8. authorize the Board to deal with other necessary matters in relation to the Plan as well as each specific proposal to be formulated thereunder, except for those that need to be approved by the Shareholders and cannot be delegated as required by relevant laws and regulations or regulatory documents.

The above-mentioned authorization to the Board and the management of the Company shall be effective from the date of being approved by the Shareholders to the date of completion of the proceeds distribution of the Plan and each specific proposal to be formulated thereunder.

#### **IV. HONG KONG LISTING RULES IMPLICATIONS**

The Plan does not constitute a share option scheme pursuant to Chapter 17 of the Hong Kong Listing Rules and is a discretionary plan of the Company.

As at the date of this announcement, based on the information available to the public and the knowledge of the Directors, approximately 18.80% of the H Shares of the Company are held in public hands, which is in compliance with Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float as set out in the waiver granted by the Hong Kong Stock Exchange at the time of listing of the H Shares of the Company (being not lower than 10.70% upon completion of the global offering). Considering that according to the provisions of the Plan, (i) the A Shares and H Shares to be purchased by the Trust Entity under the Employee Stock Ownership Plan shall carry no voting rights during the period when the Trust Entity holds the Shares; and (ii) an individual holder shall not, in aggregate, be interested in Shares exceeding 0.5% of the total number of Shares as at the date on which the Plan is approved by the Shareholders, the Company believes that it can still meet the public float requirements of Rule 8.08 and 8.24 of the Hong Kong Listing Rules after implementation of the Employee Stock Ownership Plan. In addition, the Company will keep records of the number of Shares to be purchased under the Employee Stock Ownership Plan as well as the interest of each participant in such Shares to monitor any change in the percentage of the public float of the H Shares due to the implementation of the Employee Stock Ownership Plan, and to ensure the compliance with the minimum public float requirements as mentioned above.

#### **V. EGM**

The Plan has been approved at a meeting of the Board held on 4 March 2019, but is still subject to the approval of the Shareholders pursuant to the relevant PRC regulatory requirements. The Company will convene the EGM to consider and, if thought fit, to approve, among others, the resolutions in relation to the Employee Stock Ownership Plan and the proposed authorization to the Board and the management of the Company in this respect.

A circular containing, inter alia, further details of the Employee Stock Ownership Plan and the proposed authorization to the Board and the management of the Company in this respect, together with a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

## VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“A Share (s)”	means the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 600030)
“A Shareholder(s)”	means holder(s) of A Shares
“Board”	means the board of directors of the Company
“Company”	means 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, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
“Company Law”	means the Company Law of the People’s Republic of China (as amended from time to time)
“CSRC”	means China Securities Regulatory Commission
“Director(s)”	means the director(s) of the Company
“Extraordinary General Meeting” or “EGM”	means the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among others, the resolutions in relation to the Employee Stock Ownership Plan and the proposed authorization to the Board and the management of the Company in this respect
“Employee Stock Ownership Plan” or “Plan”	means the Employee Stock Ownership Plan of CITIC Securities Company Limited, which was considered and approved at a meeting of the Board held on 4 March 2019 and is still subject to the approval of the Shareholders at the EGM
“H Share(s)”	means the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 6030)
“H Shareholder(s)”	means holder(s) of H Shares
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	means 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”	means The Stock Exchange of Hong Kong Limited
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC
“Share(s)”	means 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)”	means the registered holder(s) of the Shares of the Company.
“Supervisor(s)”	means the supervisor(s) of the Company

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

Beijing, the PRC  
4 March 2019

*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. KUANG Tao; and the independent non-executive directors are Mr. LIU Ke, Mr. HE Jia and Mr. CHAN, Charles Sheung Wai.*