

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licenced securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your H Shares (as defined herein) in CITIC Securities Company Limited, you should at once hand this prospectus and the accompanying Provisional Allotment Letter (as defined herein) and Excess Application Form (as defined herein) to the purchaser or other transferee or to the bank manager, the licenced securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this prospectus, together with copies of the Provisional Allotment Letter and the Excess Application Form and (where applicable) the documents specified in the paragraph “Statutory and General Information — Documents Delivered to the Registrar of Companies” in Appendix III to this prospectus have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Hong Kong Stock Exchange (as defined herein) and the Securities and Futures Commission take no responsibility as to the contents of any of the Prospectus Documents (as defined herein) or any other documents referred to above.

Dealings in the securities of CITIC Securities Company Limited and the H Rights Shares (as defined herein) and Nil-paid H Rights (as defined herein), may be settled through CCASS (as defined herein) and you should consult a licenced securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of and permission to deal in the H Rights Shares and Nil-paid H Rights on the Hong Kong Stock Exchange and subject to compliance with the stock admission requirements of HKSCC (as defined herein), the H Rights Shares and Nil-paid H Rights will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the H Rights Shares and Nil-paid H Rights on the Hong Kong Stock Exchange or such other date(s) as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Hong Kong Exchanges and Clearing Limited, HKSCC and the Hong Kong Stock Exchange take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions. H Shareholders (as defined herein) with registered addresses in any of the Specified Territories (as defined herein) and Beneficial H Shareholders (as defined herein) who are residents of the Specified Territories are referred to the important information set out in the sections of this prospectus headed “Letter from the Board — H Share Rights Issue — Excluded H Shareholders” and “Letter from the Board — H Share Rights Issue — Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue”.

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (as defined herein) or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any securities (including the Shares and the Rights Shares (in their nil-paid or fully-paid forms)) or to take up any entitlements to the H Rights Shares (in their nil-paid or fully-paid forms) in any jurisdiction in which such an offer, solicitation or sale is unlawful. Neither this prospectus nor anything in this prospectus forms the basis of any contract of commitment whatsoever.



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 H SHARE RIGHTS ISSUE OF 341,749,155 H SHARES ON THE BASIS OF 1.5 H RIGHTS SHARES FOR EVERY 10 EXISTING H SHARES AT HK\$17.67 PER H RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE

Sole Financial Advisor to the Company



CITIC SECURITIES

Joint Global Coordinators and Underwriters of the H Share Rights Issue



CITIC SECURITIES



招商證券國際



海通國際
HAITONG

Existing H Shares have been dealt in on an ex-rights basis from Wednesday, 26 January 2022. Dealings in the H Rights Shares in nil-paid form will take place from Friday, 11 February 2022 to Friday, 18 February 2022 (both days inclusive).

The latest time for acceptance of and payment for H Rights Shares and application and payment for of excess H Rights Shares is at 4:00 p.m. on Wednesday, 23 February 2022. Further details on the expected timetable for the H Share Rights Issue are set out in the section headed “Expected Timetable” in this prospectus.

The procedure for acceptance or transfer of H Rights Shares is set out in the “Letter from the Board” on pages 39 to 74 of this prospectus.

The H Share Rights Issue will be underwritten on a best effort basis (non-fully underwritten). In the event the H Share Rights Issue is undersubscribed, any H Rights Shares not taken up by the Qualified H Shareholders or transferees of Nil-paid H Rights or otherwise subscribed by other subscribers procured by the Underwriters pursuant to the Underwriting Agreement will not be issued by the Company and the size of the H Share Rights Issue will be reduced accordingly. Pursuant to the Company's constitutional documents and applicable laws in Hong Kong and the PRC, there is no requirement on minimum subscription level in respect of the H Share Rights Issue. The Underwriting Agreement contains provisions entitling the Joint Global Coordinators by notice in writing to terminate the Underwriting Agreement on the occurrence of certain events, including force majeure, as set out in the paragraph headed “Letter from the Board — Termination of the Underwriting Agreement” on pages 62 to 64 of this prospectus. If the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed. Any person dealing in the H Shares and/or Nil-paid H Rights up to the time when all conditions to which the H Share Rights Issue is subject are fulfilled and up to the Latest Time for Termination (which is expected to be 5:00 p.m. on Thursday, 24 February 2022) will bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Shareholders' and potential investors' attention is also drawn to the paragraph headed “Letter from the Board — Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” in this prospectus. Any person who is in any doubt about his position is recommended to consult his professional adviser.

NOTICE

The H Share Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. Furthermore, if any of the conditions of the H Share Rights Issue set out under the paragraph headed “Letter from the Board — Conditions of the H Share Rights Issue” are not fulfilled, the H Share Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Letter from the Board — Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights”. It should also be noted that the H Shares have been dealt in on an ex-rights basis from Wednesday, 26 January 2022 and that dealings in the Nil-paid H Rights will take place from 9:00 a.m., Friday, 11 February 2022 to 4:00 p.m., Friday, 18 February 2022 (both days inclusive). Such dealings will take place when the conditions of the H Share Rights Issue remain unfulfilled, and the Underwriting Agreement does not become unconditional or is subject to termination in accordance with the terms thereof. Any person dealing in the securities of the Company up to the date on which such condition is fulfilled or waived and up to the Latest Time for Termination (as defined herein) and any person dealing in the Nil-paid H Rights from 9:00 a.m., Friday, 11 February 2022 to 4:00 p.m., Friday, 18 February 2022 (being the first and last day of dealings in the Nil-paid H Rights, respectively) will accordingly bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Any person dealing in or contemplating any dealing in the securities of the Company, the Nil-paid H Rights and/or the H Rights Shares during this period, who is in any doubt about his, her or its position, is recommended to consult his, her or its own professional adviser.

No action has been taken to permit a public offering of the Nil-paid H Rights and/or H Rights Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of and does not constitute an offer or invitation in any jurisdiction or in any circumstances, in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Nil-paid H Rights and/or H Rights Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil-paid H Rights or the H Rights Shares or to take up any entitlements to the Nil-paid H Rights or the H Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. **IN PARTICULAR (AND EXCEPT AS OTHERWISE SET OUT HEREIN), THE H SHARE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO H SHAREHOLDERS, BENEFICIAL H SHAREHOLDERS OR INVESTORS WITH REGISTERED ADDRESSES IN THE SPECIFIED TERRITORIES (I.E. THE PRC, MACAU, TAIWAN REGION, AUSTRIA, BAHAMAS, CHILE, FINLAND, INDIA, JAPAN, KOREA, LIECHTENSTEIN, NEW ZEALAND, PHILIPPINES, SAUDI ARABIA, SPAIN, UNITED ARAB EMIRATES, AND THE U.S.).** None of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter or the Excess Application Form will be registered under the securities laws of any of the Specified Territories and none of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter and the Excess Application Form will qualify for distribution under any of the relevant securities laws of any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Nil-paid H Rights and the H Rights Shares may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, into or within any

NOTICE

Specified Territories absent registration or qualification under the respective securities laws of such Specified Territories, or absent exemption from the registration or qualification requirements under applicable rules of such Specified Territories.

Each person acquiring the Nil-paid H Rights and/or H Rights Shares under the H Share Rights Issue will be required to confirm, or be deemed by his acquisition of the Nil-paid H Rights and/or H Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the Nil-paid H Rights and/or H Rights Shares described in this prospectus.

H Shareholders with registered addresses in any of the Specified Territories and Beneficial H Shareholders who are residents of the Specified Territories are referred to the sections of this prospectus headed “Letter from the Board — H Share Rights Issue — Excluded H Shareholders” and “Letter from the Board — H Share Rights Issue — Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue”.

For a description of certain restrictions regarding the take-up of the Nil-paid H Rights for, and the offering and sale of, the H Rights Shares, see the notices below.

Notice to investors in Australia

This prospectus does not constitute a prospectus, disclosure document or product disclosure document for the purposes of the Corporations Act 2001 of the Commonwealth of Australia (“**Australian Corporations Act**”). It has not been, and will not be, lodged with the Australian Securities and Investments Commission (“**ASIC**”) as a disclosure document for the purposes of the Australian Corporations Act. Accordingly, this prospectus may not contain all of the information which would otherwise be required by Australian law to be disclosed in a disclosure document prepared in accordance with the Australian Corporations Act and ASIC does not take any responsibility for its contents.

This prospectus has been prepared for the purposes of compliance with foreign regulatory requirements and has not been prepared specifically for Australian investors. It is only being made available to existing investors in the Company in circumstances which fall within the ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 (“**ASIC Instrument**”), which grants conditional relief from Pts 6D.2 and 6D.3 of the Australian Corporations Act to foreign companies conducting renounceable or non-renounceable rights issues of securities of the same class as those held by their Australian shareholders, or which otherwise do not require disclosure under the Australian Corporations Act.

No action has been taken which would permit any public offering of Shares in the Company in Australia.

If the ASIC Instrument does not apply, then this prospectus may only be provided in Australia to certain investors who can demonstrate that they fall within one or more of the following categories (“**Exempt Investors**”):

1. **Sophisticated Investors** who satisfy the criteria laid out in section 708(8) of the Australian Corporations Act; or

NOTICE

2. **Professional Investors** who satisfy the criteria laid out in section 708(11) and as defined in section 9 of the Australian Corporations Act.

ASIC has not reviewed this prospectus or commented on the merits of investing in the securities nor has any other Australian regulator. This prospectus is intended to provide general information only. The Company is not licenced in Australia to provide financial product advice in respect of the Rights Shares offered by the Company. If you are unsure about the contents of this prospectus, including as to whether you are an Exempt Investor, you should seek independent professional advice.

Notice to investors in Bermuda

Non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing the interests being offered in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

Notice to investors in the British Virgin Islands

This prospectus has not been, and will not be, registered under the laws and regulations of the British Virgin Islands, nor has any regulatory authority in the British Virgin Islands passed comment upon or approved the accuracy or adequacy of this document. This prospectus does not constitute and shall not constitute an offer, invitation or solicitation to any member of the public in the British Virgin Islands to subscribe for the H Rights Shares for the purposes of the Securities and Investment Business Act, 2010, of the British Virgin Islands.

Notice to investors in Canada

Neither the Nil-paid H Rights nor the H Rights Shares may be distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus or rights offering circular with regulatory bodies in the province or territory of Canada in which the offer or sale is made.

Any resale of the Nil-paid H Rights and/or the H Rights Shares by a resident of Canada or to a resident of Canada must be made in accordance with applicable Canadian securities laws. Purchasers are advised to seek legal advice prior to any resale of the Nil-paid H Rights and/or the H Rights Shares to a Canadian resident.

Notice to investors in the Cayman Islands

This prospectus has not been, and will not be, registered under the laws and regulations of the Cayman Islands, nor has any regulatory authority in the Cayman Islands passed comment upon or approved the accuracy or adequacy of this document. This prospectus does not constitute and shall not constitute an offer, invitation or solicitation to any member of the public in the Cayman Islands to subscribe for the H Rights Shares for the purposes of the Securities Investment Business Act (2020 Revision) (as amended) of the Cayman Islands.

NOTICE

Notice to investors in Kuwait

The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for the contents of this document and do not approve the contents thereof or verify the validity and accuracy of its contents. The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for any damages that may result from relying on the contents of this Prospectus either wholly or partially. It is recommended to seek the advice of an Investment Advisor.

Notice to investors in the PRC

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in Nil-paid H Rights or fully-paid H Rights Shares, he/she/it shall be responsible for complying with relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses and damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Nil-paid H Rights or fully-paid H Rights Shares to any such Shareholder and/or resident, if issuing the Nil-paid H Rights or fully-paid H Rights Shares to them does not comply with the relevant laws of the PRC.

For the avoidance of doubt, the PRC Southbound Trading Investors can participate in the H Share Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the H Share Record Date at the Subscription Price under the H Share Rights Issue in accordance with the relevant laws and regulations.

However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. The PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with Nil-paid H Rights can only sell those Nil-paid H Rights on the Hong Kong Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights nor transfer such Nil-paid H Rights to other PRC Southbound Trading Investors. In order to ensure the timeliness of the clearing and currency exchange of payment for H Share Rights Issue, the long stop date for the reporting of H Share Rights Issue set by China Clear is three (3) SSE/SZSE business days earlier than that set by HKSCC.

Important information for H Shareholders in any member state of the European Economic Area (the “EEA Notice”)

This document has been prepared on the basis that offers of the Nil-paid H Rights and the H Rights Shares in any member state of the European Economic Area (which, for the purpose of this document, excludes Austria, Spain, Finland and Liechtenstein, where no offers of Nil-paid H Rights or H Rights Shares are being made, either pursuant to an available exemption or otherwise) (“**EEA Member State**”), will only be made pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 (“**Prospectus Regulation**”). Accordingly, any H Shareholder making or intending to make

NOTICE

an offer in an EEA Member State of the Nil-paid H Rights and the H Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorised the making of any offer of the Nil-paid H Rights and the H Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer under the Prospectus Regulation.

Any H Shareholder in an EEA Member State who takes up the Nil-paid H Rights and the H Rights Shares shall be deemed to represent and warrant that it is not taking up those Nil-paid H Rights and H Rights Shares on behalf of other persons in the EEA Member State. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the European Economic Area.

In relation to each EEA Member State, no Nil-paid H Rights or H Rights Shares have been or will be offered pursuant to this document to the public in that EEA Member State, except that offers of the Nil-paid H Rights and the H Rights Shares to the public may be made in that EEA Member State: (i) to any H Shareholder that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a “**Qualified Investor**”); (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in that EEA Member State; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the Nil-paid H Rights and the H Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Nil-paid H Rights and the H Rights Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Nil-paid H Rights and the H Rights Shares so as to enable an investor to decide to purchase or subscribe for the Nil-paid H Rights and the H Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

This document does not constitute a voluntary prospectus in accordance with Article 4 of the Prospectus Regulation.

Important additional information for H Shareholders in Germany

In addition to the information contained in the EEA Notice, H Shareholders residing in Germany should note that: neither this document nor any other offering material relating to the Nil-paid H Rights and the H Rights Shares has been, and will not be, filed with, submitted to, or approved by the German Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) according to the Prospectus Regulation, German Securities Prospectus Act (Wertpapierprospektgesetz, - WpPG), the German Investment Code (Kapitalanlagegesetzbuch - KAGB) or the German Capital Investment Act (Vermögensanlagegesetz - VermAnlG) or with any other governmental or regulatory authority in Germany.

The offering is not being made, and may not be made, to the public in Germany, except pursuant to an exemption under Article 1(4) of the Prospectus Regulation as set out in the EEA Notice.

NOTICE

Important additional information for H Shareholders in Ireland

In addition to the information contained in the EEA Notice, H Shareholders residing in Ireland should note that the H Share Rights Issue does not require the publication, or passporting into Ireland, of an approved prospectus for Irish prospectus law purposes. This document has not therefore been filed with or approved by the Central Bank of Ireland.

Important information for H Shareholders in Italy

This document has been prepared on the basis that offers of the Nil-paid H Rights and the H Rights Shares in Italy, will be made pursuant to an exemption under Article 1(4) of the Prospectus Regulation and/or under Article 34-ter of CONSOB Regulation No. 11971/1999 (“**Issuers Regulation**”). Accordingly, any H Shareholder making or intending to make an offer in Italy of the Nil-paid H Rights and the H Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorised the making of any offer of the Nil-paid H Rights and the H Rights Shares in circumstances in which an obligation arises for the publication of a prospectus under the Prospectus Regulation for such offer.

Any H Shareholder in Italy who takes up the Nil-paid H Rights and the H Rights Shares shall be deemed to represent and warrant that it is not taking up those Nil-paid H Rights and H Rights Shares on behalf of other persons in Italy. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in Italy.

No Nil-paid H Rights or H Rights Shares have been or will be offered pursuant to this document to the public in Italy, except that offers of the Nil-paid H Rights and the H Rights Shares to the public may be made in Italy: (i) to any H Shareholder that is a Qualified Investor; (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in Italy; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation and/or Article 34-ter of Issuers Regulation, provided that no such offer of the Nil-paid H Rights and the H Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Nil-paid H Rights and the H Rights Shares in Italy means the communication in any form and by any means of sufficient information on the terms of the offer and the Nil-paid H Rights and the H Rights Shares so as to enable an investor to decide to purchase or subscribe for the Nil-paid H Rights and the H Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

This document does not constitute a voluntary prospectus in Italy in accordance with Article 4 of the Prospectus Regulation.

Notice to investors in Malaysia

In Malaysia, this prospectus is directed only to the entitled shareholders in Malaysia (the “**Malaysian Shareholders**”) and must not be reproduced or taken by or transmitted to persons who are

NOTICE

not Malaysian Shareholders. The Nil-paid H Rights and the H Rights Shares are offered to the Malaysian Shareholders not with a view of these Nil-paid H Rights and H Rights Shares being on-sold in Malaysia, and no documents issued by or on behalf of the Company (including this prospectus) are permitted to be used in any subsequent sale by the Malaysian Shareholders. The Malaysian Shareholders must seek their own professional advice about the legal requirements relating to the future sale of any Nil-paid H Rights or H Rights Shares so acquired.

Notice to investors in Singapore

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and the Nil-paid H Rights and the H Rights Shares will be offered pursuant to exemptions under the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended time to time (the “SFA”). Accordingly, the Nil-paid H Rights and the H Rights Shares may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Nil-paid H Rights or H Rights Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an existing holder of H Shares pursuant to Section 273(1)(cd) of the SFA, or (b) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption under the SFA. This prospectus has been given to you on the basis that you are an existing holder of H Shares. In the event that you are not an existing holder of H Shares, please return this prospectus immediately.

Notice to investors in Switzerland

The Nil-paid H Rights and H Rights Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the H Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the Nil-paid H Rights and H Rights Shares constitutes a prospectus pursuant to the FinSA, and neither this prospectus nor any other offering or marketing material relating to the Nil-paid H Rights and H Rights Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to investors in the United Kingdom

Neither this document nor any other document relating to the H Share Rights Issue has been approved by the Financial Conduct Authority in the United Kingdom. No prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in relation to the H Share Rights Issue. Accordingly, the Nil-paid H Rights and the H Rights Shares referred to in this document may not be, and are not being, offered to the public in the United Kingdom under section 85(1) FSMA, except in circumstances where section 86(1) FSMA applies.

Any holder of H Shares in the United Kingdom who takes up H Rights Shares shall be deemed to represent and warrant that it is not taking up those H Rights Shares on behalf of other persons in the United Kingdom. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

NOTICE

This document and any associated documents are directed only at shareholders of the Company in the United Kingdom who are: (a) “qualified investors” as defined in section 86(7) of the FSMA and being persons who fall within the meaning of article 2(e) of the United Kingdom version (“**UK Prospectus Regulation**”) of the EU Prospectus Regulation (EU 2017/1129) as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the “**EUWA**”) and certain other enacting measures; and (b) to fewer than 150 natural or legal persons (other than Qualified Investors) as per article 1(4) of the UK Prospectus Regulation.

This document is not a financial promotion to which section 21(1) FSMA applies as article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), as amended, removes the financial promotion restriction from communications (which are communicated by a body corporate to its members) which relates to shares in the share capital of the body corporate. Accordingly, in addition to the requirement above, the investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, persons within the UK: (i) who fall within article 43 of the Order, as amended, or (ii) to whom it may otherwise be lawfully communicated. Any person who is not a qualified person and who does not fall within one of the definitions contained in (i) and (ii) above should not act or rely on this document or any of its contents.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

Notice to investors in the U.S.

Because of the following restrictions, the purchasers or subscribers of the Nil-paid H Rights and the H Rights Shares are advised to consult their legal counsels prior to making any offer, resale, pledge or other transfer of Nil-paid H Rights and the H Rights Shares. Capitalised Terms used herein that are not defined otherwise are defined in Rule 144A or Regulation S under the U.S. Securities Act.

The Nil-paid H Rights and the H Rights Shares represented by this Prospectus have not been and will not be registered under the U.S. Securities Act, or any securities laws of any state of the United States, and accordingly, may not be offered, sold, allocated, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state of the United States.

Offer and sale of the Nil-paid H Rights and the H Rights Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Accordingly, the Nil-paid H Rights and the H Rights Shares hereby are offered and sold (i) outside the United States in an offshore transaction in reliance on Regulation S or (ii) in the United States only to Qualified Institutional Buyers (“**QIBs**”) in reliance on Rule 144A or other available exemptions under the U.S. Securities Act.

NOTICE

In addition, until 40 days after the offering, an offer or sale of Nil-paid H Rights and the H Rights Shares within the United States may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A or other exemptions from the registration requirements of the U.S. Securities Act.

Each purchaser or subscriber of the Nil-paid H Rights and the H Rights Shares, by accepting delivery of this Prospectus, will be deemed to have represented and agreed as follows:

- i. it was an H Shareholder as at the H Share Record Date, or it lawfully acquired or may lawfully acquire the Nil Paid H Rights Shares, directly or indirectly, from such a person;
- ii. it is not located in any jurisdiction in which it is unlawful to purchase or subscribe for the Nil-paid H Rights and H Rights Shares;
- iii. it is not an affiliate of the Company or otherwise acting on the Company's behalf and (a) is a QIB, (b) is aware that the sale to it is being made in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and (c) is acquiring the Nil-paid H Rights or the H Rights Shares for its own account or for the account of a QIB;
- iv. it understands that the Nil-paid H Rights and the H Rights Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Nil-paid H Rights and the H Rights Shares have not been and will not be registered under the U.S. Securities Act or any securities laws of the states of the United States and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Nil-paid H Rights and the H Rights Shares, such Nil-paid H Rights and the H Rights Shares may be offered, resale, pledged, or otherwise transferred only (A) (i) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (ii) in a transaction exempt from the registration requirements of the U.S. Securities Act and, if requested by the Company, provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the U.S. Securities Act, or (iii) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with any applicable securities laws of any state or territory of the United States;
- v. it acknowledges that the Nil-paid H Rights and the H Rights Shares offered and sold in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, are restricted securities within the meaning of Rule 144(a)(3) under the U.S. Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for any resale of the Nil-paid H Rights and the H Rights Shares;
- vi. it will not deposit the Nil-paid H Rights and the H Rights Shares, or cause any Nil-paid H Rights and the H Rights Shares to be deposited, into any unrestricted depositary receipt facility established or maintained by a depositary bank relating to the Nil-paid H Rights and the H Rights Shares, unless or until the Nil-paid H Rights and the H Rights Shares are no longer deemed as restricted securities within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

NOTICE

- vii. it understands that the Nil-paid H Rights and the H Rights Shares sold within the United States, unless the Company determines otherwise in accordance with applicable law, will bear a legend to the following effect:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “U.S. SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND, IF REQUESTED BY THE COMPANY, PROVIDE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY WHICH STATES THAT THE TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THESE SECURITIES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THESE SECURITIES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY’S H SHARES, ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK FOR SO LONG AS THESE SECURITIES REMAIN “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144A(a)(3) UNDER THE U.S. SECURITIES ACT.

- viii. any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognised by the Company in respect of the Nil-paid H Rights and the H Rights Shares;
- ix. it will notify and will be deemed to have notified, and each subsequent holder is required to notify and will be deemed to have notified the resale restrictions, if then applicable; and
- x. if it is acquiring any Nil-paid H Rights and the H Rights Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each account.

The Company will rely upon the truth and accuracy of the purchaser or subscriber’s acknowledgements, representations, warranties and agreements set forth above. If any of the representations or warranties of the purchaser or subscriber deemed to have been made by virtue of purchase of Nil-paid H Rights and the H Rights Shares are no longer accurate, the purchaser or subscriber shall promptly notify the Company.

Forward-looking statements

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”,

NOTICE

“plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, but not limited to, statements in respect of the Company’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Company operates, technological advances, financial and economic developments, legal and regulatory changes, and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Company’s strategy, operations and industry development. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Company’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Company or that the Company does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the Latest Practicable Date. Except as required by applicable laws, the Company does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

Arbitration of disputes

If you have a claim against or dispute with us, a Director, a Supervisor, the president or other senior management of ours, or a holder of our A Shares relating to any rights or obligations conferred or imposed by our Articles of Association or by the PRC Company Law and other relevant laws and administrative regulations concerning our affairs, our Articles of Association require you to submit the dispute or claim to either the China International Economic and Trade Arbitration Commission, or the Hong Kong International Arbitration Centre, for arbitration. Our Articles of Association further provide that the arbitral award will be final and conclusive and binding on all parties.

IMPORTANT NOTICE: HOTLINE FOR H SHAREHOLDERS

If you have questions in relation to the H Share Rights Issue, please call the H Shareholder hotline on (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than public holidays).

CONTENTS

	<u>Page</u>
DEFINITIONS	1
EXPECTED TIMETABLE	8
SUMMARY OF THE RIGHTS ISSUE	10
RISK FACTORS	11
BUSINESS	27
LETTER FROM THE BOARD	39
APPENDIX I FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP ...	II-1
APPENDIX III STATUTORY AND GENERAL INFORMATION	III-1

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“A Rights Shares”	the new A Shares proposed to be allotted and issued to the Qualified A Shareholders under the A Share Rights Issue (less any A Shares not taken up by the Qualified A Shareholders)
“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the SSE (stock code: 600030)
“A Share Record Date”	Tuesday, 18 January 2022
“A Share Rights Issue”	the proposed issue of 1,597,267,249 A Rights Shares at the Subscription Price on the basis of 1.5 A Rights Shares for every 10 existing A Shares held on the A Share Record Date
“A Share Rights Issue Prospectus”	the prospectus, which is in Chinese, containing the details of the A Share Rights Issue which has been published by the Company on the website of the SSE (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.citics.com) on Thursday, 13 January 2022
“A Shareholder(s)”	holder(s) of the A Shares
“AGM”	the 2020 Annual General Meeting of the Company convened on 29 June 2021 on which, among other things, the resolutions in relation to the Rights Issue and other related resolutions were considered and approved
“Announcement”	the announcement dated 14 January 2022 issued by the Company in relation to the proposed H Share Rights Issue and A Share Rights Issue
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“AUM”	assets under management
“Beneficial H Shareholder(s)”	any beneficial owner(s) of H Shares whose H Shares are registered in the name of a registered H Shareholder as shown in the H Shareholders’ Register
“Board”	the board of directors of the Company
“Business Day”	any day other than Saturday, Sunday or public holiday on which banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant, or a custodian participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, for the purposes of this prospectus only, excluding Hong Kong, Macau and Taiwan Region
“China AMC”	China Asset Management Company Limited (華夏基金管理有限公司), a company incorporated in the PRC, a non wholly-owned subsidiary of the Company
“China Clear”	China Securities Depository and Clearing Corporation Limited
“ChiNext”	the growth enterprise board in China launched by the SZSE
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司) (formerly known as CITIC Limited (中國中信股份有限公司) and renamed in 2014), a company incorporated in the PRC, a wholly-owned subsidiary of CITIC Limited and a substantial shareholder of the Company
“CITIC Futures”	CITIC Futures Company Limited (中信期貨有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of the Company
“CITIC GoldStone Fund”	CITIC GoldStone Fund Management Company Limited (中信金石基金管理有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of Goldstone Investment
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), a state-owned enterprise established in the PRC and a substantial shareholder of the Company
“CITIC Limited”	CITIC Limited (中國中信股份有限公司) (formerly known as CITIC Pacific Limited (中信泰富有限公司) and renamed in 2014), a company incorporated in Hong Kong, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 00267), a subsidiary of CITIC Group and a substantial shareholder of the Company
“CITIC PE Fund”	CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司), a company incorporated in the PRC, a non wholly-owned subsidiary of the Company
“CITIC Securities Investment”	CITIC Securities Investment Limited (中信証券投資有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of the Company
“CITIC Securities (Shandong)”	CITIC Securities (Shandong) Co., Ltd. (中信証券(山東)有限責任公司), a company incorporated in the PRC, a wholly-owned subsidiary of the Company
“CITIC Securities South China” or “Guangzhou Securities”	CITIC Securities South China Company Limited (中信証券華南股份有限公司) (formerly known as “Guangzhou Securities Company Limited” (廣州證券股份有限公司)), a company incorporated in the PRC, a wholly-owned subsidiary of the Company

DEFINITIONS

“CLSA B.V.”	a private limited company incorporated under the laws of the Netherlands and became a wholly-owned subsidiary of CSI on 31 July 2013
“CLSA Limited”	CLSA Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“CMSHK”	China Merchants Securities (HK) Co., Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange (stock code: 6030) and the SSE (stock code: 600030), respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“CSI”	CITIC Securities International Co., Ltd. (中信証券國際有限公司), a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Announcement”	CSRC Announcement [2016] No. 21 “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect”
“Director(s)”	the director(s) of the Company
“EIT Law”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Excluded H Shareholder(s)”	the H Shareholder(s) whose name(s) appeared in the H Shareholders’ Register on the H Share Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, except for those H Shareholders with addresses in the PRC or the U.S. who fulfil the relevant requirements to the satisfaction of the Company; and any H Shareholders or Beneficial H Shareholders at that time who are otherwise known by the Company to be resident in any of the Specified Territories, except for those H Shareholders or Beneficial H Shareholders with addresses in the PRC or the U.S. who fulfil the relevant requirements to the satisfaction of the Company

DEFINITIONS

“Financial Holdings Limited”	Guangzhou Yuexiu Financial Holdings Company Limited (廣州越秀金融控股集團有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of Yuexiu Financial Holdings and a shareholder of the Company
“GoldStone Investment”	GoldStone Investment Co., Ltd. (金石投資有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of the Company
“GoldStone Zexin”	GoldStone Zexin Investment Management Co., Ltd. (金石澤信投資管理有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of GoldStone Investment
“Group”, “us” or “we”	the Company and its subsidiaries
“H Rights Shares”	the new H Shares proposed to be allotted and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue
“H Share(s)”	the overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange (stock code: 6030)
“H Share Record Date”	Tuesday, 8 February 2022, or such other date to be determined by the Board or its authorised person(s) by reference to which entitlements to the H Share Rights Issue are to be determined
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share Rights Issue”	the proposed issue of up to 341,749,155 H Rights Shares at the Subscription Price on the basis of 1.5 H Rights Shares for every 10 existing H Shares held on the H Share Record Date
“H Share Rights Issue Prospectus”	the prospectus issued by the Company and despatched to the H Shareholders in relation to the H Share Rights Issue, which contains further details of the H Share Rights Issue
“H Shareholder(s)”	holder(s) of the H Shares
“H Shareholders’ Register”	the register of members of H Shares of the Company
“HK Northbound Trading Investors”	the Hong Kong investors who hold the shares of PRC-listed companies through HKSCC as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“HTISEC”	Haitong International Securities Company Limited (海通國際證券有限公司)
“Intermediary”	in relation to a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, means the Beneficial H Shareholder’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial H Shareholder’s H Shares with a CCASS Participant
“Joint Global Coordinators”	CLSA Limited, CMSHK and HTISEC
“Kington Securities”	Kington Securities Limited Liability Company (金通證券有限責任公司), a company incorporated in PRC, a wholly-owned securities subsidiary of the Company
“Last Acceptance Date”	Wednesday, 23 February 2022, being the last day for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares
“Latest Practicable Date”	28 January 2022, being the latest practicable date prior to the printing of this prospectus
“Latest Time for Termination”	5:00 p.m. on Thursday, 24 February 2022
“Macau”	the Macau Special Administrative Region of the PRC
“Nil-paid H Rights”	the rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid form) before the Subscription Price is paid
“OTC”	over-the-counter
“PRC Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》)
“PRC Southbound Trading Investors”	PRC investors including enterprises and individuals who hold the shares of Hong Kong listed companies through China Clear as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Price Determination Date”	Thursday, 13 January 2022, the date on which the Subscription Price was fixed for the purpose of the Rights Issue
“Prospectus Documents”	this prospectus, the Provisional Allotment Letter and the Excess Application Form
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“Qualified A Shareholder(s)”	the A Shareholder(s) whose name(s) appear(s) on the register of the Company at the Shanghai branch of China Clear after the close of trading on the A Share Record Date
“Qualified H Shareholder(s)”	the H Shareholder(s) whose name(s) appear(s) on the H Shareholders’ Register on the H Share Record Date and who are not Excluded H Shareholders

DEFINITIONS

“Record Date(s)”	the A Share Record Date and/or the H Share Record Date
“REITs”	real estate investment trust
“Rights Issue”	the A Share Rights Issue and/or the H Share Rights Issue
“Rights Share(s)”	the A Rights Share(s) and/or the H Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the SSE, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the SZSE, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“Specified Territory(ies)”	the PRC, Macau, Taiwan region, Austria, Bahamas, Chile, Finland, India, Japan, Korea, Liechtenstein, New Zealand, Philippines, Saudi Arabia, Spain, United Arab Emirates, and the U.S.
“SSE”	the Shanghai Stock Exchange
“State Council”	the State Council of the PRC (中國國務院)
“Subscription Price(s)”	the subscription price of HK\$17.67 per H Rights Share and/or the subscription price of RMB14.43 per A Rights Share (as the case may be)
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	the Shenzhen Stock Exchange
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended and supplemented from time to time
“Underwriters”	CLSA Limited, CMSHK and HTISEC
“Underwriting Agreement”	the underwriting agreement dated Friday, 14 January 2022 entered into between the Company and the Underwriters in relation to the H Share Rights Issue

DEFINITIONS

“Untaken H Rights Share(s)”	the H Rights Share(s) not taken up by Qualified H Shareholders by way of Provisional Allotment Letter(s) and Excess Application Form(s), and by transferees of Nil-paid H Rights
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Yuexiu Financial Holdings”	Guangzhou Yuexiu Financial Holdings Group Company Limited (廣州越秀金融控股集團股份有限公司), a company incorporated in the PRC, a subsidiary of Yuexiu Holdings Limited and a shareholder of the Company
“Yuexiu Financial International”	Yuexiu Financial International Holdings Limited (越秀金融國際控股有限公司), a company incorporated in Hong Kong, a wholly-owned subsidiary of Financial Holdings Limited and a shareholder of the Company
“Yuexiu Holdings Limited”	Guangzhou Yue Xiu Holdings Limited (廣州越秀集團股份有限公司), a company incorporated in the PRC and a shareholder of the Company
“%”	per cent
“2021 First A Shareholders Class Meeting”	the 2021 First A Shareholders Class Meeting of the Company convened on 29 June 2021, on which the resolutions in relation to the Rights Issue were considered and approved
“2021 First H Shareholders Class Meeting”	the 2021 First H Shareholders Class Meeting of the Company convened on 29 June 2021, on which the resolutions in relation to the Rights Issue were considered and approved

Unless otherwise specified in this prospectus, translations of RMB to HK\$ are made in this prospectus for illustration only, at the rate of RMB1 to HK\$0.81662. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.

Unless otherwise specified in this prospectus, all figures disclosed in the “Risk Factors” and “Business” sections of this prospectus are presented in accordance with IFRS.

EXPECTED TIMETABLE

EXPECTED H SHARE RIGHTS ISSUE TIMETABLE

Last day of dealings in H Shares on a cum-rights basis	Tuesday, 25 January 2022
First day of dealings in H Shares on an ex-rights basis	Wednesday, 26 January 2022
Latest time for lodging transfer of H Shares in order to qualify for the H Share Rights Issue	4:30 p.m. on Thursday, 27 January 2022
H Shareholders' Register closed	Friday, 28 January 2022 to Tuesday, 8 February 2022 (both days inclusive)
H Share Record Date	Tuesday, 8 February 2022
H Shareholders' Register re-opens	Wednesday, 9 February 2022
Despatch of Prospectus Documents	Wednesday, 9 February 2022
First day of dealings in Nil-paid H Rights	Friday, 11 February 2022
Latest time of splitting Nil-paid H Rights	4:30 p.m. on Tuesday, 15 February 2022
Last day of dealing Nil-paid H Rights	Friday, 18 February 2022
Latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares	4:00 p.m. on Wednesday, 23 February 2022
Latest time for the termination of the Underwriting Agreement and for the H Share Rights Issue to become unconditional	5:00 p.m. on Thursday, 24 February 2022
Announcement of results of acceptance of and excess applications for H Rights Shares	Wednesday, 2 March 2022
Despatch of certificates for fully-paid H Rights Shares	Thursday, 3 March 2022
Despatch of refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares	Thursday, 3 March 2022
Commencement of dealings in fully-paid H Rights Shares	9:00 a.m. on Friday, 4 March 2022

All times and dates herein refer to Hong Kong local time and dates. Shareholders should note that the dates specified in the expected timetable of the H Share Rights Issue as set out above, and in other parts of this prospectus, are indicative only and may be changed by the Board. In the event any special circumstances arise, the Board or the authorised person(s) by the Board may extend or make adjustments to the timetable if it considers appropriate. Any such change to the expected timetables will be published or notified to the Shareholders accordingly.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR H RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS H RIGHTS SHARES

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
 - “extreme conditions” caused by a super typhoon or a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the latest time for acceptance of and payment for the H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on the Last Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company as soon as practicable in such event.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this prospectus.

H SHARE RIGHTS ISSUE STATISTICS

Basis of H Share Rights Issue:	1.5 H Rights Shares for every 10 existing H Shares held by Qualified H Shareholders on the H Share Record Date
Number of H Shares in issues as at Latest Practicable Date:	2,278,327,700 H Shares
Number of H Rights Shares proposed to be issued:	341,749,155 H Rights Shares
Subscription Price for the H Rights Shares:	HK\$17.67 per H Rights Share

A SHARE RIGHTS ISSUE STATISTICS

Basis of A Share Rights Issue:	1.5 A Rights Shares for every 10 existing A Shares held by Qualified A Shareholders on the A Share Record Date
Number of A Shares in issues as at Latest Practicable Date:	10,648,448,329 A Shares
Number of A Rights Shares to be issued:	1,552,021,645 A Rights Shares
Subscription Price for the A Rights Shares:	RMB14.43 per A Rights Share

RISK FACTORS

You should carefully consider the risks described below as well as other information contained in this prospectus before making an investment decision. The occurrence of any of the following events could harm the Company. If these events occur, the trading prices of H Shares and the Nil-paid H Rights could decline, and you may lose all or part of your investment. Additional risks not currently known to the Company or that the Company now deem immaterial may also harm the Company and affect your investment.

MARKET FLUCTUATION RISKS

China's securities market, affected by various factors such as national economic situation, domestic and international economic situation, national macro-economic policy, overseas financial market situation and investors' behaviour, is characterised by strong periodicity and great fluctuation. Most of the Company's revenues and profits are derived from investment banking, wealth management, asset management and financial market that are highly related to the securities market. The Company's profitability is prone to fluctuations due to the periodicity and fluctuation of the securities market.

China's securities market has been established for a relatively short period of time. Compared with the securities markets of developed countries abroad, China's securities market, an emerging market, is still in the stage of gradual improvement, with relatively large fluctuations. At present, the international economic and financial situation is complicated, and external uncertainties are increasing. If the securities market fluctuates significantly, it will have a direct impact on investors' willingness to participate and corporate financing, etc. As a result, the operational risks of the Company's investment banking, wealth management, asset management, financial market and other businesses will increase, and the Company's profitability may fluctuate significantly.

RISKS OF SECURITIES INDUSTRY

1. Risks of intensified domestic industrial competition

After more than 30 years of development, the number and scale of domestic securities companies have increased at a high speed, but China's securities market has developed for a relatively short period, the domestic capital market has less investment varieties, and financial derivatives are still in the early stage of development. Therefore, the securities industry business is highly homogeneous, the business types and the target customer groups are similar, and the industrial competition is becoming increasingly fierce. Meanwhile, with the comprehensive and quality-oriented development of China's securities industry, large-scale comprehensive securities companies have continuously gathered advantageous resources, and the industry concentration ratio has increased. In the future, the Company will continue to face competitive pressure from other domestic large-scale comprehensive securities companies in various business areas.

2. Risks arising from competition with foreign-invested securities companies

Since China's entry into the World Trade Organisation (WTO), foreign investment has been introduced in many industries in China, and the opening up of China's securities industry has taken substantial steps. In April 2018, CSRC officially issued the Administrative Measures

RISK FACTORS

for Foreign-invested Securities Companies (《外商投資證券公司管理辦法》), which mainly involves allowing foreign investors to control joint-venture securities companies and gradually liberalising the business scope of joint-venture securities companies. In March 2020, CSRC formally made it clear that from 1 April 2020, the restrictions on the ratio of foreign investment shares of securities companies should be abolished. The revision of the above contents will attract more foreign securities companies to participate in China's financial market. Foreign-invested financial institutions have strong competitive advantages in management capability, capital strength and overseas market experience. If the Company fails to replenish its capital strength in time, the Company cannot maintain and strengthen the established competitive advantages and will face the risk of losing customers and declining market share.

3. Risks arising from competition with other financial institutions

In recent years, with the rapid development of the financial industry, commercial banks, insurance companies and some non-banking financial institutions, by virtue of their advantages in capital strength, customer resources and network channels, have constantly explored and innovated in product types and business models. The infiltration effect among financial industries has gradually emerged, which has intensified the competition in the securities industry to some extent.

At the same time, some fintech companies, Internet finance companies and other non-traditional financial institutions continuously innovating Internet financial service models and launching diversified financial products, posing a great impact on the traditional securities business model. If the Company fails to make rapid and precise layout in the Internet finance field and realise digital and information-based transformation, it may face the risk of declining market share and decreasing competitive position in the future.

RISKS OF CHANGES IN POLICIES, LAWS AND REGULATIONS

China's securities industry is a franchise industry subject to strict state supervision. China has promulgated such laws and regulations, departmental rules and normative documents as the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Regulations on Supervision and Management of Securities Companies (《證券公司監督管理條例》), and the Regulations on Risk Handling of Securities Companies (《證券公司風險處置條例》) to supervise and regulate the operation and development of various businesses of securities companies. Changes in relevant laws, regulations and regulatory policies may directly cause fluctuations in the securities market and changes in the development environment of the securities industry, which may affect the Company's business development and bring certain uncertainty to the Company's operating performance.

OPERATIONAL AND BUSINESS RISKS

1. Risks of investment banking business

Investment banking business is one of the major traditional businesses of the Company, which mainly consists of equity financing, debt financing, asset-backed securitization and financial advisory services. When the Company acts as a sponsor, underwriter or financial advisor for M&A transactions, there exists the risk of being punished by CSRC, stock exchanges and other regulatory authorities due to failure to perform duties diligently and insufficient information disclosure. During the implementation of project, there is a risk of

RISK FACTORS

income uncertainty due to withdrawal of issuance application, non-approval or registration of the issuance application. In the case of securities underwriting, if the capital market fluctuates drastically or the stock issue price or the interest rate and term design of bonds do not meet the demand of investors, the Company will possibly bear the risk of financial losses arising from the failure of issuance or a large proportion of underwriting.

2. Risks of wealth management business

Trading commission is the main source of revenue from wealth management business, and changes in the frequency of securities trading may affect the Company's revenue from wealth management business. With the increasingly institutionalised investor structure in China and the gradual maturity of investment concept, there is a possibility that the trading activity in the market may decline, which may further adversely affect the Company's wealth management business.

Meanwhile, due to the intensified industrial competition, the wealth management business is facing the risk of changing in trading commission rate. Since 2012, with the increasingly fierce competition in the channel services of securities brokerage business and increase in the number of new outlets of securities brokerages, the commission rate of traditional channels has continued to decline. If the Company fails to respond well to these changes, it may affect the profitability of the Company in terms of wealth management business, thereby causing certain adverse impact on the overall operating performance of the Company.

3. Risks of financial market business

The financial market business of the Company mainly includes the trading and market-making of equity products, fixed income products and derivatives, foreign exchange business, margin financing and securities lending business, alternative investment and bulk commodity business.

The Company is engaged in the trading and market-making of equity products, foreign exchange trading business and bulk commodity business, and it may incur the risk of product price fluctuation due to changes in macroeconomic and market environment. The Company is engaged in the trading and market-making of credit products, and it may face the risk of default or refusal to pay the due principal and interest by the financier of credit products or the Company, which will lead to the risk of causing adverse changes to the assets and revenue of the products held by the Company. When the Company is engaged in margin financing and securities lending, stock-pledged repo and stock repo transactions, it may face the risk of losses caused by customers failing to fulfil the debt liability on time. The Company is engaged in derivative transactions such as interest rate swaps, stock return swaps, OTC options and forward transactions, and it may face the risk of fluctuations in derivative price and interest rate and the default risk of OTC derivative counterparties.

4. Risks of asset management business

The Company's asset management business mainly earns management fees and performance fees by providing services such as collective asset management, targeted asset management, and specialised asset management for customers. The asset management business mainly depends on market attraction of products and management level to expand the scale. If

RISK FACTORS

the income level of the Company's asset management products and fund products cannot meet the customers' expectations due to market fluctuations or its own investment decision-making mistakes, which reduces the investors' willingness to buy, the Company's asset management income is at risk of decline.

Meanwhile, the Company's asset management business also faces the competition from many financial institutions such as trust companies, fund management companies, commercial banks, insurance asset management companies, Internet companies and other non-traditional financial institutions. If the Company fails to maintain a competitive edge in terms of return on investment, customer service, market expansion and product innovation, it may have an adverse impact on the Company's asset management business.

5. Risks of equity investment business

The equity investment business of the Company comprises alternative investment and private equity investment, mainly carried out through its subsidiary CITIC Securities Investment, its subsidiary Goldstone Investment and its wholly-owned subsidiary CITIC GoldStone Fund.

The equity investment business is mainly based on the judgement of the investee's technical capabilities, operating capabilities, market potential, and the development prospects of a specific industry. If the Company makes a wrong judgement, or if the investment target is not well managed or is affected by emergencies, it can cause the failure of the investment project and further cause the loss of the Company. At the same time, material changes in the macroeconomic situation, industrial development and technological development trends may have a material adverse impact on the business of the target company, which may lead to the failure of obtaining the expected return on the investment in the target company.

The Company's equity investment business usually exits through multiple methods such as the listing or M&A of the target company's shares, and the investment cycle is relatively long. However, the exit path is affected by the Company's economic fundamentals, securities market conditions, regulatory approval policies and other factors, so there is a risk that the returns on investment cannot meet expectations due to the failure of smoothly exit.

6. Risks of overseas business

The Company conducts overseas business mainly through its overseas subsidiary CSI and its subsidiaries, and the Company's business covers Hong Kong, Tokyo, Seoul, New York, London, Singapore and many other countries and regions.

The Company continues to promote the integrated management and control of domestic and overseas risks, and through the creation of an integrated risk management team at home and abroad, to achieve more direct and effective management of the risks of overseas subsidiaries. However, places where overseas companies are located have different laws, regimes and systems than their domestic counterparts, and the Company's overseas subsidiaries are subject to such laws, regulations and regulatory requirements in their places of operation. If an overseas subsidiary fails to comply with local laws and regulations, and regulatory requirements of local regulatory authorities, it may be subject to sanctions, fines or other penalties imposed by overseas regulatory authorities.

RISK FACTORS

At the same time, overseas business is also exposed to the risks of changes in the operating environment such as fluctuations in the local securities and futures market, adverse changes in the international financial market, and intensified competition in the financial service industry. If the Company is unable to effectively respond to the above-mentioned adverse changes in the operating environment, its overseas business operating performance may be affected.

7. Risks related to pending litigation and arbitration

The Group is involved in legal disputes such as pending litigation and arbitration in its daily operations. The Group has fully assessed the provisions for estimated liabilities and impairment in accordance with the International Accounting Standard and the Group's accounting policies. Relevant pending matters will not have a material adverse impact on the Group's daily operations, financial status and future development. However, the judgement result and the final execution of the case may cause the Group to face the risk that relevant business funds cannot be recovered.

CREDIT RISK

Credit risk is the risk in respect of loss arising from the failure to perform obligations by a borrower, counterparty or issuer of financial positions held, or the result of whose credit qualifications deteriorate. The credit risk of the Group mostly arises from four aspects: firstly, the credit risk relating to brokerage business in respect of securities dealing and futures trading on behalf of clients are primarily attributed to the Group's failure to collect sufficient margin deposits from clients, which is required to pay in advance according to the laws as the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or short at funds due to other factors on the settlement date; secondly, credit risk relating to the flow-based businesses including margin financing and securities lending, stock repo, stock-pledged repo, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of the Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, equity swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts reach the mature dates.

LIQUIDITY RISK

Liquidity risk refers to the risk that the Company fails to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations and satisfy capital requirements for normal business operations. The characteristic of capital-intensive of the securities industry determines that securities companies must maintain good liquidity to guard against potential liquidity risk. In the course of operation, the Company may be exposed to liquidity risks, mainly including the liquidity risk of financing and the liquidity risk of market, due to factors such as macro policies, market changes, operating conditions, credit standing or mismatch of asset and liability structure. Liquidity risk of financing refers to the risk that the Company cannot timely obtain sufficient funds at a reasonable cost while its own funds are insufficient, which results in the failure of

RISK FACTORS

the Company to repay overdue debts and perform other payment obligations on time. The liquidity risk of market refers to the absence of an active market or appropriate counterparties for the assets, which results in the failure to realise the assets at a reasonable price in time, thereby bringing adverse impact on the Company's operation.

MARKET RISK

Market risk represents losses due to movements in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions received from the customers or the relevant strategies of proprietary investment.

Market risks faced by the Company primarily include equity price risk, interest rate risk, commodity price risk or foreign exchange rate risk. Equity price risk of the Company may arise from fluctuation in the price and volatility of equity products such as stocks, equity portfolio and stock index futures. Interest rate risk of the Company may arise from movements in the yield curve structure of fixed income investment, fluctuation in interest rates and credit spreads. Commodity price risk of the Company may arise from adverse price movements of various commodities. Exchange rate risk of the Company may arise from fluctuations in non-domestic currency rates.

OPERATIONAL RISK

Operational risk is the risk of losses to the Company arising from flawed internal processes, breakdown of information system, fault or misconduct of staff, external factors and other reasons. The Company has established various management tools to manage operational risk, including improving internal control procedures and controlling risk exposures on an ongoing basis by means of assessment and review on new products and new businesses, streamlining business processes, and approval of measures and policies; making early warning and analysis of the operational risk in time through key risk indicator (KRI) monitoring to find out risks in a timely manner; investigating and reporting on risk events and following corrective measures so as to mitigate risks in a timely manner; cultivating employees with operational risk concepts and improving their awareness of operational risk through organising various forms of training, etc. However, the Company may still face losses arising from flawed internal processes, breakdown of information system, fault or misconduct of staff, external factors and other reasons.

MANAGEMENT RISKS

1. Compliance risk

Compliance risk of a securities company refers to the risk of financial or reputation loss to the Company because a securities company is subject to legal sanctions or regulatory measures due to the operation and management of the Company and its employees or the practises of its employees violating laws, regulations or relevant provisions issued by regulatory authorities.

The securities industry is a highly regulated sector. In addition to the Securities Law of the People's Republic of China and the PRC Company Law, securities regulatory authorities

RISK FACTORS

have issued a number of regulations and normative documents to regulate the compliant operation of securities companies and their subsidiaries. Meanwhile, securities companies, as financial institutions, are also subject to policies, regulations, rules and other normative documents relating to accounting, foreign exchange and interest rate.

If the Company and its wholly-owned or controlled subsidiaries and employees of the Company fail to comply with relevant laws, regulations and regulatory requirements, the regulatory authorities may take corresponding regulatory measures, including but not limited to: restricting business activities, ordering suspension of some businesses, stopping approval of new businesses, restricting distribution of dividends, and restricting payment of remuneration and welfare to directors, supervisors and senior management, restricting the transfer of property or the creation of other rights on property, ordering the replacement of directors, supervisors or senior management or restricting their rights, ordering the controlling shareholders to transfer the equity or restricting the exercise of shareholder rights by relevant shareholders, ordering to suspend business for rectification, designating other institutions to take custody, take-over or cancel.

2. Risk management and internal control risk

A sound and effective risk management and internal control system is an important prerequisite and guarantee for the normal operation of the Company. Although the Company has implemented corresponding risk management and internal control for each business, the Company's measures and processes for responding to and managing risks may not be able to continuously ensure comprehensiveness and effectiveness as there are possibilities that all risks can't be foreseen by the models and data used to identify and monitor risks and the measures and procedures for managing risks, for the Company's business is in a dynamic development environment.

With the continuous expansion of the Company's business scale, the Company's business types are more diversified and the structure of products and transactions are more complex, and the Company's risk management and internal control system is also facing higher requirements. If the Company's internal management system cannot adapt to the innovation of business and products and the expansion of business scale, the Company may face the risk that the risk management and internal control system cannot be fully and effectively implemented.

3. Information technology risk

The information technology system is an important carrier of the operation and management of the securities company's business. The development of the Company's business depends on the normal operation of the information technology system to varying degrees. The security and effectiveness of the information system will play a vital role in the business development of securities companies.

With the launch of diversified businesses and the expansion of business scale of the Company, the information technology system needs to be constantly upgraded, updated and integrated to meet the needs of business development of the Company. If the Company fails to keep up with the progress of the financial and information technology industry in the application of emerging technologies, and the information system cannot meet the requirements of rapid business development and the rising customer demands, the Company's business expansion and operation results will be adversely affected.

RISK FACTORS

The Company attaches great importance to the building and improvement of the information technology system, and continuously increases investment in software and hardware of the information technology system. In case of hardware failure, software crash, interruption of communication line, virus and hacker attack, data loss, data leakage and other emergencies in the Company's information system, or failure of the information technology system due to failure to timely and effective improvement or upgrade, the Company's reputation and service quality may be affected, or even economic losses and legal disputes may arise.

4. Risks of talents losses and insufficient talents reserve

Securities industry is a talent-intensive industry. The key to maintain competitiveness lies in talent competition. The introduction and reserve of talents are very important for the development of the Company. In recent years, the rapid development of China's securities industry, the gradual liberalisation of foreign investment access policy in the financial industry, the participation of foreign securities companies and the vigorous development of innovative business have further intensified the competition for professionals in the financial field. Although the Company has established a training plan and incentive mechanism for employees, in the face of increasingly fierce competition for talents, the Company may face the risk of insufficient talents reserve and losses of excellent talents if its existing incentive policy fails to retain excellent talents and core personnel.

FINANCIAL RISKS

1. Risks of fluctuation in cash flows from operating activities

As the changes in the scale of brokerage business, interbank lending and repurchase business of securities companies directly affect the calculation of cash flows from operating activities, and the above-mentioned business scale is highly correlated with the securities market, if the securities market fluctuates substantially, it may cause fluctuation in the cash flows of the Company from operating activities and bring about risk to the operating activities of the Company. For the three financial years ended 2020 and for the six months ended 30 June 2021, the Company generated net cash flows from operating activities of RMB57.654 billion, RMB21.976 billion, RMB101.825 billion and RMB2.230 billion respectively.

2. Risks of financial assets impairment

The financial assets held by the Company and applicable to provision for assets impairment include margin accounts, reverse repurchase agreements, other debt instruments investments, accounts receivable and other receivables. The Company included the above-mentioned financial assets into the expected credit loss measurement, and used the "three-stage" impairment model to measure the provision for loss and recognise the expected credit loss respectively. On 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, the carrying amount of the above financial assets of the Company was RMB191.894 billion, RMB183.552 billion, RMB246.941 billion and RMB287.755 billion respectively, accounting for 29.38%, 23.18%, 23.45% and 24.61% of total assets respectively. The financial assets held by the Company accounted for a large amount and a high proportion of total assets. If the credit risk of financial asset items held by the Company increases significantly in the future, the Company may conduct provision for large-amount loss reserve and recognise large-amount credit impairment loss.

RISK FACTORS

RISKS RELATING TO CHINA

- 1. China's economic conditions, as well as regulatory policies, significantly affect financial markets in China, as well as our liquidity, access to capital and ability to operate our business**

We derive substantially all of our revenue from our operations in China. Accordingly, our results of operations, financial condition and prospects are subject to economic and regulatory developments in China. China's economy differs from the economies of developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While China's economy has experienced significant growth in the past 40 years, growth has been uneven across different regions and economic sectors and there is no assurance that such growth can be sustained. China's government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may negatively affect us. For example, our financial condition and results of operations may be adversely affected by government control over currency exchange or changes in tax regulations applicable to us. If the business environment in China deteriorates, our business in China may also be materially adversely affected.

- 2. Uncertainties with respect to China's legal system could materially adversely affect us**

PRC laws and regulations govern our operations in China. We and most of our operating subsidiaries are organised under PRC laws. China's legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, China has promulgated laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade.

However, many of these laws and regulations, particularly with respect to the financial services industry, are relatively new and evolving, are subject to different interpretations and may be inconsistently implemented and enforced. In addition, only limited volumes of published court decisions may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation, implementation and enforcement of China's laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to you, and can adversely affect the value of your investment.

In particular, China's financial services industry is highly regulated. Many aspects of our business depend upon the receipt of the relevant government authority's approvals and permits. As China's legal system and China's financial services industry develop, changes in such laws and regulations, or in their interpretation or enforcement, could materially adversely affect our business, financial condition or results of operations.

- 3. China government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our H Shares**

The Renminbi currently is not a freely convertible currency. We receive most of our revenues in Renminbi and may need to convert Renminbi to foreign currency in order to meet

RISK FACTORS

our foreign currency obligations such as the payment of dividends, if any, to holders of our H Shares.

However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Company might not be able to pay dividends and/or interest to the holders of our H Shares in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the State Administration of Foreign Exchange of the PRC. These limitations could affect the Company's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditure.

4. It may be difficult to enforce any judgements obtained from non-PRC courts against us or our Directors, Supervisors or senior management residing in China

Most of our Directors, Supervisors and senior management reside in China. In addition, most of our assets and those of our Directors, Supervisors and senior management are located in China. China does not have treaties providing for the reciprocal recognition and enforcement of Judgements of courts with the United States, the United Kingdom, Japan and many other countries. As a result, it may not be possible for investors to serve process upon us or those persons in China, or to enforce against us or them in China, any Judgements obtained from non-PRC courts.

Our Articles of Association and the Hong Kong Listing Rules provide that most disputes between holders of H Shares and us, Directors, Supervisors or senior management arising out of the Articles of Association or the PRC Company Law and related regulations concerning our affairs, are to be resolved through arbitration. Under the current arrangement for reciprocal enforcement of arbitral awards between China and Hong Kong, awards made by China's arbitral authorities that are recognised under the Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in China. On 14 July 2006, the Supreme People's Court of China and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). On 18 January 2019, the Supreme People's Court of China and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院、香港特別行政區政府關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》). Under these arrangements, where any designated People's Court or Hong Kong court has made an enforceable final judgement requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court or Hong Kong court for recognition and enforcement of the judgement. Although these arrangements are effective up to now, the outcome of any action brought under the arrangement remains uncertain.

5. Foreign holders of H Shares will be subject to PRC income tax

Non-PRC resident individual holders of H Shares whose names appear on the H Shareholders' Register ("**non-PRC resident individual holders**") are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions

RISK FACTORS

Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號), dated 28 June 2011, issued by the State Taxation Administration of the PRC, the tax rate applicable to dividends paid to non-PRC resident individual holders of H Shares varies from 5.0% to 20.0% (usually 10.0%), dependent on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realised upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance of the PRC and the State Taxation Administration of the PRC on 30 March 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. To the knowledge of the Company, as of the Latest Practicable Date, in practise the PRC tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposal of equity interests in a PRC company, subject to reductions under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H Shares of the Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) (國稅函[2008]897號), promulgated by the State Taxation Administration of the PRC on 6 November 2008, the Company intends to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

There are uncertainties as to their interpretation and implementation by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposal of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially adversely affected.

6. Fluctuation of Renminbi could materially affect our financial condition and results of operations

The conversion of Renminbi into foreign currencies, including U.S. dollar, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at

RISK FACTORS

times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in the PRC and international political and economic conditions and by PRC government's fiscal and foreign exchange policies, among other things. The Company cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government's policies may impact the exchange rate between RMB and the U.S. dollar in the future.

The Company generates most of the revenue in the PRC and also offers securities products and services in Hong Kong, Korea, Japan, eurozone, etc. to overseas customers. A portion of the Company's revenue, expenses is denominated in Hong Kong dollars, U.S. dollars, Korea won, Japanese yen and euro, although the functional currency of the Company is Renminbi. As such, any significant depreciation of Renminbi may materially and adversely affect our revenues and financial position of the Company.

RISKS RELATING TO THE RIGHTS ISSUE

- 1. Unless you take up all of the Nil-paid H Rights and subscribe for the H Rights Shares provisionally allotted to you, this offering will dilute your investment and proportionate ownership interest in us**

If you choose not to take up your Nil-paid H Rights fully, your proportionate ownership and voting interest in the Company will be diluted. Even if you elect to sell your Nil-paid H Rights prior to the expiration of the applicable trading period, or such Nil-paid H Rights are sold on your behalf, the consideration you receive may not be sufficient to compensate you fully for such dilution of your proportionate ownership and voting interest in the Company.

- 2. The market prices of H Shares may fluctuate and may fall below the Subscription Price prior to the expiration of the subscription period**

Once you take up your Nil-paid H Rights pursuant to the Rights Issue, you may not revoke such take up. Although the Subscription Price of HK\$17.67 for the H Rights Shares represented a discount to the closing price of HK\$20.80 per H Share on 13 January 2022 (being the date immediately preceding the date of the Underwriting Agreement), the market prices of the H Shares may fall below the Subscription Price prior to the expiration of the subscription period as a result of, among other things, global or the PRC's economic or political conditions, the market's perception of the likelihood of completion of the Rights Issue, regulatory changes affecting the Group's operations and variations in the Group's financial results. Many of these factors are beyond our control. If you take up your Nil-paid H Rights and the market price of our H Shares trades below the Subscription Price on the date the H Rights Shares are issued to you in respect of such Nil-paid H Rights, you will have purchased the H Rights Shares at a price higher than the market price. Any decrease in market prices may continue after the completion of the Rights Issue and, as a result, you may not be able to sell such H Rights Shares at a price equal to or greater than the Subscription Price.

- 3. The characteristics of the A Share and H Share markets are different**

The Company completed its listing of A Shares in 2003, and completed its listing of H Shares in 2011. The Rights Issue consists of both the A Share Rights Issue and the H Share Rights Issue. Under current laws and regulations, and without approval from the relevant

RISK FACTORS

regulatory authorities, the H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H share and A share markets. The H share and A share markets have different characteristics, including different trading volume and liquidity, and investor bases, including different participation levels of retail and institutional investors. As a result of these differences, the trading prices of our H Shares and A Shares may not be the same. Fluctuations in the price of the A Shares may adversely affect the price of the H Shares, and vice versa. Due to the different characteristics of the A share and H share markets, the changes in the prices of the A Shares may not be indicative of the price trend of the H Shares performance. You should therefore not place undue reliance on the recent trading history of the A Shares and the progress or results of the A Share Rights Issue when evaluating the H Share Rights Issue.

4. An active trading market for the Nil-paid H Rights may not develop on the Hong Kong Stock Exchange or any over-the-counter trading market and, even if a market does develop, the trading price of the Nil-paid H Rights may fluctuate

A trading period has been set for the Nil-paid H Rights from 9:00 a.m., Friday, 11 February 2022 to 4:00 p.m., Friday, 18 February 2022. There is no assurance that an active trading market in the Nil-paid H Rights on the Hong Kong Stock Exchange will develop during the applicable trading period for Nil-paid H Rights or that any over-the-counter trading market in the Nil-paid H Rights will develop. Even if an active market develops, the trading price of the Nil-paid H Rights may be volatile and subject to the same factors affecting the price of the H Shares.

5. The Subscription Price is not an indication of the Group's underlying value

The Subscription Price was determined on the Price Determination Date by reference to, among other things, the recent closing prices of the H Shares and the funding capital needs of the Company for its business plans and prospects. Consistent with the customary practise for a rights issue, the Subscription Price was set at a discount to the market price of the H Shares at the recent closing prices of the H Shares. The Subscription Price does not bear a direct relationship to past operations, cash flow, earnings, financial conditions or any other established criteria for value and you should not consider the Subscription Price to be any indication of the Group's underlying value.

6. Future sales or perceived sales of substantial amounts of the H Shares in the public market or the conversion of the A Shares into H Shares could have a material adverse effect on the prevailing market price of the H Shares and the Company's ability to raise additional capital in the future

The market price of the H Shares could decline as a result of substantial future sales of the H Shares or other securities relating to the Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Shares could materially adversely affect the prevailing market price of the H Shares and the Company's ability to raise future capital at a favourable time and price. The Shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

In addition, subject to the approval of the CSRC or the authorised securities regulatory authorities of the State Council, the A Shares may be transferred to overseas investors and such

RISK FACTORS

transferred shares may be listed or traded on an overseas stock exchange provided certain conditions are met and certain procedures are completed. In the event of the conversion of the A Shares into H Shares for listing and trading on the Hong Kong Stock Exchange, the Company must obtain prior approval from the CSRC and other relevant PRC regulatory authorities and the Hong Kong Stock Exchange. Approvals from holders of the A Shares and H Shares as separate classes are not required for the listing and trading of the converted H Shares.

7. Dividends declared in the past may not be indicative of the Company's dividend policy in the future

Dividends paid in prior periods may not be indicative of future dividend payments. The Company cannot guarantee when, if and in what form dividends will be paid in the future. Any future declaration of dividends will be proposed by the Board and is based on, and limited by, various factors, including, without limitation, the Group's business and financial performance, capital and regulatory requirements, general business conditions and other factors that the Board may determine to be important. The Company may not have sufficient or any profits to enable it to make dividend distributions to the Shareholders in the future, even if our financial statements indicate that the Group's operations have been profitable. There is no assurance that the Company will adopt the same dividend policy as it has adopted in the past.

8. The Company's corporate disclosure standards may differ from those in other jurisdictions

The Company is subject to the disclosure requirements under the Hong Kong Listing Rules. These disclosure requirements differ in certain respects from those applicable to companies in certain other countries, including the United States. There may be less publicly available information about public companies listed in Hong Kong, such as the Group, than is regularly made available by public companies in other countries, including the United States.

9. You may not be able to participate in future rights issues and may experience dilution of your shareholdings

The Company may, from time to time, continue to distribute rights to the Shareholders, including rights to acquire securities. The Company will not distribute the securities to which these rights relate to holders of the H Shares in the U.S. unless such securities are either exempt from registration under the U.S. Securities Act or are registered under the U.S. Securities Act. There can be no assurance that the Company will be able to establish an exemption from registration under the U.S. Securities Act with respect to these securities, and the Company is under no obligation to file a registration statement with respect to these securities or to endeavour to have a registration statement declared effective under the U.S. Securities Act. Accordingly, holders of the H Shares may be unable to participate in rights issues and may experience dilution of their holdings as a result. Non-U.S. holders of the H Shares (except for those in Hong Kong) may also be unable to participate in future rights offerings, depending on the securities laws of the local jurisdictions, and as a result may also experience dilution. In addition, if the Company is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, the Company will allow the rights to lapse, in which case holders of the H Shares will receive no value for these rights.

RISK FACTORS

10. Risks of use of proceeds

According to the Company's development strategy and actual conditions, the gross proceeds the Company plans to raise from the Rights Issue is expected to be no more than RMB28 billion. The proceeds raised from the Rights Issue, after deduction of relevant expenses relating to the issuance, will be used for the development of flow-based business, the increase in investments to the subsidiaries of the Company, the strengthening of construction of the information system and the replenishment of other working capital, so as to further enhance the Company's capital strength and expand its competitive advantages. However, the return of the proceeds is affected by factors such as the macroeconomic situation of the country and the prosperity of the capital market, so there are some uncertainties in the progress of the use of proceeds and the final return.

11. Risk of dilution of immediate return by the Rights Issue

Upon completion of the Rights Issue, the number of Shares and the assets scale of the Company will be increased significantly, which will help the Company expand relevant businesses, expand the business scale and optimise the business structure of the Company, and enhance the Company's market competitiveness and risk resistance capacity. However, it takes a certain period to produce benefits after the investment of proceeds. Before the proceeds generate benefits, the Company will still mainly rely on its existing business to realise profits and Shareholders' return. Therefore, indicators such as the earnings per share and return on weighted average equity of the Company may experience a certain decrease in the short term, i.e. the immediate return upon issuance of the Rights Shares under the Rights Issue will be subject to the risk of dilution.

RISK THAT COVID-19 EPIDEMIC MAY AFFECT THE COMPANY'S OPERATING STATUS

Since the outbreak of COVID-19 epidemic in early 2020, all walks of life around the world have been affected to varying degrees due to quarantine and other anti-epidemic control measures. At present, the epidemic situation at home has been basically stable, but that at abroad is still in a spreading state. If the epidemic cannot be effectively controlled in the future, it may affect the Company's operating performance to some extent.

ACTIVITIES BY THE UNDERWRITERS

The Underwriters of the H Share Rights Issue and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting in respect of the H Share Rights Issue. The Underwriters and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Underwriters and their affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's activities. In relation to the H Share Rights Issue, the

RISK FACTORS

activities of the Underwriters and their affiliates could include acting as agent for buyers and sellers of the Nil-paid H Rights and/or H Rights Shares, entering into transactions with those buyers and sellers in a principal capacity and proprietary trading in the Nil-paid H Rights and/or H Rights Shares. These activities may require hedging activity by the Underwriters and their affiliates involving, directly or indirectly, as soon as trading in Nil-paid H Rights commences, the buying and selling of the H Shares, entering into over-the-counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets including H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. These activities may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Underwriters and their affiliates holding long positions of H Rights Shares and/or H Shares, and/or short positions in the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing. In relation to issues by the Underwriters or their affiliates of any listed securities having H Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in H Shares in most cases. All such activities may occur both during and after the end of the trading period of the Nil-paid H Rights. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

OVERVIEW

The Company was incorporated in Beijing on 25 October 1995, under the name of CITIC Securities Limited. On 29 December 1999, CITIC Securities Limited increased share capital and was converted into a joint stock limited company known as CITIC Securities Company Limited. CITIC Securities completed its listing of A shares and H shares in 2003 and 2011 respectively, becoming the first A+H listed Chinese securities company. CITIC Securities has grown into a leading large investment bank in China.

In the course of more than 20 years of development, strongly supported by Shareholders, the Company has developed and achieved a sound corporate governance structure, prospective strategic layout and complete business system, solid capital strength and industry-leading operating results, profound customer resources, excellent corporate culture and core value, all of which contribute to the core competitiveness of the Company.

The Company concludes the principle of “Seven Commitments”, which serves as the core value of the Company and also being constant motivation for corporate development: We adhere to the commitment to the Party’s leadership that provides sound political protection for corporate development; the commitment to the business objective of following the national strategy and serving the real economy; the commitment to the client-oriented business approach which allows us to achieve mutual development with clients; the commitment to operating philosophy of compliance operations and stringent risk management; the commitment to innovation and entrepreneurship with a persistent ambition; the commitment to the talent nurture strategy which is under people-focused and market-oriented management; and the commitment to uphold and promote the excellent corporate culture and tradition of the Company.

The largest Shareholder of CITIC Securities is CITIC Corporation Limited. Founded on integrating the securities business under CITIC Group, the Company has grown from a small and medium-sized securities company into a large integrated securities group with the full support from CITIC Group. Listed on SSE in 2003 and on the Hong Kong Stock Exchange in 2011, the Company is China’s first listed securities company in terms of A Share, H Share and A+H Share IPO. The Company has formed a sound corporate governance structure centering on the Board, the Supervisory Committee and the general meeting, which ensures the Company’s sustained healthy development under the long-term market-based operation mechanism.

The Company has been exploring and putting into practise new business models over the years. It took the lead in the industry in proposing and practicing the flow-based business and engages in business such as direct investment, bond market-making and block trading; by acquisition and continuous cultivation, it has established its leading strength in futures, fund, commodity and other business; it has expanded investment in business such as fixed income, margin financing and securities lending, equity derivatives and alternative investment and established the financial market business system. The Company has obtained qualifications for multiple businesses permitted by domestic regulatory authorities, forming a full-product, full-market and full-business coverage landscape, with basic financial functions such as investment, financing, trading, payment and custody gradually improved.

Since its establishment, the Company has boasted prominent strength of scale advantage in net capital, net assets and total assets as well as remarkable profitability. With sustained leading position in the market in respect of investment banking, wealth management, asset management, financial market, fixed income and other businesses, it has achieved wide reputation and brand strength in domestic market. Over the years, the Company has won many awards granted by domestic and overseas institutions, such as Asiamoney, Financial Times, Forbes, SSE, SZSE, etc.

Over the past 20 years, the Company has accumulated a group of trustworthy strategic clients including Three Gorges Corporation, China Yangtze Power and Industrial and Commercial Bank of China. As of 30 June 2021, the Company has more than 10 million retail clients and 75,000 domestic corporate and institutional clients engaging in key fields of national economy, achieving in-depth coverage of major central state-owned enterprises, important local state-owned enterprises and influential listed companies. The Company has kept developing as driven by the motto of being client-centric and growing together with clients.

The Company has continuously improved the market-based mechanism, explored the use of medium and long-term incentive policies, improved the incentive and guarantee mechanism for talent, and thoroughly implemented strategy of strengthening the enterprise with talents. The Company have implemented a more open talent policy, cultivated a competitive reserve of young talents, increased the international talents reserve, strengthened professional training and systematic cultivation on various businesses and levels, and created a team of international talents with international vision, proficiency in international operations and creative thinking.

The Company has inherited excellent cultural genes of CITIC Group. Following CITIC's style of "abiding by laws and discipline and acting honestly, seeking truth from facts and innovation, being prudent and modest and advocating teamwork spirit, being industrious and self-motivated and effective and resolute", highlighting CITIC's core value of "honesty, innovation, cohesion, integration, devotion and excellence", and keeping to CITIC's development mission of "becoming stronger and better, following the national strategy and contributing to national rejuvenation", the Company has gradually formed its operating philosophy of law abidance, standardised management and strict risk control; forged the enterprising spirit of seeking excellence, striving to make innovations and allowing trial and error; developed the crisis awareness of facing up to problems, respecting market and actively seeking changes; cultivated the interpersonal style of staying humble, working hard, and being modest and prudent; and formed the admirable tradition of being diligent, advocating conciseness, and abandoning redundant formalities.

PRINCIPAL LINES OF BUSINESS

The investment banking business of the Group consists of equity financing, debt financing and financial advisory services. The Group provides fund raising and financial advisory services to a wide range of enterprises and other institutional clients in China and globally.

The wealth management business of the Group mainly involves securities and futures brokerage business, distribution of financial products and investment consulting services.

The Group provides institutional stock brokerage business to domestic and overseas professional institutional investors clients, which mainly involves various professional value-added services for their investments and trading in the Chinese stock market and other overseas stock markets in Asia-Pacific, the U.S. and other areas, such as research marketing, transaction execution, equity financing and trading projects recommendation.

The financial market business of the Group is primarily comprised of trading and market-making of equity products, fixed income products and derivatives, foreign exchange business, margin financing and securities lending business, alternative investment and commodities business.

The Group provides asset management services and products to clients in China and globally. The Group has been engaged in asset management businesses including collective asset management ("CAM"), separately managed account ("SMA") and specialised asset management ("SAM"), fund management and other investment accounts management.

The investment business of the Group mainly comprises alternative investment and private equity investment.

The Group provides services such as custody and research.

1. Investment banking

(1) Equity financing

Market conditions

In the first half of 2021, with the advancement of registration-based system reform, the offering size of A-share IPO increased significantly, with a total of 245 enterprises completing the IPO process and listed on the SSE or SZSE, representing a year-on-year increase of 105.88%. The total offering size amounted to RMB210.950 billion, representing a year-on-year increase of 51.46%. The cumulative approval rate of IPOs reached 89.82% and maintained at a high level. Issuance of IPO remained normal. As the new policy on refinancing promulgated in 2020 was implemented gradually, refinancing size continued to grow rapidly. The total issuance size of private placement (for cash) projects amounted to RMB337,263 million, representing a year-on-year increase of 165.54%; and the total issuance size of convertible bonds amounted to RMB165,225 million, representing a year-on-year increase of 74.17%.

In the first half of 2021, A-share equity underwriting (issuance for cash) amounted to RMB756,766 million, representing a year-on-year increase of 80.70%; A-share equity underwriting (issuance for cash and acquisition of asset) amounted to RMB787,469 million, representing a year-on-year increase of 21.40%. The market share of the top ten securities companies in A-share equity underwriting (issuance for cash) amounted to 72.46%, indicating a high level of concentration.

In the first half of 2021, Hong Kong IPO underwriting amounted to US\$30,012 million, representing a year-on-year increase of 136.86%; underwriting in Hong Kong refinancing market amounted to US\$61,993 million, representing a year-on-year increase of 176.98%. Calculated on the basis of the underwriting amount distributed evenly among all underwriters, the market share of top ten investment banks in Hong Kong equity financing market totalled 70.39%.

Actions and achievements

In the first half of 2021, in respect of domestic equity financing, the Company completed a total of 92 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB142,299 million (cash and asset transactions), representing a year-on-year increase of 8.01%, accounting for a market share of 18.07% and ranking the first in the market. Along with the advancement of the reform for registration-based IPO, the Company continued expanding the coverage of IPO clients including those on the STAR Market and ChiNext. The Company completed 27 IPO projects with an issuance size of RMB37,714 million in aggregate, accounting for a market share of 17.88% and ranking the first in the market. The Company completed 65 refinancing lead underwriting projects, with a lead underwriting amount of RMB104,585 million, accounting for a market share of 18.14% and ranking the first in the market. With significant increase in supply and demand of private placement (for cash) market, the Company focused on layout in private placement (for cash) business and completed 41 private placement (for cash) projects with an underwriting amount of RMB84,544 million in aggregate, accounting for a market share of 25.07% and ranking the first in the market. Meanwhile, the Company actively explored business opportunities in the convertible bonds, private placement for asset transactions, and rights issue, and continued to strengthen quality management and risk control for the

BUSINESS

whole process of equity financing projects, so as to reinforce and enhance its comprehensive competitive strength.

Projects	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
IPOs	37,714	27	9,981	6
Re-financing issuances	104,585	65	121,768	46
Total	142,299	92	131,749	52

Source: Wind Info and the Company's internal statistics

Notes: ① When compiling the above table, the date of completion of an IPO, a public equity issuance, an issuance of convertible bonds/exchangeable bonds, a private placement, a rights issue and an issuance of preference shares is the listing date.

② In the event that the amount undertaken by respective underwriter is not specified, the underwriting amount of joint-lead underwriting projects is calculated by dividing the total project size by the number of lead underwriters.

In the first half of 2021, in respect of overseas equity financing, the Company further strengthened domestic and overseas integrated management, and continued to focus on layouts in new economic industries including information media, consumption, and healthcare. Calculated based on the bookrunner role, the Company completed a total of 32 overseas equity projects with an underwriting amount of US\$6,005 million in aggregate. Among them, 14 were IPO projects in the Hong Kong market with an aggregate underwriting amount of US\$1,632 million, and 11 were refinancing projects with an aggregate underwriting amount of US\$3,461 million, ranking the second among Chinese securities companies in respect of equity financing business in the Hong Kong market. Meanwhile, the Company completed 7 equity financing projects in overseas markets in the U.S., Australia and Southeast Asia and other areas, with an aggregate underwriting amount of US\$912 million.

(2) **Debt financing**

Market conditions

In the first half of 2021, China's economic growth and monetary policy returned to normal levels as those before the COVID-19, and the monetary policy achieved an overall dynamic balance between economic growth stabilisation and risk prevention, with bond supply being below expectations and the yield rate of bond market being stable with a slight decline. In the first half of 2021, the aggregate issuance size of bonds amounted to RMB29.51 trillion, representing a year-on-year increase of 13.92%; and net financing amount reached RMB6.74 trillion, representing a year-on-year decrease of RMB1.78 trillion. The aggregate issuance size of credit bonds (excluding interbank certificates of deposit) amounted to RMB9.37 trillion, representing a year-on-year increase of 1.55%. Fiscal policy returned to normal levels as those before the COVID-19, with steady growth of treasury bonds and slight decline in local government bonds; with respect to non-financial corporate bonds, affected by the credit contraction of real estate companies and local government financing vehicles, the overall issuance volume was nearly flat compared to the same period last year; the asset-backed securitization market remained active, with the continuously accelerated issuance of

BUSINESS

securitization products on exchanges, and the size of interbank credit asset-backed securitization market had a significant increase from the same period last year.

In the first half of 2021, overseas economies continued to recover gradually, with the policy remained loose and U.S. bond interest rate being clearly on the rise. According to Bloomberg's statistics, Chinese enterprises issued a total of 228 USD-denominated bonds with a total financing size of US\$95,582 million in the first half of 2021.

Actions and achievements

In the first half of 2021, the Company maintained its leadership in the debt financing business with a total underwriting amount of RMB663,803 million, representing a year-on-year increase of 17.89%. The Company contributed as to 13.18% of the total underwriting amount of securities companies, ranking the first among securities companies, and as to 5.35% of the total underwriting amount of underwriting institutions including commercial banks, ranking the third in the market. The Company underwrote 1,287 projects, ranking the first among securities companies.

<u>Projects</u>	<u>Six months ended 30 June 2021</u>		<u>Six months ended 30 June 2020</u>	
	<u>Lead Underwriting Amount (RMB million)</u>	<u>Number of Issuances</u>	<u>Lead Underwriting Amount (RMB million)</u>	<u>Number of Issuances</u>
Enterprise bonds	20,110	26	21,354	27
Corporate bonds	141,652	288	131,147	231
Financial bonds	167,987	109	108,314	63
Medium-term notes	22,541	38	34,855	49
Short-term commercial papers	7,150	19	7,898	18
Private placement notes	6,390	19	15,150	27
Asset-backed securities	135,922	399	109,705	323
Convertible bonds/exchangeable bonds	18,045	14	21,319	21
Local government bonds	144,004	375	113,328	621
Total	<u>663,803</u>	<u>1,287</u>	<u>563,069</u>	<u>1,380</u>

Source: Wind Info and the Company's internal statistics

In respect of USD-denominated bonds issued by Chinese enterprises in overseas market, the Company completed a total of 57 projects with a total underwriting amount of US\$1,939 million, representing a market share of 2.22%, ranking the fourth among Chinese securities companies. In addition to the bond underwriting, the Company provided customers with structured and leveraged financing, risk solutions, liquidity management and other diversified services.

(3) Financial advisory services

Market conditions

According to Dealogic, in the first half of 2021, the total value of global merger and acquisition transactions announced reached US\$2.99 trillion and the number of transactions amounted to 16,185. On a sector basis, the electronics and computer sector was the most active with the value of merger and acquisition transactions announced in the first half of 2021 amounting to US\$826.5 billion, which accounts for 27.67% of the total value of merger and acquisition transactions announced; the medical and healthcare sector followed with the value of merger and acquisition transactions announced in the first half of 2021 amounting to US\$327.4 billion, accounting for 10.96% of the total value of merger and acquisition transactions announced.

BUSINESS

In the first half of 2021, the number of announced merger and acquisition transactions in the market involving Chinese enterprises was 2,667 with a transaction size of US\$298.2 billion, of which, 331 were cross-border transactions with a transaction size of US\$49.8 billion.

Actions and achievements

In the first half of 2021, the value of material assets restructuring transactions in A-share market completed by the Company amounted to RMB18.2 billion, with a market share of 22.80%, ranking the first in the industry. The Company, under the customer-oriented principle and in line with the State's requirement of improving the quality and core competitiveness of listed companies and providing in-depth services to central enterprise groups, state-owned enterprises and private enterprises, completed a number of large merger and acquisition and restructuring transactions, including the merger by absorption through share swap between Dalian Port and Yingkou Port, Huadong Tech's acquisition of TPV Tech, the material assets restructuring of Weiye Decoration, and Titan Wind's acquisition of Suzhou Titan, which continuously consolidated and improved the Company's market position and competitiveness in the merger and acquisition market.

In the first half of 2021, the value of global merger and acquisition transactions involving Chinese enterprises completed by the Company amounted to US\$13.4 billion, ranking the second in the industry. The Company actively assisted clients in integrating global quality resources and strengthened domestic and overseas M&A business coverage. The Company assisted Yili Industrial in the privatisation of Zhongdi Dairy to complete the integration of large pastoral resources; assisted Galanz in buying majority stake in Whirlpool China to promote a comprehensive upgrade of the partnership between the two sides; assisted Jinbei Automotive in acquisition of 50% equity of Adient Asia to enhance its core competitiveness and continuous profitability.

(4) *The business of New OTC Market*

Market conditions

In the first half of 2021, the reform of New OTC Market launched smoothly, with the orderly process of the review of applications for public offerings and listings on the New OTC Market Select, bringing about a rebound of various functional market indicators and gradually achieving positive impacts. As at 30 June 2021, the number of companies listed on the New OTC Market amounted to 7,472, with total issued shares of 492,358 million and a total market capitalisation of RMB2,388,437 million, 55 of which were listed on the New OTC Market Select, with total issued shares of 9,410 million and a total market capitalisation of RMB140,762 million. In the first half of 2021, the total trading volume of the New OTC Market amounted to RMB61,067 million, and the total funds raised from the issuance of shares amounted to RMB12,998 million. As at 30 June 2021, the NEEQ component index closed at 996.65, representing a decrease of 1.40% as compared to the end of 2020; and the NEEQ market-making component index closed at 1,139.63, representing an increase of 6.19% as compared to the end of 2020.

Actions and achievements

In the first half of 2021, the Company continued to operate the business of New OTC Market on the basis of expanding the customer coverage and centred on value identification

and realisation. While actively developing the public offering business of the New OTC Market Select, continuously optimising the market-making and position structures and enhancing the coverage of high-quality enterprises, it placed great emphasis on quality control and effectively controlled business risks.

As at 30 June 2021, the Company, as the lead broker on New OTC Market, conducted continuous supervision over a total of 21 listed companies, among which, 15 companies entered the Innovation tier or the Select tier. In the first half of 2021, the Company, as the sponsor, had applied for the public offering and listing on the New OTC Market on behalf of one company; the Company provided market-making services for 29 listed companies, among which, 23 companies entered the Innovation tier or the Select tier.

2. Wealth management

Market conditions

In the first half of 2021, the overall trading turnover of the domestic securities market increased significantly as compared with 2020, with SSE Composite Index risen by 3.40%, SSE SME Composite Index risen by 5.19% and ChiNext Composite Index risen by 14.13%.

Actions and achievements

In the first half of 2021, the Company stuck to brokerage business as its primary business, intensified the development of wealth management, implemented its development requirements of the global integration, and improved its multi-level, three-dimensional, personalised product and service system covering all assets of wealth clients. The Company created an ultra-high-net-worth client service ecology with the entrepreneur's office as a carrier, strengthened the core capabilities in wealth allocation and buyer service, and continuously improved the capability to help clients achieve their wealth management goals by leveraging on its remarkable advantages in the control over risks of wealth allocation under market volatility.

As at 30 June 2021, the number of customers exceeded 11.40 million, with the customer assets under custody in aggregate amounting to RMB9.7 trillion. Among them, 140,000 are wealth management customers with assets of over RMB2 million, with the total assets under management amounting to RMB1.7 trillion, representing an increase of 11% and 15%, respectively, as compared with those of the end of 2020; 31,000 are high-net-worth customers with assets of over RMB6 million, with the total assets under management amounting to RMB1.4 trillion, representing an increase of 15% compared to that of the end of 2020; and 17,000 are customers who signed up for wealth management accounts, with the assets under management amounting to over RMB210 billion. In the first half 2021, the total trading volume of securities and funds handled by the Company, CITIC Securities (Shandong) and CITIC Securities South China on behalf of customers amounted to RMB15.8 trillion, and the distribution of financial products amounted to RMB435.6 billion. The AUM of public funds and private funds exceeded RMB360 billion.

3. Institutional stock brokerage business

Market conditions (please refer to the part titled "Wealth Management")

Actions and achievements

In the first half of 2021, the Company achieved certain performance growth in institutional stock brokerage business, further strengthened cross-border integrated

management and collaborative development, made continuous progress in providing cross-border joint services to customers and cross-selling of products, and offshore research transformed from a traditional single business model to a multi-product model that supports company-wide business development.

The stock brokerage business for domestic institutions mainly covered domestic and overseas professional institutional investors such as public funds, insurance companies, private funds, wealth management subsidiaries of banks, QFI and WFOE. In the first half of 2021, the Company maintained its overall leadership in domestic institutional brokerage business.

The Company achieved outstanding performance in the stock brokerage business for overseas institutions, substantial year-on-year increase in business revenue and net profit, and maintained its leadership in market share of cash stock business in Asia Pacific. The main drivers of the growth were increased trading activities in global markets and the continued strong interest of overseas investment institutions in the Chinese equity market. Its global integrated trading platform offered comprehensive trading services to global customers. The trading of MSCI index adjustment ranked the first in market share, with a record high daily trading volume of US\$8.6 billion.

4. Financial market

Market conditions

In the first half of 2021, with stable macroeconomic fundamentals in domestic market, the stock market showed the main trend of fluctuation and differentiation with limited index volatility. However, leaders of various industries had experienced volatile share prices and limited returns due to high valuations and expected liquidity volatility. Small- and medium-sized companies did better due to improved performance and capital inflows. In the first half of 2021, CSI 300 Index edged up 0.2%, while the CSI 1000 Index rose by 6.6% and the Equity Fund Index rose by 7.8%. In the first half of 2021, the trading volume of Shanghai and Shenzhen stock markets rose by nearly 20% year on year. The market structure differentiated dramatically. The sector rotation was fast. The direction of subjects with high prosperity and high growth was relatively strong.

In the first half of 2021, the pandemic in developed countries was well under control, fiscal and monetary conditions were loose, with major overseas markets being calm and major stock indices continuing to rise. The S&P 500 Index rose by 14% and Nasdaq 100 Index rose by 13%. The relatively weak performance of the European and Hong Kong markets in 2020 was improved. European STOXX600 Index rose by 13% and Hang Seng Index rose by 6%, while Hang Seng TECH Index which led the growth in 2020 declined by 3% in the first half of 2021.

In the first half of 2021, the bond market was on the steady rise with an overall stable performance. ChinaBond Composite Wealth Index rose by 2.1%. National bonds witnessed a slight decline in medium and long-term key-duration interest rates and the short-end interest rate remained stable, with relatively ample room for interbank liquidity.

Actions and achievements

The Company continued to develop its OTC derivatives business and OTC products, and further enriched the structure and application scenes of its products, with its market-making business continuously taking the lead on the market. In respect of the equity derivatives

business, the Company kept the business model with an extensive customer base, a rich supply of products, and relatively stable yields. The Company continued to develop and innovate its overseas equity derivative transactions. With the coverage of international mainstream markets, the Company offered customers cross-time-zone derivative transactions services in the global market.

In respect of the fixed income business, the Company made good use of its customer resources and enhanced its comprehensive capabilities for product design and customer service to constantly enrich the profit model. Various businesses developed steadily. In the first half of 2021, the Company ranked the first in the industry in terms of the sales of interest rate products.

With respect to the stock proprietary business, on the basis of keeping investment in great leading companies in various industries, the Company strengthened internal synergies and development of diversification strategies. Meanwhile, the Company continued to focus on controlling tail risks, maintaining a steady performance on the whole. The Company achieved further results in the exploration and practise of quantitative analysis and diversified strategies, laying a solid foundation for reducing the dependence of performance on market movements in a single direction in the future.

In respect of securities financing and lending business, the Company continuously optimised business risk management and infrastructure development and deepened the use of financial technology. The Company further strengthened refined management of customer structure and product innovation services, and deepened the extent of penetration into regional markets while adjusting business structure and safeguarding the safety of the Company's assets and high-quality development. The business scale continued to grow and the market share remained on the top spot.

In respect of the alternative investment business, the Company continued to develop diversified strategies in data, models, objects, optimization methods and others, so as to obtain more excess returns while effectively diversify risks. In addition, the Company also actively developed overseas business, improved the infrastructure construction for investment research, trading and risk control platforms, and promoted cross-department business collaboration.

In respect of the commodities business, the Company implemented the concept of finance serving the real economy, strengthened its capacity to provide comprehensive services, and devoted increased effort in industrial customer expansion and service in the course of sharp rise in the commodities market. The Company provided various industrial customers and institutional customers with customised and professional financial services related to commodities to promptly meet the hedging needs of industrial customers.

5. Asset management

Market conditions

The transitional period for the implementation of the New Regulations on Asset Management will end in 2021. The net worth transformation of the asset management industry entered into the final stage. In this process, new models, new products and new patterns are gradually formed, and the value chain of the asset management industry is reshaping. In the future, asset management institutions need to deeply understand the current laws of economic development and industry competition and cooperation relationship, continue to stick to the development direction of active management, look for differentiated positioning, and strengthen comprehensive management capabilities, to play an important role in serving the development of the real economy and promoting the maintenance and appreciation of residents' assets.

BUSINESS

(1) *Asset management business of the Company*

Actions and achievements

In the first half of 2021, faced with the continuous industry transformation and development environment brought by the approaching rectification deadline for the implementation of the New Regulations on Asset Management, the Company continuously upheld the original mission of “working for the people’s happiness, serving the real economy and preventing financial risks” in its asset management business. The Company strengthened product innovation, continuously improved product layout, improved its professional level in investment research, and perfected the buyer’s investment research system. The Company vigorously developed pension businesses covering social security, and basic pension, corporate annuity and occupational annuity, actively promoted transformation of active management business in banks, made new progress in cooperation with wealth management subsidiaries of banks and private banks, continuously advanced the transformation of massive collective assets to publicly offered assets, and rapidly expanded the business of high-net-worth individuals with FOF products as carrier.

As at 30 June 2021, the AUM of the Company amounted to RMB1,390,962 million, of which, the size of CAM, SMA and SAM amounted to RMB361,415 million, RMB1,029,442 million and RMB105 million, respectively. In particular, the assets under active management amounted to RMB1,166,368 million. The market share of the privately-offered asset management business as defined under the New Regulations on Asset Management (excluding pension businesses, publicly-offered collective investment schemes and asset-backed securitization products) of the Company was approximately 13.84%, ranking the first in the industry.

Type	AUM (RMB million)		Management fees (RMB million)	
	As at the end of June 2021	As at the end of 2020	Six months ended June 2021	Six months ended June 2020
CAM	361,415	260,124	988.19	353.53
SMA	1,029,442	1,106,168	771.22	522.43
SAM	105	109	23.03	10.46
Total	1,390,962	1,366,401	1,782.44	866.42

Source: The Company’s internal statistics

Note: The CAM included publicly-offered collective investment scheme and excluded pension products; the SMA included pension businesses; and the SAM excluded asset-backed securitization products.

(2) *China AMC*

Actions and achievements

In the first half of 2021, China AMC strengthened investments in strategic direction and long-term track layout, with significant increase in investment performance. The number of fund offerings reached a new record high, with remarkable results from continuous marketing. China AMC grasped the opportunities of Hong Kong stock market to continuously improve the layout of index product lines. It also steadily promoted strategic pension business, improved the structure of actively managed SMA services, increased investment in innovative business, built a Fintech ecosystem, and continuously enhanced its risk prevention ability. As a result, the

overall asset management scale further expanded. As at 30 June 2021, the total AUM of China AMC reached RMB1,606,614 million, of which, the AUM of public funds reached RMB976,243 million and the AUM of institutional and international business reached RMB630,371 million.

6. Custody

Market conditions

In the first half of 2021, with the prevention and control of COVID-19 becoming constant practise, the macroeconomic continued to recover. The transformation of asset management products, such as bank wealth management and trust, accelerated, and the issuance scale of public funds reached a new high. Innovative products enjoyed its booming season, which is exemplified by the official launching of publicly-offered infrastructure REITs projects. The CSRC issued several regulations to strengthen the supervision over private investment funds to further strengthen the supervision over the private equity industry and regulate the sound development of private equity funds. The number of private fund managers decreased, but the number and management scale of existing private funds still maintained an upward trend, reaching a new high at the end of June.

Actions and achievements

In the first half of 2021, the Company continued to increase investment in business system construction by optimising business operation quality control mechanism and refining key customer service process to improve operational efficiency and enhance customer viscosity. The Company abided by the principle of prudence and diligence and faithfully performed its duties as a custodian to protect the interests of fund investors. In respect of fund operation outsourcing service, the Company continued to expand client base and build an integrated fund operation service system within and outside of China. By synergizing its domestic and overseas resources, the Company provide asset management institutions with comprehensive operation services in all respects.

As at 30 June 2021, the Company's asset custody and fund operation outsourcing service business achieved continuous growth, with 9,381 existing products under the asset custody service provided by the Company and 9,617 existing products under the fund operation outsourcing service provided by the Company.

7. Equity investment

With the prevention and control COVID-19 becoming constant practise domestically, the overall fund-raising environment showed a positive trend. According to Zero2IPO Research Centre, in the first quarter of 2021, the total fund-raising amount of new funds was RMB223,824 million, representing a year-on-year increase of 6.3%, and a total of 873 new funds completed fund-raising, representing a year-on-year increase of 66.6%. Overall, the amount of funds privately raised has gradually recovered to the status before the COVID-19, but structural fund-raising difficulties such as the lack of long-term capital still exist. In terms of investment, in the first quarter of 2021, the private investment market gradually picked up, with a total of 1,005 investments, representing a year-on-year increase of 47.14%, of which a total of 813 investments involving a disclosed amount of RMB192,501 million were made, representing a year-on-year increase of 86.52%. The number of investment cases reached a relatively high level in terms of the statistics for the past three years, and the overall development recovered significantly as compared with that of 2020. In terms of exit, in the first quarter of 2021, there were 383 exit cases in private market, representing a year-on-year

increase of 16.41%. Exit by IPO is still the mainstream method in the market, with a total of 313 IPO exit cases completed, accounting for 81.7%, representing a year-on-year increase of 67.38%; 120 of the IPO exit cases involved companies listed on the STAR Market.

(1) CITIC Securities Investment

Actions and achievements

In the first half of 2021, as an alternative investment subsidiary of the Company, CITIC Securities Investment closely focused on the development of the capital market and the macro situation in China and abroad, continued to explore investment opportunities in industries including advanced manufacturing, information technology, modern service, medical and healthcare, new materials and industrial products, and actively explored the possibility of moving the investment phase forward appropriately. CITIC Securities Investment continued to give full play to the comprehensive advantages of CITIC Securities, increased investment scale, and invested in a number of enterprises with core competitiveness in the fields of consumption, semiconductor, medical and healthcare, new materials, and information technology.

(2) GoldStone Investment

Actions and achievements

Being a platform for raising and managing private equity investment funds of the Company, GoldStone Investment, as the promoter and fund manager, established Shuozhou Huashuo GoldStone Energy Industry Transformation Parent Fund (朔州市華朔金石能源產業轉型母基金) and Shenshi (Shenzhen) Smart Logistics Infrastructure Private Fund (深石(深圳)智慧物流基礎設施私募基金) in the first half of 2021, with a total size of approximately RMB1.8 billion and the aim to support the development of enterprises with core competitive advantages in energy and storage logistics industry by way of equity investment. In the first half of 2021, GoldStone Investment made external investment of approximately RMB1.8 billion in sectors involving new materials, logistics, biotechnology, software, communications and information technology. As at 30 June 2021, there were 20 private equity investment funds under GoldStone Investment's management.

8. Research

In the first half of 2021, the Company has continued to push forward the comprehensive strategic transformation of its research business. The research coverage and service coverage were further expanded. With the coverage of A-share and overseas listed companies continued to increase, and the number of institutional customers reached a new high, the Company effectively served enterprises and equity investment institutions. The Company accelerated the integration of its domestic and overseas research capabilities, achieved increasing number of Chinese and English research reports and influence in overseas markets, and made further progress in the internationalisation and global distribution of research reports. As the Company's influence in research further enhanced, the number of reports and citations by the central media and professional financial media significantly increased, and research conference activities also gained widespread attention. Through the combination of integrated research services and business synergies, and through provision of services to government agencies on a wide range of topics, the reputation of the Company further enhanced.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. ZHANG Youjun (Chairman)
Mr. YANG Minghui

Registered Office:

North Tower, Excellence Times Plaza II
No. 8 Zhong Xin San Road
Futian District
Shenzhen, Guangdong Province, the PRC

Non-executive Director:

Mr. WANG Shuhui

Independent Non-executive Directors:

Mr. ZHOU Zhonghui
Mr. LI Qing

Principal Place of Business in Hong Kong:

26/F, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong

9 February 2022

To the Qualified H Shareholders and, for information purposes only, the Excluded H Shareholders other than U.S. H Shareholders

Dear Sirs/Madams,

PROPOSED H SHARE RIGHTS ISSUE OF 341,749,155 H SHARES ON THE BASIS OF 1.5 H RIGHTS SHARES FOR EVERY 10 EXISTING H SHARES AT HK\$17.67 PER H RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE

INTRODUCTION

References are made to the announcement of the Company dated 26 February 2021, the circular of the Company dated 13 May 2021, in relation to, among other things, the proposed Rights Issue and the poll results announcement dated 29 June 2021, in which the resolutions in relation to the Rights Issue were duly passed at the AGM, the 2021 First H Shareholders Class Meeting and the 2021 First A Shareholders Class Meeting, respectively. References are also made to the announcement of the Company dated 26 November 2021, pursuant to which, the Company received from the CSRC the written approval (the Approval in respect of the Issuance of Overseas-Listed Foreign Shares of CITIC Securities Company Limited (Zheng Jian Xu Ke [2021] No. 3714)(《關於核准中信証券股份有限公司發行境外上市外資股的批覆》)(證監許可[2021] 3714 號)) in respect of the H Share Rights Issue and the written approval (the Approval in respect of the Rights Issue of CITIC Securities Company Limited (Zheng Jian Xu Ke [2021] No. 3729)(《關於核准中信証券股份有限公司配股的批覆》)(證監許可[2021] 3729 號)) in respect of the A Share Rights Issue on 26 November 2021.

A summary of the major terms of the H Share Rights Issue and the expected timetable of the H Share Rights Issue are set forth in this prospectus. The H Shareholders' Register was closed from

LETTER FROM THE BOARD

Friday, 28 January 2022 to Tuesday, 8 February 2022 (both days inclusive). The last day of dealings in the H Shares on cum-right basis was Tuesday, 25 January 2022 and the H Shares were dealt with on an ex-rights basis from Wednesday, 26 January 2022. To qualify for the H Share Rights Issue, an H Shareholder must be registered as a member of the Company on Tuesday, 8 February 2022 and must not be an Excluded H Shareholder.

The H Share Rights Issue will be underwritten on a best effort basis (non-fully underwritten) by the Underwriters on the terms and conditions set out in the Underwriting Agreement.

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and SSE (www.sse.com.cn) on Thursday, 13 January 2022. Neither the A Share Rights Issue Prospectus nor any other information on the above websites is incorporated in this prospectus. A summary of the major terms of the A Share Rights Issue and the timetable of the A Share Rights Issue are included herein for information purposes only.

The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” below and is subject to the terms and conditions of the Underwriting Agreement. If any of the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed. The Underwriting Agreement contains provisions entitling the Joint Global Coordinators by notice in writing to terminate the Underwriting Agreement upon the occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” below. It should also be noted that the H Shares have been dealt in on an ex-rights basis from Wednesday, 26 January 2022 and that dealings in the H Rights Shares in nil-paid form will take place from Friday, 11 February 2022 to Friday, 18 February 2022 (both days inclusive). Such dealings will take place when the conditions of the H Share Rights Issue remain unfulfilled, and the Underwriting Agreement does not become unconditional or is subject to termination in accordance with the terms thereof. Any person dealing in the securities of the Company up to the date on which such condition is fulfilled or waived and up to the Latest Time for Termination and any person dealing in the Nil-paid H Rights from Friday, 11 February 2022 to Friday, 18 February 2022 (being the first and last day of dealings in the Nil-paid H Rights, respectively) will accordingly bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Any person dealing or contemplating any dealing in the securities of the Company, the Nil-paid H Rights and/or the H Rights Shares during this period who is in any doubt about his or her or its position is recommended to consult his or her or its own professional adviser.

The purpose of this prospectus is to provide you with, among other things, details of the H Share Rights Issue as well as certain financial and other information in respect of the Company.

H SHARE RIGHTS ISSUE

The H Share Rights Issue is conducted on the basis of 1.5 H Rights Shares for every 10 existing H Shares held by Qualified H Shareholders on the H Share Record Date at the Subscription Price of HK\$17.67 per H Rights Share. The Subscription Price of HK\$17.67 per H Rights Share was determined by the Company with reference to the recent closing prices of the H Shares, the financial

LETTER FROM THE BOARD

condition of the Company, the prevailing market conditions and the valuation indicators such as stock prices and price-to-book ratios of the Company in the secondary market and the funding requirements of projects to be invested in.

The H Share Rights Issue will be underwritten on a best effort basis (non-fully underwritten) on the terms and conditions set out in the Underwriting Agreement.

The H Share Rights Issue (assuming full subscription of the H Rights Shares) is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB4.93 billion; and (ii) net proceeds (after deducting the costs and expenses incidental to the H Share Rights Issue) in an aggregate amount of approximately RMB4.88 billion.

The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” below.

Details of the H Share Rights Issue are as follows:

H Share Rights Issue statistics

Basis of H Share Rights Issue:	1.5 H Rights Shares for every 10 existing H Shares held by Qualified H Shareholders on the H Share Record Date
Number of H Shares in issue as at the Latest Practicable Date:	2,278,327,700 H Shares
Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Record Date remains the same as at the Latest Practicable Date):	341,749,155 H Rights Shares
Aggregate nominal value of the H Rights Shares:	RMB341,749,155
Subscription Price:	HK\$17.67 per H Rights Share
Joint Global Coordinators and Underwriters:	CLSA Limited CMSHK HTISEC

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the H Shares. Therefore, as at the Latest Practicable Date, the total number of H Rights Shares to be issued by the Company will be up to 341,749,155 H Rights Shares. Assuming the H Rights Shares are fully subscribed and that there is no other change in the number of issued H Shares of the Company since the Latest Practicable Date, the 341,749,155 H Rights Shares represent (i) 15.00% of the total number of existing issued H Shares of the Company as at the Latest Practicable Date; and (ii) 13.04% of the total number of issued H Shares of the Company as enlarged by the allotment and issuance of the H Rights Shares.

LETTER FROM THE BOARD

The H Share Rights Issue is underwritten on a best effort basis (non-fully underwritten). Pursuant to the Company’s constitutional documents and the laws of Hong Kong and the PRC, there is no requirement on minimum subscription level in respect of the H Share Rights Issue. Subject to fulfilment of the conditions of the H Share Rights Issue, the H Share Rights Issue will proceed regardless of the ultimate subscription level.

In the event the H Share Rights Issue is undersubscribed, any H Rights Shares not taken up by the Qualified H Shareholders or transferees of Nil-paid H Rights or otherwise subscribed by other subscribers procured by the Underwriters pursuant to the Underwriting Agreement will not be issued by the Company and the size of the H Share Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Basis of entitlement

Subject to fulfilment of the conditions set out below in the paragraph headed “Conditions of the H Share Rights Issue”, Qualified H Shareholders will be provisionally allotted 1.5 H Rights Shares for every 10 existing H Shares held on the H Share Record Date at the Subscription Price, being HK\$17.67, for each H Rights Share payable in full on acceptance.

Qualified H Shareholders

The Company is sending the Prospectus Documents comprising this prospectus, the Provisional Allotment Letter and the Excess Application Form, to Qualified H Shareholders only. To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Company on the H Share Record Date and must not be an Excluded H Shareholder.

The last day of dealings in the H Shares on a cum-rights basis for the H Share Rights Issue was Tuesday, 25 January 2022. The H Shares have been dealt in on an ex-rights basis from Wednesday, 26 January 2022. To determine the entitlements to the H Share Rights Issue, the H Shareholders’ Register was closed from Friday, 28 January 2022 to Tuesday, 8 February 2022 (both days inclusive). In order to be a Qualified H Shareholder, all H Share certificates together with the share transfer documents must have been lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration at or before 4:30 p.m. on Thursday, 27 January 2022.

PRC Southbound Trading Investors

The Directors have made the relevant enquiries and were advised that the PRC Southbound Trading Investors may participate in the H Share Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of H Rights Shares held on the H Share Record Date at the Subscription Price under the H Share Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, according to the legal advice from the PRC legal

LETTER FROM THE BOARD

adviser of the Company, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with Nil-paid H Rights can only sell those Nil-paid H Rights on the Hong Kong Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights nor transfer such Nil-paid H Rights to other PRC Southbound Trading Investors.

According to the legal advice from the PRC legal adviser of the Company, the PRC Southbound Trading Investors and H Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations are entitled to participate in the H Share Rights Issue. Save for the above, other H Shareholders in the PRC are not entitled to participate in the H Share Rights Issue.

The PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions for such intermediaries in relation to the acceptance and/or sale of the Nil-Paid H Rights. Such instructions should be given in advance of the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the intermediaries of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

According to the legal advice of the PRC legal adviser of the Company, as the Prospectus Documents have not been and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Announcement, the H Rights Shares (in both their nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to its rights to participate in the H Share Rights Issue as explained in this prospectus) or a Qualified H Shareholder in the PRC, or it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

As such, the Prospectus Documents may not be distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the H Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear in the PRC or the Qualified H Shareholder in the PRC or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

Distribution of this prospectus and the other Prospectus Documents

This prospectus, accompanied by the other Prospectus Documents, will be despatched to the Qualified H Shareholders only. For the Excluded H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes only, provided that this prospectus shall not be sent to the Excluded Shareholders known by the Company to be resident in the United States. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders.

LETTER FROM THE BOARD

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories, except for those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Company.

Distribution of this prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by laws. Persons (including, but not limited to, agents, custodians, nominees and trustees) who come into possession of the Prospectus Documents should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any H Shareholder or Beneficial H Shareholder who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, persons in possession of this prospectus should not distribute, forward or transmit into or from any Specified Territories, this prospectus, whether with or without the Provisional Allotment Letter or the Excess Application Form.

It is the full responsibility of any person (including, but not limited to, any agent, custodian, nominee and trustee) outside Hong Kong wishing to make an application for the H Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the H Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. H Shareholders should consult their professional advisers if in doubt. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

Excluded H Shareholders

Excluded H Shareholders are those H Shareholders with registered addresses in, or who are otherwise known by the Company to be residents of, places outside Hong Kong, and in respect of whom the Directors, based on enquiries made by the Directors, consider it necessary or expedient not to offer the H Rights Shares on account either of the legal restrictions under the laws of the relevant place in which the H Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that place.

The Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the H Rights Shares to the H Shareholders in those territories. Having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exception as described below, it is necessary or expedient to restrict the ability of H Shareholders in the Specified Territories to take up their rights under the H Share Rights Issue due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps the Company and the H Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in those territories.

Accordingly, for the purposes of the H Share Rights Issue, the Excluded H Shareholders are:

- (i) H Shareholders whose name(s) appear in the H Shareholders' Register on the H Share Record Date and whose address(es) as shown in such register is/are in any of the

LETTER FROM THE BOARD

Specified Territories, except for those H Shareholders with addresses in the PRC or the U.S. who fulfil the relevant requirements to the satisfaction of the Company; and

- (ii) any H Shareholders or Beneficial H Shareholders at that time who are otherwise known by the Company to be resident in any of the Specified Territories, except for those H Shareholders or Beneficial H Shareholders with addresses in the PRC or the U.S. who fulfil the relevant requirements to the satisfaction of the Company.

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than (a) Hong Kong; (b) the PRC, in accordance with the CSRC Announcement; and (c) Canada (in order to rely on an exemption from the prospectus requirements of applicable Canadian securities laws). The Prospectus Documents will be lodged with the Securities Commission Malaysia in accordance with Malaysian securities laws.

In respect of the Excluded H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes only, provided that this prospectus shall not be sent to the Excluded Shareholders known by the Company to be resident in the United States. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders.

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories, except for those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Company.

Notwithstanding any other provision in this prospectus or the Provisional Allotment Letter or the Excess Application Form, the Company reserves the right to permit any H Shareholder or Beneficial H Shareholder to participate in the H Share Rights Issue and take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the offer under the H Share Rights Issue is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

The Company also reserves the right to treat as invalid, and will not be bound to allot or issue any H Rights Shares in respect of, any acceptance or purported acceptance of the offer of Nil-paid H Rights or the H Rights Shares which:

- (i) appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction; or
- (ii) in the case of a Provisional Allotment Letter, provides for an address for delivery of the share certificates in, or, in the case of a credit of H Rights Shares in CCASS, a CCASS participant whose address is in, or is otherwise a resident of, any Specified Territories or any other jurisdiction in which it would be unlawful to deliver such share certificates or make such a credit or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements.

Receipt of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or the crediting of Nil-paid H Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form must be treated as sent for information purpose only and should not be copied or redistributed. Persons (including, but not limited to, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or whose

LETTER FROM THE BOARD

stock account in CCASS is credited with Nil-paid H Rights should not, in connection with the H Share Rights Issue, distribute or send the same in, into or from, or transfer Nil-paid H Rights to any person in, into or from, any of the Specified Territories. If a Provisional Allotment Letter or an Excess Application Form or any credits of Nil-paid H Rights to a stock account in CCASS are received by any person in any Specified Territories, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the Provisional Allotment Letter or transfer the Provisional Allotment Letter (or apply for any excess H Rights Shares under the Excess Application Form) or transfer the Nil-paid H Rights in CCASS unless such person is able to demonstrate to the satisfaction of the Company, or the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, but not limited to, agents, custodians, nominees and trustees) who does forward this prospectus or a Provisional Allotment Letter or an Excess Application Form in, into or from any Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Arrangements will be made for the Nil-paid H Rights of the Excluded H Shareholders to be provisionally allotted to CLSA Limited, the nominee appointed by the Company to act as the representative on behalf of the Excluded H Shareholders and, if a premium (net of expenses) can reasonably be obtained, to be sold by CLSA Limited on behalf of the Excluded H Shareholders in the market as soon as practicable after dealing in the Nil-paid H Rights commences. The net proceeds of such sale (after deduction of the expenses of sale) will be paid on a *pro rata* basis to the Excluded H Shareholders, which means the Company will pay individual amounts of more than HK\$100 to the relevant Excluded H Shareholders, provided that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded H Shareholders will be made available for excess application by the Qualified H Shareholders.

With respect to the Excluded H Shareholders who hold interests in H Shares through CCASS, their nominees (excluding HKSCC Nominees), custodians or other intermediaries may sell, on such Excluded H Shareholders' behalf, their entitlements to the Nil-paid H Rights in compliance with applicable securities laws and distribute the proceeds thereof as appropriate. Any H Rights Shares in respect of unsold entitlements of the Excluded H Shareholders and any unsold fractional entitlements to the H Rights Shares together with any H Rights Shares in respect of Nil-paid H Rights not taken up by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights, will be made available for excess application on Excess Application Forms by Qualified H Shareholders.

Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue

Notwithstanding what is said in the paragraph headed "Excluded H Shareholders" above, the following limited categories of persons in the Specified Territories may be able to take up their rights under the H Share Rights Issue:

- (i) H Shareholders or Beneficial H Shareholders in the United States are generally Excluded Shareholders. However, a limited number of H Shareholders and Beneficial H Shareholders in the United States who the Company reasonably believes are QIBs may be able to take up their Nil Paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue in transactions exempt from registration requirements under the U.S. Securities Act, provided that they fulfil relevant requirements to the satisfaction of the Company; and

LETTER FROM THE BOARD

- (ii) H Shareholders or Beneficial H Shareholders (other than PRC Southbound Trading Investor) in the PRC are generally Excluded H Shareholders. However, Qualified Domestic Institutional Investors (the “**QDIIs**”) and Beneficial H Shareholders who hold interests in H Shares through QDIIs may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue, provided that they fulfil the requirements under the relevant PRC laws and regulations to the satisfaction of the Company.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

Procedure for acceptance or transfer

General

Any person (including, but not limited to, any agent, custodian, nominee and trustee) wishing to take up his/her/its rights under the H Share Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territories, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of H Shareholders with registered addresses in any of the Specified Territories or holding H Shares on behalf of persons with such addresses is drawn to the paragraphs headed “Excluded H Shareholders” and “Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue” above.

Each subscriber (including, but not limited to, any agent, nominee and trustee) of H Rights Shares being offered and sold outside the United States will be deemed (by accepting delivery of this prospectus) to have given each of the following representations and warranties to the Company and the Underwriters and to any person acting on their behalf, unless, in their sole discretion, the Company and the Underwriters waive such requirement expressly in writing:

- i. he/she/it was an H Shareholder at the H Share Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil-paid H Rights, directly or indirectly, from such a person;
- ii. he/she/it is not located in any other jurisdiction in which it is unlawful to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares;
- iii. he/she/it is not resident or located in, or a citizen of, the United States;
- iv. he/she/it is not accepting an offer to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- v. he/she/it is not doing so for the account of any person who is located in the United States, unless:
 - a. the instruction to purchase or take up the Nil-paid H Rights or to subscribe for or accept H Rights Shares was received from a person outside the United States; and

LETTER FROM THE BOARD

- b. the person giving such instruction has confirmed that he/she/it (x) has the authority to give such instruction and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the H Rights Shares in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act;
- vi. he/she/it is acquiring the Nil-paid H Rights and/or the H Rights Shares in an “offshore transaction” as defined in Regulation S under the U.S. Securities Act;
- vii. he/she/it has not been offered the H Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act;
- viii. he/she/it is not purchasing or taking up the Nil-paid H Rights or subscribing for or accepting the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into the United States or any other jurisdiction referred to in paragraph (ii) above;
- ix. he/she/it understands that neither the Nil-paid H Rights nor the H Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the Nil-paid H Rights or H Rights Shares are being distributed and offered outside the United States in reliance on Regulation S under the U.S. Securities Act. Consequently, he/she/it understands the Nil-paid H Rights or H Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

Action to be taken by Qualified H Shareholders

Subscription for all H Rights Shares provisionally allotted

For each Qualified H Shareholder, a Provisional Allotment Letter is enclosed with this prospectus which entitles the Qualified H Shareholder(s) to whom it is addressed to subscribe for the number of the H Rights Shares shown thereon. If a Qualified H Shareholder wishes to take up his/her/its right to subscribe for any or all of the H Rights Shares provisionally allotted to him/her/it as specified in the Provisional Allotment Letter, he/she/it must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the H Share Registrar, by no later than 4:00 p.m. on Wednesday, 23 February 2022.

All remittances must be made in Hong Kong dollars and by cheque or cashier’s order. Cheques must be drawn on an account with, and cashier’s orders must be issued by, a licenced bank in Hong Kong and made payable to “ **CITIC SECURITIES COMPANY LIMITED – PAL**” and crossed “**Account Payee Only**”.

It should be noted that, unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the H Share Registrar, by 4:00 p.m. on the Last Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred,

LETTER FROM THE BOARD

that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions.

All cheques and cashier's orders will be presented for payments immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Provisional Allotment Letter in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected and, in that event, the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

Qualified H Shareholders must pay the exact amount payable upon acceptance of the H Rights Shares by cheque or cashier order, underpaid subscription will be rejected. In the event of overpayment, a refund cheque will be made out to the relevant persons only if the overpaid amount is HK\$100 or above.

If the Joint Global Coordinators terminate the Underwriting Agreement before the Latest Time for Termination in accordance with the terms thereof and the H Share Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest and by means of cheques despatched by ordinary post or courier at the risk of such persons on or about Thursday, 3 March 2022.

Transfers and "splitting" of Nil-paid H Rights

The Nil-paid H Rights can be traded on the Hong Kong Stock Exchange. A Qualified H Shareholder can accept all of his/her/its provisional allotment of H Rights Shares, or sell all of his/her/its provisional allotment on the Hong Kong Stock Exchange, or accept only part of his/her/its provisional allotment and sell the remaining part on the Hong Kong Stock Exchange.

If a Qualified H Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its Nil-paid H Rights provisionally allotted to him/her/it under the Provisional Allotment Letter or transfer his/her/its Nil-paid H Rights to more than one person, the entire Provisional Allotment Letter must be surrendered and lodged for cancellation, together with a covering letter stating clearly the number of split Provisional Allotment Letters required and the number of Nil-paid H Rights to be comprised in each split Provisional Allotment Letter (which, in aggregate, should be equal to the number of H Rights Shares provisionally allotted to such holder as stated in Box B of the original Provisional Allotment Letter), by no later than 4:30 p.m. on Tuesday, 15 February 2022 to the H Share Registrar, Computershare Hong Kong Investor Services Limited, who will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required. This process is commonly known as "splitting" the Nil-paid H Rights.

Having "split" the Nil-paid H Rights, a Qualified H Shareholder who wishes to accept the provisional allotment of H Rights Shares represented by a new Provisional Allotment Letter should do so in accordance with the instructions given above in relation to the subscription for all the H Rights Shares provisionally allotted.

If a Qualified H Shareholder wishes to transfer all of his/her/its Nil-paid H Rights under a Provisional Allotment Letter (or a split Provisional Allotment Letter, as the case may be) to another

LETTER FROM THE BOARD

person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the Provisional Allotment Letter and hand the Provisional Allotment Letter to the person(s) to or through whom he/she/it is transferring his/her/its Nil-paid H Rights. The transferee must then complete and sign the “Registration Application Form” (Form C) in the Provisional Allotment Letter and lodge the Provisional Allotment Letter intact, together with a remittance for the full amount payable on acceptance with the H Share Registrar to effect the transfer by no later than 4:00 p.m. on the Last Acceptance Date.

It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your Nil-paid H Rights to the transferee(s) and the acceptance by the transferee(s) of such rights. The Company may, at its sole discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories

As described above, H Shareholders with registered addresses in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Qualified H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the Provisional Allotment Letter to, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from, any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement;

LETTER FROM THE BOARD

(b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS)

Subscription for H Rights Shares provisionally allotted and transfers and “splitting” of Nil-paid H Rights

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or “split” your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the H Rights Shares which have been provisionally allotted in respect of the H Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Shares are held by a registered H Shareholder (other than CCASS)

As described above, Beneficial H Shareholders resident in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the Provisional Allotment Letter, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-Paid H Rights or H Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it:

LETTER FROM THE BOARD

(a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS

Subscription for H Rights Shares provisionally allotted and transfers and “splitting” of Nil-paid H Rights

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or “split” your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of your Nil-paid H Rights. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the H Rights Shares provisionally allotted to CCASS stock accounts in respect of the H Shares registered in the name of HKSCC Nominees shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial H Shareholders’ interests in H Rights Shares should be dealt with. The procedure for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” in effect from time to time and any other requirements of CCASS.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS

As described above, Beneficial H Shareholders resident in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial H Shareholder holding interests in H Shares through CCASS and any CCASS participant who makes a valid acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s acceptance will not result in the contravention of any

LETTER FROM THE BOARD

applicable legal requirement in any jurisdiction: (i) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares; (ii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iii) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or the H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the Specified Territories and which may involve a breach of the laws of the relevant Specified Territory or any instruction which otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

Effect of bad weather on the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on Last Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. The Company will notify shareholders by way of announcements on any change to the expected timetable as soon as practicable.

If you have questions in relation to the H Share Rights Issue, please call the H Shareholder hotline on (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than public holidays).

Subscription Price for the H Rights Shares

The Subscription Price of HK\$17.67 per H Rights Share is payable in full when a Qualified H Shareholder accepts the relevant provisional allotment of H Rights Shares or applies for excess H Rights Shares or when a transferee of Nil-paid H Rights accepts the H Rights Shares.

LETTER FROM THE BOARD

The Subscription Price of HK\$17.67 per H Rights Share represents:

1. a discount of approximately 15.0% to the closing price of HK\$20.80 per H Share as quoted on the Hong Kong Stock Exchange on 13 January 2022 (being the date immediately preceding the date of the Underwriting Agreement);
2. a discount of approximately 15.0% to the closing price of HK\$20.80 per H Share as quoted on the Hong Kong Stock Exchange on 13 January 2022 (being the Price Determination Date);
3. a discount of approximately 13.0% to the average closing price of HK\$20.32 per H Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including 13 January 2022 (being the Price Determination Date);
4. a discount of approximately 12.9% to the average closing price of HK\$20.29 per H Share as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days up to and including 13 January 2022 (being the Price Determination Date);
5. a discount of approximately 13.0% to the average closing price of HK\$20.30 per H Share as quoted on the Hong Kong Stock Exchange for the 20 consecutive trading days up to and including 13 January 2022 (being the Price Determination Date);
6. a discount of approximately 13.3% to the theoretical ex-right price of HK\$20.39 per H Share based on the closing price of HK\$20.80 per H Share as quoted on the Hong Kong Stock Exchange on 13 January 2022 (being the Price Determination Date); and
7. a theoretical dilution effect (as defined under Rule 7.27B of the Hong Kong Listing Rules) represented by:
 - (i) a discount of approximately 5.4% to all the existing Shareholders, which is calculated based on the weighted theoretical diluted price of approximately HK\$28.61 per Rights Share to the weighted benchmarked price of approximately HK\$30.26 per Rights Share;
 - (ii) a discount of approximately 2.0% to all the existing H Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$20.39 per H Rights Share to the benchmarked price of approximately HK\$20.80 per H Rights Share; and
 - (iii) a discount of approximately 5.9% to all the existing A Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$30.37 per A Rights Share to the benchmarked price of approximately HK\$32.28 per A Rights Share.

Both of the abovementioned theoretical diluted price and the benchmarked price, as defined under Rule 7.27B of the Hong Kong Listing Rules, have taken into account the closing price of the H Shares and/or A Shares on the date immediately preceding the date of the Underwriting Agreement and the average of the closing prices of the H Shares and/or A Shares as quoted on the Hong Kong Stock Exchange and/or SSE for the last five consecutive trading days up to and including the Price Determination Date. Accordingly, the Rights Issue will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Hong Kong Listing Rules.

The Subscription Price of HK\$17.67 per H Rights Shares was determined after arms-length negotiation between the Company and the Underwriters with reference to, among other things, (i) the

LETTER FROM THE BOARD

recent closing prices of H Shares; (ii) the funding and capital needs of the Company for its business plans and prospects set out under the paragraph headed “Reasons for the Rights Issue and Use of Proceeds”; (iii) valuation indicators such as stock prices and price-to-book ratios of the Company in the secondary market; (iv) the percentage discount(s) in other comparable rights issue transactions recently conducted in the market; and (v) the recent market conditions of the capital market in Hong Kong.

The net price per H Rights Share (i.e. the Subscription Price less estimated cost and expense incurred in the H Share Rights Issue) upon full acceptance of the relevant provisional allotment of the H Rights Shares will be approximately HK\$17.47.

After taking into account the reasons for the Rights Issue as stated in the paragraph headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors consider that the terms of the H Share Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the H Shareholders as a whole.

Status of the H Rights Shares

The H Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

Fractional entitlements

The entitlements of Qualified H Shareholders will be rounded down to the nearest whole number and fractional entitlements to H Rights Shares will not be provisionally allotted to Qualified H Shareholders. Nil-paid H Rights representing the aggregate of all the fractional entitlements to H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to CLSA Limited, the nominee appointed by the Company and, if a premium (net of expenses) can reasonably be obtained, will be sold by CLSA Limited in the market as soon as practicable after dealing in the Nil-paid H Rights commences and the net proceeds of sale (after deduction of expenses of sale) will be retained by the Company for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders. No odd lot matching services will be provided for the H Share Rights Issue.

Application for excess H Rights Shares

Qualified H Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for: (i) any H Rights Shares to which unsold entitlements of the Excluded H Shareholders relate; (ii) any unsold fractional entitlements to the H Rights Shares; and (iii) any H Rights Shares provisionally allotted to but not accepted by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights.

Action to be taken by Qualified H Shareholders who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

Application for excess H Rights Shares shall be made only by Qualified H Shareholders (other than PRC Southbound Trading Investors) and only by completing an Excess Application Form and

LETTER FROM THE BOARD

lodging the same with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for with the H Share Registrar by no later than 4:00 p.m. on Wednesday, 23 February 2022.

All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheques must be drawn on an account with, and cashier's order must be issued by, a licenced bank in Hong Kong and made payable to “ **CITIC SECURITIES COMPANY LIMITED – EAF**” and crossed “**Account Payee Only**”.

The Board will allocate the excess H Rights Shares at its sole and absolute discretion on a fair and equitable basis. All excess H Rights Shares will be allocated to Qualified H Shareholders (other than the PRC Southbound Trading Investors) who have applied for excess H Rights Shares on a *pro rata* basis with reference to their number of excess H Rights Shares applied for. No reference will be made to H Rights Shares comprised in applications by provisional allotment letter or the existing number of H Shares held by the Qualified H Shareholders.

If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under the Provisional Allotment Letters is greater than the aggregate number of excess H Rights Shares applied for through the Excess Application Forms, the Board will allocate to each Qualified H Shareholder (other than the PRC Southbound Trading Investors) who applies for excess H Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares.

Beneficial H Shareholders with their H Shares held by a nominee company (including HKSCC Nominees) should note that the Board will regard the nominee company (including HKSCC Nominees) as a single H Shareholder in accordance with the H Shareholders' Register. Accordingly, Beneficial H Shareholders should note that the aforesaid arrangement in relation to the allocation of excess H Rights Shares will not be extended to Beneficial H Shareholder individually.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar.

The Excess Application Form with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for shall be lodged to the H Share Registrar as mentioned above by no later than 4:00 p.m. on Wednesday, 23 February 2022. The Company may, at its sole discretion, treat an Excess Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions.

All cheques or cashier's orders will be presented for payments immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Excess Application Form in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected. An applicant must pay the exact amount payable upon application for the H Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque will be made out to the applicant only if the overpaid amount is HK\$100 or above.

If no excess H Rights Shares are allotted and issued to a Qualified H Shareholder, the amount tendered on application is expected to be refunded to that Qualified H Shareholder in full without any

LETTER FROM THE BOARD

interest by means of cheque(s) despatched by ordinary post or courier and at the risk of such Qualified H Shareholder on or about Thursday, 3 March 2022. If the number of excess H Rights Shares allotted and issued to a Qualified H Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to such Qualified H Shareholder without any interest by means of cheque(s) despatched by ordinary post or courier and at the risk of such Qualified H Shareholder on or about Thursday, 3 March 2022.

If the Joint Global Coordinators exercise the right to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions precedent under the Underwriting Agreement are not fulfilled before the Latest Time for Termination and the H Share Rights Issue does not proceed, the monies received in respect of relevant applications for excess H Rights Shares will be returned to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post or courier at the risk of such persons on or about Thursday, 3 March 2022.

All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the H Share Registrar.

Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories

What is set out under the heading "Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories" above in the paragraph headed "Procedure for acceptance or transfer" also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS) who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to apply for excess H Rights Shares, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed "Expected Timetable" in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder, in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Share are held by a registered H Shareholder (other than CCASS)

What is set out under the heading "Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Share are held by a registered H Shareholder (other than CCASS)" above in the paragraph headed "Procedure for acceptance or transfer" also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

LETTER FROM THE BOARD

Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to apply for excess H Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess H Rights Shares. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedures for application for excess H Rights Shares by Beneficial H Shareholders who are CCASS Participants shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS. Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess H Rights Shares. The procedure for application for excess H Rights Shares by Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” in effect from time to time and any other requirements of CCASS.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS

What is set out under the heading “Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS” above in the paragraph headed “Procedure for acceptance or transfer” also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

Conditions of the H Share Rights Issue

It is expected that the H Share Rights Issue will be conditional upon the fulfilment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the AGM;
2. the approval of the Rights Issue by the H Shareholders at the 2021 First H Shareholders Class Meeting and by the A Shareholders at the 2021 First A Shareholders Class Meeting, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
4. the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue Prospectus; and

LETTER FROM THE BOARD

5. the delivery to the Hong Kong Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by law to be filed by and registered with the Registrar of Companies in Hong Kong.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Company. As at the Latest Practicable Date, the conditions under 1 to 3 above have been fulfilled. **If any of the above conditions is not fulfilled, the H Share Rights Issue will not proceed.**

Furthermore, it should be noted that the H Share Rights Issue will be underwritten on a best effort basis (non-fully underwritten) in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. Please refer to the paragraph headed “H Share Rights Issue Underwriting Arrangement” below for details of the underwriting arrangement. **In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

The H Share Rights Issue and the A Share Rights Issue are inter-conditional upon each other. Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of this prospectus. With reference to the announcement of the Company dated Thursday, 27 January 2022, the subscription level of the A Share Rights Issue is 97.17%.

H Shareholder’s undertaking

CITIC Limited, a substantial shareholder of the Company, has undertaken to:

- (i) accept, subscribe for and pay in full for all H Rights Shares to be provisionally allotted to it, based on the number of H Shares held by it on the H Share Record Date, as soon as practicable and by no later than the latest date for acceptance of and payment for the H Rights Shares, in accordance with the procedures and requirements set out in the H Share Rights Issue Prospectus; and
- (ii) apply, subscribe for and pay for the excess H Rights Shares subject to a maximum consideration of RMB1,481 million (Hong Kong dollar equivalent) in accordance with the application procedures for the excess H Rights Shares under the H Share Rights Issue plan, as soon as practicable and no later than the latest date for acceptance of and payment for the excess H Rights Shares.

Application for listing/dealing arrangements

Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully-paid H Rights Shares will be subject to the payment of stamp duty, Hong Kong Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong. The board lot size of Nil-paid H Rights and H Rights Shares is 500 Nil-paid H Rights and 500 H Rights Shares, respectively.

LETTER FROM THE BOARD

H Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, and subject to compliance with the stock admission requirements of HKSCC, the H Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange or such other date(s) as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. H Shareholders should seek advice from their licenced securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Please note that without approval from the relevant regulatory authorities, the H Rights Shares and the A Rights Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A share and the H share markets.

Registration of subscription, purchase and transfer of H Rights Shares

Each acquirer of the H Rights Shares agrees with the Company and each of the Shareholders, and the Company agrees with each of the Shareholders, to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Articles of Association.

Each acquirer of the H Rights Shares agrees with the Company, each of the Shareholders, Directors, Supervisors, managers and officers, and the Company (acting for itself and for each of its Directors, Supervisors, managers and officers) agrees with each of the Shareholders, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning its matters to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive.

Each acquirer of the H Rights Shares agrees with the Company and each of the Shareholders that the H Rights Shares are freely transferable by the holders thereof. Each acquirer of the H Rights Shares authorises the Company to enter into a contract on his behalf with each of the Company's Directors and officers whereby such Directors and officers undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

H Share Rights Issue to be underwritten on a best effort basis (non-fully underwritten)

The H Share Rights Issue will be underwritten on a best effort basis (non-fully underwritten) in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

Details of the underwriting arrangement in relation to the H Share Rights Issue are set out below:

H Share Rights Issue Underwriting Arrangement

The Underwriting Agreement

Date: 14 January 2022

Underwriters: CLSA Limited, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities; CMSHK, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities; and HTISEC, a licenced corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities.

CLSA Limited is a wholly-owned subsidiary of the Company. To the best of the Directors' knowledge and information and having made all reasonable enquiries, CMSHK, HTISEC and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Hong Kong Listing Rules) of the Company.

Each of the Underwriters has complied with Rule 7.19(1)(a) of the Hong Kong Listing Rules.

Total number of H Rights Shares underwritten: Pursuant to the terms of the Underwriting Agreement, the Underwriters have agreed to underwrite, on a best effort basis only, up to 341,749,155 H Rights Shares not taken up by the Qualified H Shareholders.

Conditions of the Underwriting Agreement

The obligations of the Underwriters immediately prior to the Latest Time for Termination under the Underwriting Agreement are conditional upon the fulfilment of the following additional conditions precedent:

- (i) the H Rights Shares being duly issued and provisionally allotted by the Company on the terms set out in the Prospectus Documents to the Qualified H Shareholders;
- (ii) each of the Joint Global Coordinators receiving from the Company all the documents as set out in Part A of Schedule II prior to the Announcement being published;
- (iii) the Company on the Business Day immediately before the Latest Time for Termination having delivered to each of the Joint Global Coordinators a certificate duly signed by an

LETTER FROM THE BOARD

authorised person addressed to the Underwriters, dated as of the applicable date, and in the form set forth in Exhibit A hereto;

- (iv) each of the Joint Global Coordinators receiving from the Company all the documents as set out in Part B of Schedule II in form and substance satisfactory to the Underwriters in accordance with the timing set out therein;
- (v) if applicable, each of the Joint Global Coordinators receiving from the Company all the documents as set out in Part D of Schedule II in accordance with the timing set out therein;
- (vi) the approval of the H Share Rights Issue granted by the CSRC being valid and not having been withdrawn or revoked prior to the Latest Time for Termination;
- (vii) the delivery of the Prospectus Documents to the Hong Kong Stock Exchange on the Business Day before the date of the prospectus and the issue by the Hong Kong Stock Exchange of a certificate of authorisation of registration before 5:00 p.m. or such later time as agreed by the Hong Kong Stock Exchange on the Business Day before the date of the prospectus;
- (viii) the Registrar of Companies registering the Prospectus Documents and having all the documents required by the provisions of section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on or before the despatch date of the prospectus;
- (ix) the grant of listing of and permission to deal in the Nil-paid H Rights and the H Rights Shares (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Hong Kong Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked prior to the Latest Time for Termination);
- (x) posting of the Prospectus Documents to the Qualified H Shareholders on or before the despatch date of the prospectus (or such later date to be agreed between the Company and the Joint Global Coordinators);
- (xi) fulfilment by the committed shareholder with all of its obligations under its undertaking by the times specified therein, and the its undertaking not having been terminated prior to the Latest Time for Termination; and
- (xii) the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights Shares having been validly subscribed for at or prior to the date of the prospectus.

The Joint Global Coordinators shall have the right, in their absolute discretion, on or before the last day on which each of the conditions is required to be fulfilled, either: (i) to waive in writing, in whole or in part any of the Conditions specified above (except the Conditions specified in (i), (iv), (v), (vi), (ix) and (xi)), or (ii) to extend the deadline for the fulfilment of any condition by such number of days or in such manner as the Joint Global Coordinators may determine, in which case the Joint Global Coordinators shall be entitled to extend the other dates or deadlines referred to in the Underwriting Agreement in such manner as they deem appropriate.

Termination of the Underwriting Agreement

If at any time prior to the Latest Time for Termination:

- (i) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Joint Global Coordinators; or

LETTER FROM THE BOARD

- (ii) there shall have developed, occurred, happened or come into effect any of the following: (A) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange; (B) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange; (C) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) or a material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof); (D) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any exchange controls or currency exchange rates in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof); (E) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent authority in Hong Kong, the PRC, the United States or the United Kingdom, the European Union (or any member thereof); (F) any event or circumstance in the nature of force majeure including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of material emergency or calamity or crisis, in each case, involving or affecting Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof); or (G) any change or development or any event or series of events involving a prospective change or any event or series of events or circumstance likely to result in a change or a development involving a prospective change (whether or not permanent) in any local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and credit markets) in or affecting Hong Kong, the PRC, the United States, the United Kingdom or European Union (or any member thereof); or
- (iii) any statement contained in the Prospectus Documents was or has become untrue or incorrect or misleading in any material respect; or
- (iv) any matter has arisen or been discovered which would, if the Prospectus Documents (or any supplement or amendment thereto) were to be issued at that time, constitute a material omission therefrom; or
- (v) the permission to deal in and the listing of the H Rights Shares (in their nil-paid and fully-paid forms) having been withdrawn by the Hong Kong Stock Exchange; or

LETTER FROM THE BOARD

- (vi) an governmental authority in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group for any material breach of applicable laws,

and provided that any event described above, in the reasonable opinion of the Joint Global Coordinators is or may be materially adverse to the success of the H Share Rights Issue or, makes or may make it impracticable or inadvisable or inexpedient to proceed with the H Share Rights Issue, the Joint Global Coordinators may, after consultation with the Company where practicable, by notice in writing to the Company served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement.

If, after the execution and delivery of the Underwriting Agreement, the sale and delivery of the H Rights Shares, as contemplated by the Underwriting Agreement, is not carried out as a result of any termination of the Underwriting Agreement pursuant hereto, the obligations of all parties under the Underwriting Agreement, save for certain provisions which shall remain in full force and effect, shall terminate forthwith and no party to the Underwriting Agreement will have any claim against any other party to the Underwriting Agreement for costs, damages, compensation or otherwise, except that such termination shall be without prejudice to any accrued rights of such parties in respect of any breach of the Underwriting Agreement which occurred prior to such termination.

Lock-up undertakings

Pursuant to the Underwriting Agreement, the Company undertakes to the Joint Global Coordinators and the Underwriters that: except (A) for the H Rights Shares and A Rights Shares to be allotted and issued pursuant to the Rights Issue, or (B) with the prior written consent of the Joint Global Coordinators (and which may be given or withheld at the absolute discretion of the Joint Global Coordinators), from the date of the Underwriting Agreement up to 30 days after the first day of trading of the H Rights Shares on the Hong Kong Stock Exchange, the Company will not allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interests in Shares.

Warning of the risks of dealing in the H Shares and Nil-paid H Rights

Existing H Shares have been dealt in on an ex-rights basis from Wednesday, 26 January 2022. Dealings in the Nil-paid H Rights are expected to take place from Friday, 11 February 2022 to Friday, 18 February 2022 (both days inclusive). **If the conditions of the H Share Rights Issue (please see the paragraph headed “Conditions of the H Share Rights Issue” above) are not fulfilled, the H Share Rights Issue will not proceed.**

Furthermore, in the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.

Any dealing in the H Shares or the Nil-paid H Rights is at the investor’s own risk. If in any doubt, investors are recommended to consult their professional advisers.

Despatch of H Share certificates and refund cheques

Subject to fulfilment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares and the refund cheques in respect of overpayment for H Rights

LETTER FROM THE BOARD

Shares (if any) or in respect of wholly or partly unsuccessful applications for excess H Rights Shares (if any) will be despatched by ordinary post or courier to the allottees, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, 3 March 2022.

Taxation

Qualified H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms) and, as regards the Excluded H Shareholders, their receipt of the net proceeds of sale of the Nil-paid forms of the H Rights Shares otherwise falling to be issued to them under the H Share Rights Issue. It is emphasised that neither the Company, the Directors nor any other party involved in the H Share Rights Issue accept responsibility for any tax effects or liabilities of holders of the H Rights Shares resulting from the purchase, holding, disposal of, or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms).

A SHARE RIGHTS ISSUE

The A Share Rights Issue is conducted on the basis of 1.5 A Rights Shares for 10 existing A Shares held by Qualified A Shareholders on the A Share Record Date at the Subscription Price of RMB14.43 per A Rights Share. Details of the A Share Rights Issue are as follows:

A Share Rights Issue statistics

Basis of A Share Rights Issue:	1.5 A Rights Shares for every 10 existing A Shares held by Qualified A Shareholders on the A Share Record Date
Number of A Shares in issue:	10,648,448,329 A Shares
Number of A Rights Shares to be issued:	1,552,021,645 A Rights Shares
Subscription Price:	RMB14.43 per A Rights Share
Joint sponsors:	Tianfeng Securities Co., Ltd. (天風證券股份有限公司) China Post Securities Co., Ltd. (中郵證券有限責任公司)

Qualified A Shareholders

To qualify for the A Share Rights Issue, an A Shareholder must be registered on the register of the Company at the Shanghai branch of China Clear after the close of trading on the A Share Record Date.

Subscription Price for the A Rights Shares

The Subscription Price of RMB14.43 per A Rights Share is payable in full when a Qualified A Shareholder accepts the relevant provisional allotment of A Rights Shares.

LETTER FROM THE BOARD

A Share Rights Issue Timetable

Publication of A Share Rights Issue Prospectus	Friday, 14 January 2022
On-line Roadshow	Monday, 17 January 2022
A Share Record Date	Tuesday, 18 January 2022
Commencement of the A Share Rights Issue and first day for acceptance of and payment for the A Rights Shares	Wednesday, 19 January 2022
Suspension of trading in the A Shares	Wednesday, 19 January 2022 to Wednesday, 26 January 2022 (both days inclusive)
Close of the A Share Rights Issue and last day for payment for the A Rights Shares	Tuesday, 25 January 2022
Verification of payment for subscription for the A Rights Shares	Wednesday, 26 January 2022
Announcement of results of the A Share Rights Issue and resumption of trading in the A Shares	Thursday, 27 January 2022

The listing of, and the commencement date of dealing in, the A Rights Shares will be subject to further determination by the relevant PRC regulatory authority. A further announcement will be made by the Company when such details are available.

Conditions of the A Share Rights Issue

It is expected that the A Share Rights Issue will be conditional upon the fulfilment of the following matters:

1. the approval of the Rights Issue by the Shareholders at the AGM;
2. the approval of the Rights Issue by the H Shareholders at the 2021 First H Shareholders Class Meeting and by the A Shareholders at the 2021 First A Shareholders Class Meeting of the Company, respectively;
3. the approval of the Rights Issue by the CSRC and other relevant regulatory authorities; and
4. the subscription by the A Shareholders of at least 70% of the total A Rights Shares to be issued under the A Share Rights Issue.

None of the above conditions for completion of the A Share Rights Issue may be waived by the Company. As at the Latest Practicable Date, all of the conditions above have been fulfilled. However, the issue and registration of the A Rights Shares have not been completed as at the Latest Practicable Date. It is expected that the issue and registration of the A Rights Shares will be completed on or around 8 February 2022. The Company is not aware of any obstacle in completing such procedures.

The H Share Rights Issue and the A Share Rights Issue are inter-conditional upon each other. Pursuant to the Underwriting Agreement, the underwriting obligations of the Underwriters under the Underwriting Agreement are conditional upon, among other things, the A Share Rights Issue having become unconditional, including but not limited to, at least 70% of the A Rights

LETTER FROM THE BOARD

Shares having been validly subscribed for at or prior to the date of this prospectus. With reference to the announcement of the Company dated Thursday, 27 January 2022, the subscription level of the A Share Rights Issue is 97.17%.

A Share Rights Issue to be underwritten on a best effort basis

The A Share Rights Issue was underwritten on a best effort basis as required under the applicable PRC laws and regulations. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights. With reference to the announcement of the Company dated Thursday, 27 January 2022, the subscription level of the A Share Rights Issue is 97.17%.

A Shareholder's undertaking

CITIC Corporation Limited, the largest Shareholder of the Company, has committed to subscribe in cash for all the offered Rights Shares to be determined in accordance with the Company's plan of the Rights Issue and to be allotted to it in proportion to the number of A Shares held by it at the close of market on the A Share Record Date.

Application for listing

Application will be made to the SSE for the listing of the A Rights Shares.

Proceeds of the A Share Rights Issue

The A Share Rights Issue (on the basis that the subscription level of the A Rights Shares is 97.17%) has raised (i) gross proceeds in an aggregate amount of approximately RMB22.40 billion; and (ii) net proceeds (after deducting the costs and expenses incidental to the A Share Rights Issue) in an aggregate amount of approximately RMB22.32 billion.

A Share Rights Issue Prospectus

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the website of Hong Kong Stock Exchange (www.hkexnews.hk) and SSE (www.sse.com.cn) from Thursday, 13 January 2022.

The A Share Rights Issue Prospectus in respect of the A Share Rights Issue has been distributed to the HK Northbound Trading Investors. The A Share Rights Issue Prospectus (together with a wrapper containing the disclosures required under the Companies (WUMP) Ordinance) was registered with the Registrar of Companies on Thursday, 13 January 2022.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE RIGHTS ISSUE

For illustrative purpose only, the following tables set out the Company's shareholding structure as at the Latest Practicable Date and immediately following completion of the Rights Issue, assuming

LETTER FROM THE BOARD

that no change in the number of issued Shares of the Company occurs during the period from the Latest Practicable Date to the H Share Record Date except for the issuance and listing of the A Rights Shares, and:

1. assuming all of the H Rights Shares are taken up by Qualified H Shareholders:

Class of Shares	Number of issued Shares as at the Latest Practicable Date ^(note 1)	Approximate percentage of the total number of issued Shares	Number of Shares to be issued under the Rights Issue ^(note 2)	Number of issued Shares immediately following completion of the Rights Issue	Approximate percentage of the total number of issued Shares immediately following completion of the Rights Issue
A Shares					
CITIC Corporation Limited . . .	1,999,695,746 ^(note 3)	15.47%	299,954,362 ^(note 10)	2,299,650,108 ^(note 10)	15.52%
Yuexiu Financial Holdings . . .	265,352,996 ^(note 4)	2.05%	39,802,949 ^(note 10)	305,155,945 ^(note 10)	2.06%
Financial Holdings Limited . . .	544,514,633 ^(note 5)	4.21%	81,677,195 ^(note 10)	626,191,828 ^(note 10)	4.23%
ZHANG Youjun	374 ^(note 6)	0.000003%	56 ^(note 10)	430 ^(note 10)	0.000003%
Other core connected persons of the Company (directors, supervisors or chief executives of certain subsidiaries of the Company)	2,071,958 ^(note 7)	0.02%	310,794 ^(note 10)	2,382,752 ^(note 10)	0.02%
Public A Shareholders	7,836,812,622	60.62%	1,130,276,289	8,967,088,911	60.50%
Total number of A Shares . . .	10,648,448,329	82.38%	1,552,021,645	12,200,469,974	82.32%
H Shares					
CITIC Limited	376,000,000 ^(note 8)	2.91%	56,400,000 ^(note 10)	432,400,000 ^(note 10)	2.92%
Financial Holdings Limited . . .	106,494,000 ^(note 5)	0.82%	15,974,100 ^(note 10)	122,468,100 ^(note 10)	0.83%
Yuexiu Financial International	10,443,500 ^(note 9)	0.08%	1,566,525 ^(note 10)	12,010,025 ^(note 10)	0.08%
Public H Shareholders	1,785,390,200	13.81%	267,808,530	2,053,198,730	13.85%
Total number of H Shares . . .	2,278,327,700	17.62%	341,749,155	2,620,076,855	17.68%
Total	12,926,776,029	100.00%	1,893,770,800	14,820,546,829	100.00%

LETTER FROM THE BOARD

2. assuming none of the H Rights Shares is taken up by Qualified H Shareholders except for the H Rights Shares taken up by CITIC Limited pursuant to its irrevocable undertaking:

Class of Shares	Assuming none of the Untaken H Rights Shares are acquired by subscribers procured by the Underwriters			Assuming all the Untaken H Rights Shares are acquired by subscribers procured by the Underwriters			
	Number of issued Shares as at the Latest Practicable Date ^(note 1)	Approximate percentage of the total number of issued Shares	Number of Shares to be issued under the Rights Issue ^(note 2)	Number of issued Shares immediately following completion of the Rights Issue	Approximate percentage of the total number of issued Shares immediately following completion of the Rights Issue	Number of Shares to be issued under the Rights Issue ^(note 2)	Approximate percentage of the total number of issued Shares immediately following completion of the Rights Issue
A Shares							
CITIC Corporation Limited	1,999,695,746 ^(note 3)	15.47%	299,954,362 ^(note 10)	2,299,650,108 ^(note 10)	15.82%	299,954,362 ^(note 10)	15.52%
Yuexiu Financial Holdings	265,352,996 ^(note 4)	2.05%	39,802,949 ^(note 10)	305,155,945 ^(note 10)	2.10%	39,802,949 ^(note 10)	2.06%
Financial Holdings Limited	544,514,633 ^(note 5)	4.21%	81,677,195 ^(note 10)	626,191,828 ^(note 10)	4.31%	81,677,195 ^(note 10)	4.23%
ZHANG Youjun	374 ^(note 6)	0.000003%	56 ^(note 10)	430 ^(note 10)	0.000003%	56 ^(note 10)	0.000003%
Other core connected persons of the Company (directors, supervisors or chief executives of certain subsidiaries of the Company)	2,071,958 ^(note 7)	0.02%	310,794 ^(note 10)	2,382,752 ^(note 10)	0.02%	310,794 ^(note 10)	0.02%
Public A Shareholders	7,836,812,622	60.62%	1,130,276,289	8,967,088,911	61.69%	1,130,276,289	60.50%
Total number of A Shares	10,648,448,329	82.38%	1,552,021,645	12,200,469,974	83.94%	1,552,021,645	82.32%
H Shares							
CITIC Limited	376,000,000 ^(note 8)	2.91%	56,400,000 ^(note 10)	432,400,000 ^(note 10)	2.97%	56,400,000 ^(note 10)	2.92%
Financial Holdings Limited	106,494,000 ^(note 5)	0.82%	—	106,494,000 ^(note 10)	0.73%	—	0.72%
Yuexiu Financial International	10,443,500 ^(note 9)	0.08%	—	10,443,500 ^(note 10)	0.07%	—	0.07%
Public H Shareholders							
Subscribers procured by the Underwriters	—	—	—	—	—	285,349,155	1.93%
Other Public H Shareholders	1,785,390,200	13.81%	—	1,785,390,200	12.28%	—	12.05%
Total number of H Shares	2,278,327,700	17.62%	56,400,000	2,334,727,700	16.06%	341,749,155	17.68%
Total	12,926,776,029	100.00%	1,608,421,645	14,535,197,674	100.00%	1,893,770,800	100.00%

LETTER FROM THE BOARD

Notes:

1. *According to the announcement of the Company dated 27 January 2022, all the A Rights Shares successfully subscribed for by the Qualified A Shareholders have not yet been issued and registered as at the Latest Practicable Date.*
2. *The number of A Rights Shares to be issued to respective A Shareholders as listed under this column represents the allotment results of the A Share Rights Issue as announced by the Company on 27 January 2022.*
3. *As at the Latest Practicable Date, CITIC Corporation Limited directly held 1,999,695,746 A Shares, and its ultimate controlling shareholder is CITIC Group.*
4. *As at the Latest Practicable Date, Yuexiu Financial Holdings (the sole shareholder of Financial Holdings Limited) directly held 265,352,996 A Shares, and its ultimate controlling shareholder is Yuexiu Holdings Limited.*
5. *As at the Latest Practicable Date, Financial Holdings Limited directly held 544,514,633 A Shares and 106,494,000 H Shares, and its ultimate controlling shareholder is Yuexiu Holdings Limited.*
6. *As at the Latest Practicable Date, Mr. ZHANG Youjun, the Chairman and an executive Director of the Company, directly held 374 A Shares.*
7. *As known to the Company as at the Latest Practicable Date, a total of 2,071,958 A Shares were held by Directors, Supervisors or chief executives of certain subsidiaries of the Company.*
8. *As at the Latest Practicable Date, CITIC Limited (the sole shareholder of CITIC Corporation Limited) directly held 376,000,000 H Shares, and its ultimate controlling shareholder is CITIC Group.*
9. *As at the Latest Practicable Date, Yuexiu Financial International directly held 10,443,500 H Shares, and its ultimate controlling shareholder is Yuexiu Holdings Limited.*
10. *For the purpose of illustrating the impact of the Rights Issue on the shareholding structure and public float of the Company only and based on the assumptions that (i) no change in the number of H Shares held by each of CITIC Limited, Financial Holdings Limited and Yuexiu Financial International during the period from the Latest Practicable Date to the H Share Record Date; (ii) full subscription for the H Rights Shares by CITIC Limited in accordance with its irrevocable undertaking; and (iii) no excess H Rights Shares will be allotted to each of CITIC Limited, Financial Holdings Limited and Yuexiu Financial International under the H Share Rights Issue.*

Pursuant to the Underwriting Agreement, in the event that the Underwriters are called upon to procure subscribers to subscribe for the Untaken H Rights Shares, the Underwriters shall use their best endeavours to ensure that (1) each of the subscribers of the Untaken H Rights Shares procured by it shall be a third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 8.08 of the Hong Kong Listing Rules are fulfilled by the Company upon completion of the Rights Issue. Each of the Underwriters has undertaken, among other things, that it will not subscribe, for its own account and shall procure that no subscribers procured by it will apply for or take up, any Untaken

LETTER FROM THE BOARD

H Rights Shares if immediately afterwards the shareholding of the relevant person will be 10% or more of the voting rights of the Company and/or the subscription would result in an obligation to make a mandatory general offer under the Takeovers Code.

At the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, neither the Company nor any of the Underwriters is aware that any persons were acting in concert in relation to the Company and the Company has no reason to believe that any person will incur an obligation to make a mandatory general offer under the Takeovers Code as a result of completion of the Rights Issue. Based on the information available to the Directors, upon completion of the Rights Issue, the Company will still meet the public float requirements under Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float (i.e. 10.70%) as set out in the waiver granted by the Hong Kong Stock Exchange at the time of the listing of the H Shares.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS

The Company has not engaged in any equity fund raising activity in the past 12 months from the Latest Practicable Date.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

Reasons for the Rights Issue of the Company are as follows:

1. Under the new era background that China's economy has entered the New Normal and the macro economy has transformed from high-speed growth to high-quality development, the deepening reform of capital market and the supply-side reform of securities industry provide historic opportunities for the development of the securities industry. As a leading enterprise in the securities industry, the Company shall actively respond to the national strategy, constantly consolidate its own capital strength, seize the development opportunities of the capital market and the securities industry to further grow bigger, better and stronger;
2. With the opening of China's financial market and the deepening reform of the capital market, competition in the securities industry has become increasingly fierce. In recent years, with the operation and management work of the Company progressed steadily, the Company has been consistently ranked first among domestic securities companies in terms of principal businesses and financial indicators. The Rights Issue will help the Company further enhance its capital strength and its capital advantage in the new round of industry competition;
3. The development vision of the Company is to become a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world. It strives to maintain the leading position in China and amongst the top in Asia Pacific region for its principal businesses, while fully optimising and enhancing its business layout, management structure, operation mechanism and appraisal system. Due to the capital-intensive nature of securities industry, the business development of securities companies is closely related to their capital strength, and the capital scale directly determines the business scale. The Rights Issue will further consolidate the Company's capital strength, optimise the capital structure, expand the business scale,

LETTER FROM THE BOARD

and effectively seize market opportunities, which will provide solid capital guarantee for the achievement of strategic goals; and

4. Risk management and internal control are critical to the successful operation of securities companies. Since its establishment, the Company has always attached great importance to the construction of risk control mechanism, and achieved standardised operation, stable and healthy development, and high asset quality. Its various financial and business risk supervision indicators meet the regulatory requirements. By increasing the long-term capital and optimising the capital structure, the Company can enhance its long-term competitiveness and anti-risk ability. Under the background that the current regulatory policies have tightened control on the risk management capabilities of securities companies, the Company needs to maintain long-term capital matching with its asset scale to continuously meet the regulatory requirements. The funds raised from the Rights Issue will help reduce liquidity risk and improve risk resistance of the Company.

In view of the above reasons, the proceeds from the Rights Issue, after deduction of relevant expenses relating to the issuance, will be used for the following purposes:

(i) Development of flow-based business

No more than RMB19 billion of the proceeds from the Rights Issue is intended to be used to develop flow-based business, which is expected to be fully utilised by 31 March 2023.

The flow-based business refers to a kind of business that the Company seeks to meet the investment and financing needs of the clients through product design by virtue of its statement of financial position, including but not limited to margin financing and securities lending, stock pledge, return swap, equity derivatives, commodity derivatives, market-making business, cross-border transactions and other businesses. The development of the flow-based business depends on the Company's capital strength, pricing capability of transactions and product design capacity. With the acceleration of financial supply-side structural reform and two-way opening up of the capital market, clients' demands for risk management, global assets allocation and strategic investment are increasing rapidly, making flow-based business an important carrier for the Company to provide integrated one-stop services for customers. With the characteristics of broad customer bases, rich products, stable interest margin and risks controllable, the flow-based business has become the key business trend of the Company in recent years. The Company has established strong competitive strengths in flow-based business with a leading position in the industry in respect to business scale. Innovative flow-based business such as return swap and equity derivatives has become important business growth points of the Company.

The flow-based business is capital consuming, thus scale and profitability of the business depends on relatively stable long-term capital supply. The Company plans to increase its investment in the flow-based business with the proceeds raised from the Rights Issue in order to better meet the requirements of the risk control indicators and to ensure the reasonable growth of the flow-based business.

(ii) Increase in investment to the subsidiaries of the Company

No more than RMB5 billion of the proceeds from the Rights Issue is intended to be used to increase investment in the subsidiaries of the Company, which is expected to be fully utilized by 31 December 2026 based on the demands for funds of the existing subsidiaries of the Group and the establishment of new subsidiaries in each year.

LETTER FROM THE BOARD

The first-level wholly-owned subsidiaries of the Company include CSI, GoldStone Investment, CITIC Securities Investment, CITIC Futures Company Limited, CITIC Securities (Shandong) and CITIC Securities South China, and China AMC is controlled by the Company. The Company is also preparing to establish a wholly-owned asset management subsidiary, being CITIC Securities Asset Management Co., Ltd. (tentative name). To drive the group-oriented development of the Company, build company brand and enhance the synergistic effect among parent company and subsidiaries, the Company plans to use some of the proceeds to provide capital support for subsidiaries including CITIC Securities International in diversified ways, so as to enhance the capital strength of the subsidiaries, enrich diversified income of the Company, optimise business structure and promote harmonious development.

(iii) Strengthening of construction of the information system

No more than RMB3 billion of the proceeds from the Rights Issue is intended to be used to strengthen the construction of information system in order to improve the overall informatization level of the Company, which is expected to be utilised at approximately RMB1 billion per annum and fully utilised by 31 December 2024.

Information system is an important carrier for the operation of securities market and is important for the sound development of securities market, the protection of investors' interests and the strengthening of market competitiveness. As financial technology is speeding up its integration with securities industry, securities companies continue to increase their investments in technology and internet companies continuously strengthen their layout in smart investment consultancy, asset management and other fields, posing new challenges to business expansion of securities companies by leveraging on their advantages in digitalization and technological capabilities. Technologies are gradually expediting the reform on commercial models of finance.

Meanwhile, regulatory authorities are paying more attention on the investments in information technology construction of securities companies. According to the regulations on classification of securities companies newly amended by the CSRC in 2020, the percentage of the investment amount in information technology to operation revenue is taken as an important plus for classification and evaluation of securities companies.

The Company highly values the significance of information system construction to respond to changes of competitive environment and to promote the transformation of business model. In recent years, the Company continues to increase the resource input in information technology, make more efforts to hire relevant professional talents and reinforce the development of financial technological platform and the application of new technologies including big data and artificial intelligence. In this regard, the Company plans to increase the input in information system construction through the proceeds from the Rights Issue and further improve the overall informatization level and ability of financial technology to support business growth of the Company.

(iv) Replenishment of other working capital

No more than RMB1 billion of the proceeds from the Rights Issue is intended to be used to replenish other working capital, which is expected to be fully utilised by 30 August 2022.

LETTER FROM THE BOARD

The Company will pay close attention to the changes in regulatory policies and market conditions, reasonably allocate the proceeds from the Rights Issue after taking into consideration the development strategies and actual operating conditions of the Company, and promptly replenish the working capital required in the business development of the Company, so as to ensure the orderly development of various businesses.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus and in the 2018, 2019 and 2020 annual reports and 2021 interim report of the Company.

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

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.citics.com>) and can be accessed by the direct hyperlink below:

- the annual report of the Company for the year ended 31 December 2018 published on 17 April 2019 (pages 180 to 333);
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417365.pdf>
- the annual report of the Company for the year ended 31 December 2019 published on 23 April 2020 (pages 188 to 343);
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042300532.pdf>
- the annual report of the Company for the year ended 31 December 2020 published on 21 April 2021 (pages 202 to 357); and
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042100518.pdf>
- the interim report of the Company for the six months ended 30 June 2021 published on 16 September 2021 (pages 86 to 187).
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0916/2021091600708.pdf>

INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2021, being the latest practicable date for the purpose of this indebtedness statement of the Group prior to the printing of this prospectus, the total indebtedness of the Group was as follows:

	<i>RMB'000,000</i>
Short-term loans - unsecured and guaranteed	7,102
Long-term loans - secured and guaranteed	618
Due to banks and other financial institutions - unsecured and unguaranteed	50,684
Debt instruments issued - unsecured and guaranteed	181,403
Short-term financing instrument payables - unsecured and guaranteed	14,630
Lease Liability - unsecured and unguaranteed	1,885

Save as disclosed above, as at 31 December 2021, the Group did not have any issued, outstanding, created but unissued debt securities, outstanding term loans, other borrowings, indebtedness, mortgages, charges, guarantees or contingent liabilities.

WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, taking into account the financial resources available to the Group, the available facilities and the estimated net proceeds from the A Share Rights Issue and H Share Rights Issue, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this prospectus in the absence of unforeseen circumstances.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Currently, the world economy has witnessed a better recovery trend after the COVID-19 pandemic, but there is still a relatively obvious differentiation among countries. The central banks of

different countries have successively released the signal of ending loose monetary policy and gradually tightening monetary policy, which will possibly pose a market fluctuation that cannot be ignored. The domestic economy has been steadily strengthened, but the balance in the relationship between steady growth and prevention of financial risks is still facing challenges. Against the backdrop of changing external environment, the growth in credit derivatives, bulk commodities, foreign exchange and other new businesses will increase market risks correspondingly. Financing business and fixed income product investment are exposed to changes in credit risk and counterparty risk. Therefore, the Company should, in its steady operation, ensure risks are detectable and controllable amid business expansion. The development vision and goal of the Company is “to become a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world”. It strives to maintain the leading position in China and amongst the top in Asia-Pacific region for its principal businesses, while fully optimising and enhancing its business layout, management structure, operation mechanism and appraisal system. Through benchmarking with world-class investment banks, the Company will continue to address its shortcomings with an aim to outperform them, and pursue business diversification, broader customer base and higher competitiveness in the international market.

Investment banking

In respect of equity financing business, the Company will further expand its coverage of domestic and overseas clients, scale up the pipeline, strengthen the research on emerging industries, important clients and innovative products, actively optimise its business structure according to market development and client needs, obtain key transactions from important clients and further enhance its influence in global market. The Company will strengthen the abilities in equity underwriting while strictly carrying out project quality management by leveraging its platform strength, and provide clients with integrated investment banking services. In terms of debt financing business, the Company will actively seize market opportunities, integrate resources, continue to expand the customer market, increase the Company’s market share, and vigorously strengthen due diligence, risk management and quality control to reduce project risks. In respect of financial advisory business, the Company will, under the customer-oriented principle and in line with the State’s development strategy and requirements, continue to consolidate its market share, actively formulate plans in relation to merger and acquisition and restructuring of large enterprises, transfer of control of listed companies, debt restructuring, bankruptcy and reorganisation of enterprises, etc., and keep improving its ability to provide integrated merger and acquisition services. The Company will also continue to deepen domestic and overseas collaboration and leverage its global network resources to strengthen the development of businesses including cross-border merger and acquisition, merger and acquisition financing and privatisation of overseas-listed companies, so as to increase its global business coverage and market competitiveness. In respect of the business of New OTC Market, the Company will, according to the progress of deepened reform of the New OTC Market, continuously improve the business management system and market development system centred on value identification and realisation, to drive the development of other relevant businesses and provide customers with quality integrated services in the New OTC Market; and will select high quality enterprises, and deepen the exploration of enterprise value, so as to create good returns.

Wealth management

The Company will continue to fully implement its customer-centred business philosophy and business objective of helping customers achieve asset preservation and enhancement, deepen the transformation and development of wealth management business, enhance asset allocation service

capability, promote the stable growth of wealth customers and their asset scale, optimise the business revenue structure, further increase the proportion of wealth management revenue, and expand the influence of the wealth management brand; gradually establish a comprehensive wealth management platform to provide global asset allocation and trading services for domestic and overseas high-net-worth customers and better meet customers' needs for preservation, enhancement and inheritance of their assets; maintain and expand the leading edge of brokerage business in terms of revenue while sticking to brokerage business as its primary business; explore the building of digital operation service system, promote the transformation of traditional marketing models to new models of content marketing and digital intelligent marketing, improve the efficiency of customer acquisition and retention, and increase the size of customer market; build a professional team and enhance professional ability to better support the full implementation of the Company's comprehensive financial services in all regions, so as to give full play to the Company's advantages in comprehensive financial services, promote the vigorous development of wealth management and achieve professional value.

Institutional stock brokerage business

Relying on domestic and overseas business advantages and customer resources, the Company will continuously promote the integration and expansion of stock brokerage business for global institutions. In respect of stock brokerage business for domestic institutions, the Company will continue to explore traditional customer market, expand effective customer coverage, develop new customer market and explore new business model. By strengthening the integrated services to domestic and overseas customers and centering on customers, the Company will actively coordinate the connection of its various business products and resources to provide customers with comprehensive financial services and deepen and expand customer business cooperation.

Financial market

In respect of the equity derivatives business, the Company will continue to improve products supply and trading services, with meeting clients' needs as our core values, so as to enhance capabilities in offering comprehensive solution service, focus on building an international comprehensive business platform for stock derivatives to provide domestic and overseas customers with multi-market, 24-hour and one-stop investment transaction services and comprehensive solutions. Regarding the fixed income business in Management Discussion and Analysis of the CITIC Securities 2021 Interim Report, the Company will further explore customer market, grasp emerging business opportunities and customer needs, and provide customers with diverse products and transaction services. The Company will also continue to develop cross-border business to promote the joint development of its domestic and overseas business. In respect of the stock proprietary business, the Company will continue to optimise investment research system, continue to explore the development of a multi-strategy investment system, and improve capital utilisation capabilities. In respect of securities financing and lending business, the Company will continue to improve its "customer-oriented" product supply and customer service ecosystems. In line with the development trend of capital market innovation and reform, the Company will optimise risk management, and enhance capabilities for complex product creation and design, specialised and refined services as well as technological innovation, to provide domestic and overseas professional institutions, listed companies and corporate customers, high-net-worth individuals and wealth management customers, etc., with financing, trading, PB services and other one-stop financial products and comprehensive solutions. In respect of alternative investment business, the Company will still focus on research and development of strategies, continuously accelerate the launching of research and development projects of new

strategies to gradually achieve full coverage of the strategies for various domestic and overseas markets and various transactions. In respect of the commodities business, the Company will continue to expand its coverage on customer and market, enrich its customer base, optimise customer structure, increase the proportion of industrial customers and continue to strengthen effort in the services for the real industrial customers. Meanwhile, the Company will enhance the depth of services and enrich product design covering the mainstream commodities around the globe, offer a variety of derivatives, and provide channels of risk hedging and transfer for domestic and overseas customers, so as to make the commodities business become an important link in the comprehensive financial service chain related to FICC provided by the Company.

Asset management

In respect of asset management business, the Company will, following the customer development strategy of “serving institutional customers and increasing retail customers”, continue to improve its customer development ability and comprehensive financial service. The Company will also continuously enrich its product types, pay attention to multiple asset models featuring active management, long-term net worth, “fixed income +”, equity and others, and advance layout and development of cross-border products. The Company will make efforts to build professional investment research team, expand and strengthen its pension business, to consolidate its leading position in respect of institutional business. Through innovating business models focusing on customers’ demand, the Company will continue to advance the transformation and marketing of publicly-offered collective investment schemes. The Company will also make preparations for the establishment of asset management subsidiaries. Besides, the Company will build a new-generation platform for asset management business in an all-round way by constantly promoting the digital construction of asset management business. In respect of China AMC, it will strengthen strategic asset allocation, continuously improve investment performance, invest in newly issued funds on rational basis, enhance operation capabilities for customer and channel. It will enhance the marketing of dominant index products, improve the overall service quality for institutional business, expand its international business scale, and continuously improve Fintech ecosystem, and thereby maintaining its comprehensive competitiveness in the industry.

Custody

The Company will continue to expand institutional customers in the wealth management market, meet the comprehensive needs of various asset management institutions, strengthen fund operation service capabilities, and continue to expand the market scale of custody business by taking advantage of business synergies.

Equity investment

Guided by national policies, CITIC Securities Investment will serve the real economy, implement national strategies and improve investment research capacity while systematically carrying out industrial layout and increasing prospective investment layout. It will develop diversified investment methods, increase investment and strengthen post-investment management and risk control, to continuously consolidate its leading position in the field of equity investment by alternative investment subsidiaries of brokers. In respect of GoldStone Investment, its development strategy is to attach equal importance to management scale and investment returns, with its strategic goal of developing into a leading private equity investment fund management institution in China. It aims to

create excellent returns for fund investors to earn management fee and performance rewards for the Company. Through top-down research, with industrial upgrade and integration as key focuses, GoldStone Investment will discover valuable companies and invest in them, and enhance their value in post-investment management. In addition, GoldStone Investment will also expand its overseas investment and seize economic development opportunities in new regions as a beneficial supplement to its domestic investment.

Research

The research business of the Company will stay value-oriented and focus on client-driven and business-driven research services to continue to enhance the Company's reputation and value. The Company will expand the research areas from secondary market to industry trends, industrial integration, merger and acquisition and restructuring, as well as unlisted enterprises. In terms of service targets, while maintaining the existing dominant position in key institutional customer markets, the Company will increase efforts to serve the customers in various incremental areas. In terms of domestic and overseas cooperation, the Company will build the research brand featuring global vision and solid local foundation.

For illustrative purpose, the financial information prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the H Share Rights Issue as if the H Share Rights Issue had been completed on June 30, 2021. The statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the H Share Rights Issue.

I. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at June 30, 2021 (the "Unaudited Pro Forma Financial Information") which has been prepared by the Directors in accordance with Rule 4.29 of the Hong Kong Listing Rules to illustrate the effects of the H Share Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to Shareholders as if the H Share Rights Issue had taken place at June 30, 2021.

The Unaudited Pro Forma Financial Information was prepared based on the consolidated net tangible assets of the Group attributable to Shareholders as at June 30, 2021, as extracted from the published interim financial information of the Group for the six months ended June 30, 2021, after incorporating the unaudited pro forma adjustments described in the accompanying notes. The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to Shareholders immediately after completion of the H Share Rights Issue or any future date after completion of the H Share Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to Shareholders as at June 30, 2021 ^(note 1)	Estimated net proceeds from the H Share Rights Issue ^(note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders as at June 30, 2021	Unaudited consolidated net tangible assets attributable to Shareholders per Share as at June 30, 2021 ^(note 3)	Unaudited pro forma adjusted consolidated net tangible assets per Share as at June 30, 2021 ^(note 4)	Unaudited pro forma adjusted consolidated net tangible assets per Share as at June 30, 2021 ^(note 5)
	RMB'000,000	RMB'000,000	RMB'000,000	RMB	RMB	HKD
Based on						
341,749,155 H						
Rights Shares to						
be issued at the						
Subscription Price						
of HK\$17.67 per						
H Rights Share . .	175,825.71	4,875.97	180,701.68	13.60	13.62	16.68

Notes:

- The unaudited consolidated net tangible assets attributable to Shareholders of approximately RMB175,825.71 million as at June 30, 2021 is based on consolidated net assets attributable to Shareholders of approximately RMB187,405.97 million after deducting intangible assets and goodwill of approximately RMB11,580.26 million as extracted from the published interim financial information for the six months ended June 30, 2021.*
- The estimated net proceeds from the H Share Rights Issue of approximately RMB4,875.97 million are calculated based on 341,749,155 H Rights Shares to be issued at the Subscription Price of HK\$17.67 per H Rights Share as at the Latest Practicable Date and after deduction of estimated underwriting fees and other related expenses of approximately RMB55.47 million.*

3. *The unaudited consolidated net tangible assets attributable to Shareholders per share as at June 30, 2021 is based on the consolidated net tangible assets attributable to Shareholders as at June 30, 2021 of approximately RMB175,825.71 million divided by 12,926,776,029 Shares in issue as at June 30, 2021.*
4. *The unaudited pro forma adjusted consolidated net tangible assets per Share as at June 30, 2021 after completion of the H Share Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders of approximately RMB180,701.68 million divided by 13,268,525,184 Shares in issue after completion of the H Share Rights Issue as at June 30, 2021, which comprises of 2,620,076,855 H Shares. It does not take into account of any Shares which are issued upon A Share Rights Issue.*
5. *For the purpose of the Unaudited Pro Forma Financial Information, conversion of RMB and HK\$ is calculated at the exchange rate of RMB0.81662 to HK\$1. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, may be exchanged at this or any other rate or at all.*
6. *No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders as at June 30, 2021 to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2021. In particular, the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders as shown on II-1 have not been adjusted to illustrate the effect of the A Share Rights Issue completed on January 27, 2022. Had the A Share Rights Issue been completed on June 30, 2021, 1,552,021,645 A Rights Shares would be issued at the Subscription Price of RMB14.43 per A Rights Share, raising estimated net proceed of RMB22,318.20 million. The A Share Rights Issue would have increased the total number of Shares in issue stated in note 4 by 1,552,021,645 A Rights Shares to a total of 14,820,546,829 Shares in issue. The adjustment to the unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders after the A Share Rights Issue would be as follows:*

	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders as at June 30, 2021 after H Share Rights Issue	Estimated net proceeds from the A Share Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders after A Share Rights Issue and H Share Rights Issue as at June 30, 2021	Unaudited pro forma adjusted consolidated net tangible assets attributable to Shareholders per Share as at June 30, 2021 after H Share Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share after A Share Rights Issue and H Share Rights Issue as at June 30, 2021	Unaudited pro forma adjusted consolidated net tangible assets per Share after A Share Rights Issue and H Share Rights Issue as at June 30, 2021
	RMB'000,000	RMB'000,000	RMB'000,000	RMB	RMB	HKD
Based on 341,749,155 H Rights Shares to be issued at the Subscription Price of HK\$17.67 per H Rights Share and 1,552,021,645 A Rights Shares to be issued at the Subscription Price of RMB14.43 per A Rights Share	180,701.68	22,318.20	203,019.88	13.62	13.70	16.77

II. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of CITIC Securities Company Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CITIC Securities Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at June 30, 2021 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated February 9, 2022, in connection with the proposed rights issue of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the Group's financial position as at June 30, 2021 as if the proposed rights issue had taken place at June 30, 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the six months ended June 30, 2021, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*, ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at June 30, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, February 9, 2022

RESPONSIBILITY STATEMENT

This document, for which the Directors collectively and individually accept full responsibility for, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**Particulars of the Directors, Supervisors and senior management of the Company**

<u>Name</u>	<u>Address</u>
Directors	
<i>Executive Directors</i>	
Mr. ZHANG Youju (張佑君)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. YANG Minghui (楊明輝)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
<i>Non-executive Director</i>	
Mr. WANG Shuhui (王恕慧)	63/F, Guangzhou International Finance Centre, 3 Zhujiangxi Road, Tianhe District, Guangzhou
<i>Independent Non-executive Directors</i>	
Mr. ZHOU Zhonghui (周忠惠)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. LI Qing (李青)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
<i>Supervisors</i>	
Mr. ZHANG Changyi (張長義)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. GUO Zhao (郭昭)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. RAO Geping (饒戈平)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. LI Ning (李寧)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Ms. NIU Xuekun (牛學坤)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing

<u>Name</u>	<u>Address</u>
<i>Senior Management</i>	
Mr. MA Yao (馬堯)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. XUE Jirui (薛繼銳)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. YANG Bing (楊冰)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. LI Chunbo (李春波)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. ZOU Yingguang (鄒迎光)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. LI Yongjin (李勇進)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. LI Jiong (李罔)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. WANG Junfeng (王俊鋒)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. SONG Qunli (宋群力)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. ZHANG Hao (張皓)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. ZHANG Guoming (張國明)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. YE Xinjiang (葉新江)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. JIN Jianhua (金劍華)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. SUN Yi (孫毅)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. GAO Yuxiang (高愈湘)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Mr. SHI Benliang (史本良)	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing

Biographies of the Directors, Supervisors and senior management of the Company*Directors***Executive Directors**

Mr. ZHANG Youjun (張佑君), aged 56, serves as secretary to the Communist Party Committee of the Company, an executive Director, Chairman and a member of the Executive Committee of the Company. Mr. ZHANG joined the Company at the time of the establishment of the Company in 1995, and was appointed as an executive Director of the Company on 19 January 2016. During the same term, he was elected as the Chairman of the Company. Mr. ZHANG also serves as assistant to the general manager of each of CITIC Group, CITIC Limited and CITIC Corporation Limited, the chairman of each of Goldstone Investment, CITIC Securities Investment, CSI and CLSA (i.e. CLSA B.V. and its subsidiaries), Goldenstone Boxin Investment Management Co., Ltd. and Shenzhen Qianhai Zhongzheng Urban Development and Management Co., Ltd., a director of each of CLSA Limited, Sailing Capital Management Co., Ltd. and Sailing Capital International Investment Fund (Shanghai) Co., Ltd. Mr. ZHANG had worked as a general manager of the trading department of the Company, an assistant manager and a deputy general manager of the Company since 1995, and was appointed as a Director of the Company from September 1999 to June 2012 and the general manager of the Company from May 2002 to October 2005. Mr. ZHANG previously worked as the general manager of Changsheng Fund Management Co., Ltd. from 1998 to 2001 and successively served as the general manager and the chairman of CSC from 2005 to 2011, a director of the board office of CITIC Group from December 2011 to December 2015 and a director of Zhongzheng International Company Limited from April to December 2020.

Mr. ZHANG obtained a Bachelor's degree in economics (majoring in money and banking) in 1987 from Renmin University of China and a Master's degree in economics (majoring in money and banking) in 1990 from Central University of Finance and Economics.

Mr. YANG Minghui (楊明輝), aged 57, serves as deputy secretary to the Communist Party Committee of the Company, an executive Director, the President and member of the Executive Committee of the Company. Mr. YANG joined the Company at the time of the establishment of the Company in 1995 and was appointed as a Director of the Company on 19 January 2016. Mr. YANG also serves as the chairman of China AMC and the chairman of China Asset Management (Hong Kong) Limited. Mr. YANG served as a Director, an assistant manager and a deputy general manager of the Company; a director and executive vice-president of CITIC Holdings and a director of CITIC Trust from May 2002 to August 2005; the chairman of CITIC-Prudential Fund Management Co., Ltd. from July 2005 to January 2007; and an executive director and the president of China Jianyin Investment Securities Company Limited from August 2005 to October 2011. Mr. YANG was granted the title of senior economist by China International Trust and Investment Corporation, the predecessor of CITIC Group, in October 1996.

Mr. YANG obtained a Bachelor's degree in engineering (majoring in mechanical manufacturing technology and equipment) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1982 and obtained a Master's degree in engineering (majoring in textile machinery) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1985.

Non-executive Director

Mr. WANG Shuhui (王恕慧), aged 50, serves as a non-executive Director of the Company. Mr. WANG was appointed as a non-executive Director of the Company on 23 June 2020. Mr. WANG currently serves as the chairman of each of Yuexiu Financial Holdings, Financial Holdings Limited, Financial Holdings Capital and Yuexiu Industrial Investment Fund. Mr. WANG successively served as the business manager of the securities issuance consultancy department, the deputy manager of the research and development department, secretary to the board of directors and vice president of Guangzhou Securities from 1994 to 2006; successively served as the office general manager and general manager of the development department of Guangzhou Yuexiu Holdings Limited (廣州越秀集團股份有限公司) from 2006 to 2010; and successively served as an assistant to general manager, director and deputy general manager of Guangzhou Yuexiu Holdings Limited and Yuexiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司) from 2010 to 2016.

Mr. WANG obtained a Bachelor's degree in economics from Southwestern University of Finance and Economics in 1993 and a Master's degree in economics from Jinan University in 2000.

Independent Non-executive Directors

Mr. ZHOU Zhonghui (周忠惠), aged 74, serves as an independent non-executive Director of the Company. Mr. ZHOU was appointed as an independent non-executive Director of the Company on 27 May 2019. Mr. ZHOU has been a senior member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), a member of the Finance Director Specialised Committee of the China Association for Public Companies (中國上市公司協會) and a member of the Advisory Committee of the China Appraisal Society (中國評估師協會) since November 2010. Mr. ZHOU also serves as an independent director of each of Shanghai Fudan-Zhangjiang BioPharmaceutical Co., Ltd. (a company listed on the SSE Star Market and the Hong Kong Stock Exchange), S.F. Holding Co., Ltd. (a company listed on the SZSE SME Board) and COSCO SHIPPING Holdings Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange). Mr. ZHOU was one of the founders of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, and used to serve as its first general manager and chief accountant. He also served as a senior partner of PricewaterhouseCoopers, a lecturer, an associate professor and a professor of Accounting of Shanghai University of Finance and Economics and the chief financial officer of Xinlong Hong Kong Co., Ltd. Mr. ZHOU served as the chief accountant of the CSRC from May 2007 to April 2011, a member of the International Advisory Council of the CSRC from September 2011 to September 2016, a senior advisor of PricewaterhouseCoopers from June 2011 to May 2014, and an independent director of China Pacific Insurance (Group) Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange) from July 2013 to June 2019.

Mr. ZHOU obtained a master's degree in Economics (majoring in accounting) in 1983 and a Ph.D. degree in Economics (majoring in accounting) in 1993 from Shanghai University of Finance and Economics. He was qualified as a Chinese CPA in 1995.

Mr. LI Qing (李青), aged 59, serves as an independent non-executive Director of the Company. Mr. LI was appointed as an independent non-executive Director of the Company on 29 June 2021. Mr. LI has served as a Chair Professor and the Department Head of the Department of Computing of the Hong Kong Polytechnic University since December 2018. Mr. LI successively served as an assistant professor, associate professor and full professor of the City University of Hong Kong from 1998 to 2018. From 2013 to 2018, Mr. LI served as the Founding Director of the

Multimedia-software Engineering Research Centre (MERC) of the City University of Hong Kong. From 2003 to 2005, Mr. LI set up and served as manager of the Mobile Information Management Division at the CityU R&D Centre in Zhuhai. Mr. LI established Zhuhai Faster Software Technology Ltd. in 2005 and served as the general manager and the chairman until 2012.

Mr. LI obtained a Bachelor's degree from Hunan University in 1982, and obtained a Master's degree in computer science and a Doctor's degree in computer science from the University of Southern California in the United States of America in 1985 and 1988, respectively.

Supervisors

Mr. ZHANG Changyi (張長義), aged 54, currently serves as deputy secretary to the Communist Party Committee, chairman of the Supervisory Committee and chairman of the labour union of the Company. Mr. ZHANG joined the Company in 2018. Mr. ZHANG successively served as an officer, staff and associate principal staff of the education department of the Ministry of Construction from August 1989 to November 1995, and successively served as principal staff and assistant consultant of the general office of the Ministry of Construction from November 1995 to June 1997, the second secretary (deputy-division-head level), deputy division head, the first secretary and deputy division head (division-head level) of the second secretary bureau of the General Office of the State Council from June 1997 to April 2001 and secretary of division-head level, secretary of deputy bureau level, secretary of bureau-head level in the General Office of the State Council from April 2001 to August 2018. Mr. ZHANG also serves as the chairman of GoldStone Zexin.

Mr. ZHANG obtained a Bachelor's degree in engineering (majoring in industrial and civil architecture) from the Architectural Engineering Department of Northwest Institute of Construction Engineering in 1989 and obtained a Master's degree in engineering (majoring in management engineering) from Harbin University of Civil Engineering and Architecture in 1999.

Mr. Guo Zhao (郭昭), aged 64, serves as a Supervisor of the Company. Mr. GUO joined the Company in 1999 and was appointed as a Supervisor of the Company on 26 September 1999. Mr. GUO previously worked as the deputy chief accountant of Nanjing International Container Handling Co., Ltd. from 1988 to 1992; as the secretary to the board of directors of Nanjing Xingang HighTech Co., Ltd. from 1992 to 2002; as director of Nanjing Xingang High-Tech Co., Ltd. from January 2001 to January 2013; as vice president of Nanjing Gaoke Co., Ltd. from June 2003 to December 2016; and as director and general manager of Nanjing Chengong Pharmaceuticals Co., Ltd. from January 2001 to January 2017.

Mr. GUO obtained the accountant certificate in September 1993, which was granted by the Committee for Assessment of Academic Qualifications of the PRC Ministry of Transport. Mr. GUO obtained a college diploma in water transport finance and accounting in 1988 from Wuhan River Transportation College.

Mr. RAO Geping (饒戈平), aged 74, serves as a Supervisor of the Company. Mr. RAO joined the Company in 2011 and was appointed as a Supervisor of the Company on 19 January 2016 and formally took office on 23 March 2016. Mr. RAO is also a professor of Peking University Law School, honourable chairman of the Academy of Hong Kong and Macao Studies in Peking University and concurrently, the head of the Institute of Hong Kong and Macao Affairs of the Development Research Centre of the State Council, the deputy chairman of Chinese Judicial Studies Association (中華司法研

究會) and chairman member of the Law Specialty Committee on National Self-taught Higher Education Examinations. Mr. RAO previously served as a member of 12th CPPCC National Committee, a member of the Hong Kong Special Administrative Region Basic Law Committee of the Standing Committee of the NPC, an independent supervisor of TravelSky Technology Limited, an independent non-executive Director of the Company and an independent non-executive director of Yangguang Xinye Real Estate Co., Ltd.

Mr. RAO obtained a Master's degree in law in 1982 from Peking University and was a visiting scholar at the University of Washington, New York University, and Max Planck Institute of International Law.

Mr. LI Ning (李寧), aged 37, serves as an employee representative Supervisor and director of the Investment Banking Management Committee of the Company. Mr. LI joined the Company in May 2011 and previously worked as the auditor and senior auditor of PwC Zhong Tian, and senior manager, vice president and senior vice president of the Investment Banking Management Committee of the Company.

Mr. LI obtained a Bachelor's degree in economics from Shandong Economics College in 2006 and obtained a Master's degree in economics from University of International Business and Economics in 2008. Mr. LI was qualified as a Chinese CPA in 2014 and obtained the qualification as sponsor representative in 2019.

Ms. NIU Xuekun (牛學坤), aged 47, serves as an employee representative Supervisor and the chief officer of the Planning and Finance Department of the Company. Ms. NIU joined the Company in October 2000 and previously worked as the accountant of Shenzhen Property Management Co., Ltd., and senior manager, vice president and senior vice president of the Planning and Finance Department of the Company. Ms. NIU concurrently serves as a supervisor of each of CITIC Securities Investment, GoldStone Zexin and Guangzheng Lingxiu Investment Company Limited.

Ms. NIU obtained a Bachelor's degree in economics and a Master's degree in management from Dongbei University of Finance & Economics in 1996 and 1999, respectively. Ms. NIU was qualified as a Chinese CPA and a senior accountant in 2002 and 2015, respectively.

Senior Management

Mr. MA Yao (馬堯), aged 49, serves as a member of the Executive Committee and the head of the Investment Banking Management Committee. Mr. MA joined the Company in 1998 and previously served as the deputy general manager of the Risk Control Department, deputy general manager of the Bond Distribution and Trading Department, deputy general manager of the Trading Department, person-in-charge of the Capital Market Department, head of the Financial Industry Group and member of the Investment Banking Management Committee of the Company. Mr. MA also serves as a director of CLSA Limited and CLSA Capital Markets Limited.

Mr. MA obtained a Bachelor's degree in automatic control from Xi'an Jiaotong University in 1994, a Master's degree in money and banking and a Doctor's degree in international finance from the Graduate School of the People's Bank of China in 1998 and 2012, respectively.

Mr. XUE Jirui (薛繼銳), aged 48, serves as a member of the Executive Committee, and the head of the Prime Service Business Line of the Company. Mr. XUE joined the Company in 2000 and

previously served as a manager of the financial products development group, researcher of the Research Department, head of the product development group of the Trading and Derivatives Business Line of the Company, and head of the Equity Derivatives Business Line. Mr. XUE also serves as a director of CITIC Futures.

Mr. XUE obtained a Bachelor's degree, a Master's degree and a Doctor's degree in statistics from Renmin University of China in 1997, 2000 and 2006, respectively.

Mr. YANG Bing (楊冰), aged 49, serves as a member of the Executive Committee and the chief executive of the asset management business of the Company. Mr. YANG previously worked as a teacher of Shaoguan University from 1993 to 1996 and joined the Company in 1999. He once served in the Company as an assistant trader of the Trading Department, trader of the Fixed Income Department as well as investment manager and investment supervisor of the asset management business. Mr. YANG also serves as a director of China AMC.

Mr. YANG obtained a Bachelor's degree in fine chemicals from Nanchang University in 1993 and a Master's degree in national economics from Nanjing University in 1999.

Mr. LI Chunbo (李春波), aged 45, serves as a member of the Executive Committee and the division head of the Research Department, Equity Distribution and Trading Department and the Custody Department of the Company. Mr. LI joined the Company in 2001 and previously worked as an analyst of the Research Consulting Department (later renamed as the Research Department), chief analyst of the Research Department, as well as the chief executive of the Research Department and the Equity Distribution and Trading Department. Mr. LI also serves as a director of CSI, a director of China AMC, the chairman of CLSA Limited, a member of International Strategy Committee of the Securities Association of China and the deputy Secretary-General of China Society for Finance and Banking.

Mr. LI obtained a Bachelor's degree in vehicle engineering and a Master's degree in management science and engineering from Tsinghua University in 1998 and 2001, respectively.

Mr. ZOU Yingguang (鄒迎光), aged 51, serves as a member of the Executive Committee and chief executive of the Commodity Business Line of the Company. Mr. ZOU joined the Company in 2017 and previously worked as a surgeon of the Xuanwu Hospital of Capital Medical University, business manager of Beijing Securities Outlet of Hainan Huayin International Trust Corporation, manager of the institutional client section of South Haidian Road Outlet of Huaxia Securities Co., Ltd., senior business director of the bonds department, assistant to general manager of the bonds department, the person-in-charge of the fixed income department as well as member of the Executive Committee and concurrently the person-in-charge of the fixed income department of CSC. Mr. ZOU also serves as a director of each of CLSA Asset Management Limited and CLSA Americas, LLC.

Mr. ZOU obtained a Bachelor's degree in clinical medicine from Capital University of Medical Sciences in 1994, a Master's degree in finance from Central University of Finance and Economics in 2000 and an EMBA degree from China Europe International Business School in 2012.

Mr. LI Yongjin (李勇進), aged 51, serves as a member of the Executive Committee and director of the Wealth Management Committee of the Company. Mr. LI joined the Company in 1998 and previously worked as a staff of the International Business Department of Dalian Branch of

Agricultural Bank of China, department manager of Dalian Sales Department of Shenyin Wanguo Securities, assistant to general manager, deputy general manager and general manager of Dalian Securities Outlet of the Company, senior vice president and director of the Brokerage Management Department of the Company, and general manager of the Zhejiang Branch Office of CITIC Securities and its predecessor, CITIC Securities (Zhejiang) Co., Ltd and a director of China AMC. Mr. LI also serves as a director of each of CITIC Securities Brokerage (HK), CITIC Securities Futures (HK) Limited, CITIC Securities (Shandong), CITIC Futures and CITIC Securities South China, as well as an executive director and general manager of Kington Securities.

Mr. LI obtained a Bachelor's degree in economics and a Master's degree in finance from Dongbei University of Finance and Economics in 1992 and 2000, respectively.

Mr. LI Jiong (李岡), aged 51, serves as the treasurer and the chief executive of the Treasury Department of the Company. Mr. LI joined the Company in 1996 and previously worked as the manager of International Cooperation Office of the Information Centre of China International Trust and Investment Corporation (the predecessor of CITIC Group), manager of the Development Department of CITIC International Cooperation Company, manager of the Bonds Department and deputy general manager of the Capital Operation Department (later renamed as the Treasury Department) as well as the chief executive of the Prime Service Business Line and the Chief Financial Officer of the Company and director of CSI. Mr. LI concurrently serves as the director of each of CITIC Futures, CITIC Global Financial Leasing CO., LTD., CLSA Premium Limited, CITIC Securities International USA, LLC and CITIC Securities Overseas Investment Co., Ltd.

Mr. LI obtained a Bachelor's degree in international finance from the University of International Business and Economics in 1992 and an MBA degree from Tsinghua University in 2000.

Mr. WANG Junfeng (王俊鋒), aged 53, serves as the Board Secretary, the deputy secretary of the disciplinary inspection committee, the director of the Party Work Department and the chief executive of the General Manager's Office of the Company. Mr. WANG joined the Company in 1999 and previously served as an officer of the headquarter of the People's Bank of China, deputy general manager of the Brokerage Management Department of the Company, and business coordination supervisor of the General Manager's Office.

Mr. WANG obtained a Bachelor's degree in economics in finance from Zhengzhou University in 1990 and a Master's degree in economics from Graduate School of the People's Bank of China (中國人民銀行總行金融研究所) (currently known as the PBC School of Finance, Tsinghua University) in 1997.

Mr. SONG Qunli (宋群力), aged 55, serves as the chief engineer (chief information officer) of the Company. Mr. SONG joined the Company in 2016 and previously served as the chief of the software section of Beijing CONTEC Microelectronics Co., Ltd., general manager of the Computer Centre of Huaxia Securities Co., Ltd., member of the Business Decision-making Committee and concurrently chief executive of the Information Technology Department of CSC, vice president of China Minzu Securities Co., Ltd., managing director of the Information Technology Department of CSC and chief executive of the Information Technology Centre of the Company. Mr. SONG concurrently serves as the executive director of CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd., the director of E-Capital Transfer Co., Ltd. and the chief information officer of CITIC Securities South China.

Mr. SONG obtained a Bachelor's degree in automotive control from the School of Engineering of Beijing Union University in 1987.

Mr. ZHANG Hao (張皓), aged 52, serves as the chief marketing officer of the Company and secretary to the Communist Party Committee and chairman of CITIC Futures. Mr. ZHANG joined the Company in 1997 and previously served as teaching assistant of Shanghai Institute of Urban Construction, head of the B-share Business Department of Shanghai Trust Investment Corporation of China Construction Bank as well as deputy general manager of the Shanghai B-share Business Department, general manager of the Shanghai Fuxing Middle Road Securities Outlet and concurrently deputy general manager of the Shanghai management headquarters, general manager of the Shanghai Huaihai Middle Road Securities Outlet, deputy general manager of the Shanghai management headquarters and general manager of Shanghai Branch of the Company. Mr. ZHANG concurrently serves as vice president of China Futures Association and a director of CITIC Global Financial Leasing CO., LTD. Mr. ZHANG was awarded the title of "Skilled Young Worker of SOEs" in 2001.

Mr. ZHANG obtained dual Bachelor's degrees in industrial management engineering and engineering mechanics from Shanghai Jiao Tong University in 1991 and an MBA degree from the Antai College of Shanghai Jiao Tong University in 2001.

Mr. ZHANG Guoming (張國明), aged 57, serves as the deputy secretary of the disciplinary inspection committee, Chief Compliance Officer, Chief Risk Officer, chief executive of the Legal Department, chief executive of the Risk Management Department and head of the Special Asset Department of the Company. Before joining the Company in 2010, Mr. ZHANG worked as deputy chief judge, chief judge and a member of the Judge Committee of the Higher People's Court of Henan Province, and the judge of the Supreme People's Court. Mr. ZHANG also serves as a supervisor of each of CITIC Futures and CITIC Securities South China, the chief compliance officer and chief risk officer of Kington Securities.

Mr. ZHANG obtained his Master's degree in law and Doctor's degree in law from the Renmin University of China in 1994 and 2008, respectively.

Mr. YE Xinjiang (葉新江), aged 57, a member of the Senior Management of the Company. Mr. YE joined the Company in December 2005. He was formerly the head of the medical and health industry group, head of the regional IBS group, head of the New OTC Market Business Department, member of the Investment Banking Management Committee, head of the quality control group and head of the M&A business line of the Company.

Mr. YE obtained a Bachelor's degree in agricultural economics in July 1985 and a Master's degree in management in July 1990 from Zhejiang University (formerly Zhejiang Agricultural University)

Mr. JIN Jianhua (金劍華), aged 51, a member of the Senior Management, general manager of GoldStone Investment and chairman of CITIC PE Fund. Mr. JIN joined the Company in May 1997. He previously served as the deputy general manager of the Investment Banking Department (Beijing), member of the Investment Banking Management Committee, head of the financial industry group, head of the equipment manufacturing industry group and head of the M&A business line of the Company.

Mr. JIN obtained a Bachelor's degree in industrial foreign trade in July 1993 and a Master's degree in technical economics in July 1996 from Xi'an Jiaotong University, and obtained a Master's degree in business administration in 2009 from China Europe International Business School.

Mr. SUN Yi (孫毅), aged 49, a member of the Senior Management, deputy head of the Investment Banking Management Committee and head of the financial and technological industry group. Mr. SUN joined the Company in April 1998. He once served as the deputy general manager of the Investment Banking Department of the Company (in charge of business in Shenzhen), managing director of CSI, and head of the Operations Department, head of ECM team and head of the transport industry team under the Investment Banking Management Committee of the Company, as well as the deputy general manager of China AMC and concurrently served as the general manager of China AMC Capital Management Limited. Mr. SUN also serves as a director of CLSA Capital Markets Limited.

Mr. SUN obtained a Bachelor's degree in economics in July 1993 from Jiangxi University of Finance and Economics and a Master's degree in economics in June 1996 from Xiamen University.

Mr. GAO Yuxiang (高愈湘), aged 53, a member of the Senior Management, deputy head of the Investment Banking Management Committee, head of the infrastructure and modern service industry group. Mr. GAO joined the Company in November 2004 and had served as the deputy head of the real estate and construction materials industry team, the transport industry team and the infrastructure, real estate industry team under the Investment Banking Management Committee a member of Investment Banking Management Committee and the head of infrastructure and real estate industry group of the Company.

Mr. GAO obtained a College degree in financial accounting from Qingdao Radio and Television University in July 1990 and a Bachelor's degree in national economic management from Peking University in July 1995. Mr. GAO obtained a degree in business management from Capital University of Economics and Business in July 2001 and a Doctor's degree in industrial economics from Beijing Jiaotong University in July 2004. Mr. GAO obtained the qualification of technical specialty of senior economist in September 2006.

Mr. SHI Benliang (史本良), aged 47, the chief financial officer and the administrative person in charge of the Planning and Finance Department of the Company. Mr. SHI joined the Company in 2000, and had served as the asset management business accountant, the head of general ledger accountant, the deputy head, and the joint person in charge of the Planning and Finance Department. He concurrently serves as supervisor of China AMC, director of each of CITIC GoldStone Fund, CITIC Buyout Fund Management Company Limited, GoldStone Zexin, Anhui Transport Control Jinshi Private Fund Management Co., Ltd., Qianhai Infrastructure Investments Fund Management Co., Ltd. and CITIC POLY (Tianjin) Private Equity Fund Management Co., Ltd. Mr. SHI currently serves as a member of the Third Accounting Standards Advisory Committee for Business Enterprises (企業會計準則諮詢委員會) and a member of the Accounting Commission of the Securities Association of China.

Mr. SHI obtained a bachelor's degree in finance from Shanghai University of Finance and Economics in 1997 and a master's degree in finance from Nankai University in 2000.

Directors' and Supervisors' employment with substantial shareholders

As at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

<u>Name of Director</u>	<u>Name of Shareholder</u>	<u>Position held in the Shareholder</u>
ZHANG Youjun	CITIC Corporation Limited	Assistant to the General Manager
	CITIC Group	Assistant to the General Manager
	CITIC Limited	Assistant to the General Manager
WANG Shuhui	Yuexiu Financial Holdings	Chairman
	Financial Holdings Limited	Chairman

PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION**Joint Global Coordinators and Underwriters**
(H Share Rights Issue)

CLSA Limited
18/F One Pacific Place
88 Queensway
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F One Exchange Square
8 Connaught Place
Central
Hong Kong

Haitong International Securities Company Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Sponsors
(A Share Rights Issue)

Tianfeng Securities Co., Ltd.
4/F, Gaoke Building
2 Guandongyuan Road
Donghu New Technology Development District
Wuhan, Hubei Province

China Post Securities Co., Ltd.
9-11/F, Shaanxi Postal Information Building
5 Tangyan Road
Xi'an, Shaanxi Province

Legal Advisers to the Company*as to Hong Kong law*

Jingtian & Gongcheng LLP
Suites 3203-3207
32/F Edinburgh Tower
The Landmark, 15 Queen's Road
Central
Hong Kong

as to U.S. law

Akin Gump Strauss Hauer & Feld LLP
Unit 401, North Tower
Beijing Kerry Centre
1 Guanghai Road, Chaoyang District
Beijing, China

as to PRC law

Jia Yuan Law Offices
F408 Ocean Plaza
158 Fuxing Men Nei Street
Xicheng District
Beijing, China

Legal Advisers to the Underwriters*as to Hong Kong law*

Clifford Chance
27/F Jardine House
1 Connaught Place
Hong Kong

As to PRC law

JunHe LLP
20/F, China Resources Building
8 Jianguomenbei Avenue
Dongcheng District, Beijing

Auditor and Reporting Accountant

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

H Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Registered Office of the Company

North Tower, Excellence Times Plaza II
No. 8 Zhong Xin San Road
Futian District
Shenzhen, Guangdong Province
the PRC

Principal Place of Business of the Company in Hong Kong	26/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Joint Company Secretaries of the Company	Ms. LIU Xiaomeng Ms. YU Hiu Kwan, Hilda (<i>associate member of the Hong Kong Institute of Chartered Secretaries</i>)
Authorised Representatives of the Company	Mr. YANG Minghui (楊明輝) CITIC Securities Tower No. 48 Liangmaqiao Road Chaoyang District, Beijing Ms. LIU Xiaomeng (劉小萌) CITIC Securities Tower No. 48 Liangmaqiao Road Chaoyang District, Beijing
Principal Bank of the Company	China CITIC Bank Corporation Limited (中 信銀行股份有限公司) 6-30/F and 32-42/F, Building No. 1 10 Guanghua Road, Chaoyang District Beijing

SHARE CAPITAL

The total issued share capital of the Company as at the Latest Practicable Date is RMB12,926,776,029. As announced by the Company, subscriptions under the A Share Rights Issue were completed on 27 January 2022 with a subscription level of 97.17%. All the A Rights Shares successfully subscribed for by the Qualified A Shareholders have not yet been issued and registered as at the Latest Practicable Date, hence are not included in the issued share capital of the Company on the Latest Practicable Date.

The following table sets out the Company's shareholding structure as at the Latest Practicable Date and upon completion of the Rights Issue:

<u>Class of Shares</u>	<u>Number of issued Shares as at the Latest Practicable Date</u>	<u>Approximate percentage of the total number of issued Shares</u>	<u>Number of Shares to be issued under the Rights Issue</u>	<u>Number of issued Shares immediately following completion of the Rights Issue</u>	<u>Approximate percentage of the total number of issued Shares immediately following completion of the Rights Issue</u>
H Shares	2,278,327,700	17.62%	341,749,155 ^(note 1)	2,620,076,855 ^(note 1)	17.68%
A Shares	10,648,448,329	82.38%	1,552,021,645 ^(note 2)	12,200,469,974 ^(note 2)	82.32%
Total	12,926,776,029	100%	1,893,770,800	14,820,546,829	100%

Notes:

1. Assuming the H Share Rights Issue becomes unconditional and all the H Rights Shares are fully subscribed for.
2. Such figures are calculated according to the allotment results of the A Share Rights Issue as announced by the Company on 27 January 2022.

All H Shares and A Shares presently in issue rank *pari passu* in all respects as regards voting, dividends, distribution and return of capital.

The H Rights Shares to be allotted and issued pursuant to the H Share Rights Issue will, when issued and fully paid, rank *pari passu* in all respects with the H Shares then in issue as regards voting, dividends, distributions and return of capital.

The H Shares in issue are listed on the Hong Kong Stock Exchange. The A Shares in issue are listed on the SSE. Save as disclosed, no part of the issued Shares or any other securities of the Company is listed or dealt in on any stock exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company is not a party to any agreements to issue new Shares and none of the members of the Group had any other outstanding options or convertible securities.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, the Directors, Supervisors or the chief executive of the Company who had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange are as follows:

Name	Position	Nature of interest	Class of Shares	Number of Shares held (Shares)	Percentage of the total number of issued Shares of the Company (%)
ZHANG Youjun	Chairman and executive Director	Beneficial owner	A Shares	430 ^(note 1)	0.000003% ^(note 2)

Notes:

1. According to the allotment results of the A Share Rights Issue as announced by the Company on 27 January 2022. Mr. Zhang Youjun was successfully allotted 56 A Rights Shares on 27 January 2022. As at the Latest Practicable Date, Mr. Zhang Youjun had interest in a total of 430 A Shares.
2. Calculated based on the total number of issued Shares of the Company as at the Latest Practicable Date, being 12,926,776,029 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the other Directors, Supervisors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and

short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, the persons other than the Directors, Supervisors and the chief executive of the Company who had interests or short positions in the Shares and underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO are as follows:

Name of Shareholders	Capacity	Class of Shares	Number of Shares (Shares)	Percentage of the number of issued A Shares/ H Shares ^(note 7)	Percentage of the number of total issued Shares of the Company ^(note 7)
CITIC Group	Interest of corporation controlled by you ^(note 1)	A Shares	2,299,650,108 ^(note 1) (L)	21.60%	17.79%
	Interest of corporation controlled by you ^(note 1)	H Shares	376,000,000(L)	16.50%	2.91%
Yuexiu Holdings Limited	Interest of corporation controlled by you ^(note 2)	A Shares	931,347,773 ^(note 2) (L)	8.75%	7.20%
	Interest of corporation controlled by you ^(note 2)	H Shares	116,937,500(L)	5.13%	0.90%
National Council for Social Security Fund	Beneficial Owner	H Shares	690,359,200 ^(note 3) (L)	30.30%	5.34%
The Bank of New York Mellon Corporation	Interest of corporation controlled by you ^(note 4)	H Shares	288,965,433(L)	12.68%	2.24%
			285,491,573(P)	12.53%	2.21%
Citigroup Inc.	Interest of corporation controlled by you	H Shares	155,572,586 ^(note 5) (L)	6.83%	1.20%
			8,816,203 ^(note 5) (S)	0.39%	0.07%
		Approved lending agent	142,955,635 ^(note 5) (P)	6.27%	1.11%
BlackRock, Inc.	Interest of corporation controlled by you	H Shares	115,303,504 ^(note 6) (L)	5.06%	0.89%
			8,255,000 ^(note 6) (S)	0.36%	0.06%

(L), (S) and (P) are short for long position, short position and lending pool, respectively.

Notes:

- As was known to the Company, as at the Latest Practicable Date, CITIC Group had an indirect interest in a total of 2,299,650,108 A Shares of the Company (inclusive of the A Rights Shares successfully subscribed for under the A Share Rights Issue) through its controlled corporations (including CITIC Limited and CITIC Corporation Limited), and an indirect interest in 376,000,000 H Shares of the Company through its controlled corporation CITIC Limited.
- As was known to the Company, as at the Latest Practicable Date, Yuexiu Holdings Limited had an indirect interest in a total of 931,347,773 A Shares of the Company (inclusive of the A Rights Shares successfully subscribed for under the A Share Rights Issue) through its controlled corporations (including Yuexiu Financial Holdings and Financial Holdings Limited), and an indirect interest in 116,937,500 H Shares of the Company through its controlled corporations (including Financial Holdings Limited and Yuexiu Financial International).
- According to the notices of disclosure of interests on the HKEXnews website of HKEx, the National Council for Social Security Fund held 690,359,200 H Shares of the Company, including a total of 640,000,000 H Shares to be subscribed for under the subscription agreement entered into with ICBC

Credit Suisse Asset Management (International) Company Limited and the subscription agreement entered into with Bosera Asset Management Company Limited and Bosera Asset Management (International) Company Limited on 8 June 2015. The abovementioned private placement of H Shares was considered and approved at the 2015 Second Extraordinary General Meeting of the Company and is yet to take place. The resolution expired on 24 August 2016.

4. *As at the Latest Practicable Date, according to the notices of disclosure of interests on the HKEXnews, the Bank of New York Mellon Corporation indirectly held a long position in 288,965,433 H Shares of the Company through its controlled corporation (The Bank of New York Mellon), of which 285,491,573 Shares were available for lending.*
5. *Citigroup Inc., through a series of its controlled corporations, held the relevant interests of long position in 155,572,586 H Shares of the Company, of which 142,955,635 H Shares were held in the capacity of approved lending agent, and a short position in 8,816,203 H Shares of the Company.*
6. *BlackRock, Inc., through a series of its controlled corporations, held the relevant interests of long position in 115,303,504 H Shares of the Company and a short position in 8,255,000 H Shares of the Company.*
7. *The relevant percentages are calculated based on the total number of issued Shares of the Company being 12,926,776,029 Shares as at the Latest Practicable Date (including 2,278,327,700 H Shares and 10,648,448,329 A Shares).*

So far as the Directors are aware as at the Latest Practicable Date, the following persons (other than the Directors, Supervisors and the chief executive) were directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of the Group:

<u>Member of the Group</u>	<u>Name of shareholders with 10% or more equity interest (other than the Company)</u>	<u>Approximate percentage of shareholding of the substantial shareholder</u>
China Asset Management Company Limited (華夏基金管理有限公司)	Power Corporation of Canada	13.9%
	Mackenzie Financial Corporation	13.9%
	Tianjin Haipeng Technology Consulting Co., Ltd. (天津海鵬科技諮詢有限公司)	10%
PT CLSA Sekuritas Indonesia	Kedaung Industrial Ltd	12.5%
	Kedawung Subur Ltd	12.5%
	Agus NURSALIM	15%
Avignon Holdings Limited	Giada Famiglia Limited	16.95%
Avignon Capital Limited	JPW Coaching & Consulting Ltd	100% of Class B Shares
CLSA Premium Limited	KVB Holdings Limited (formerly known as KVB Kunlun Holdings Limited)	14.75%
Xinjiang Equity Trading Centre Co., Ltd. (新疆股權交易中心有限公司)	Xinjiang Financial Investment Co., Ltd. (新疆金融投資有限公司)	27.2727%
Guangzhou Securities Hang Seng Securities yanjiusuo company limited (廣州廣證恒生證券研究所有限公司)	Hang Seng Securities Limited (恒生證券有限公司)	33%
Xinjiang Silk Road Aluminium Trading Centre Co., Ltd. (新疆絲綢之路鋁交易中心股份有限公司)	Xinjiang Trading Market Investment Construction Group Co., Ltd. (新疆交易市場投資建設集團股份有限公司)	40%
Three Gorges GoldStone Investment Management Co., Ltd. (三峽金石投資管理有限公司)	Sanxia Capital Holding Co., Ltd. (三峽資本控股有限責任公司)	40%
Anhui Xinan M&A Private Fund Management Co., Ltd. (安徽信安併購私募基金管理有限公司)	Anhui Development Investment Co., Ltd. (安徽省開發投資有限公司)	20%

APPENDIX III**STATUTORY AND GENERAL INFORMATION**

Member of the Group	Name of shareholders with 10% or more equity interest (other than the Company)	Approximate percentage of shareholding of the substantial shareholder
Anhui Transport Control Jinshi Private Fund Management Co., Ltd. (安徽交控金石基金管理有限公司)	Anhui Transportation Holding Capital Investment Management Co., Ltd. (安徽交控資本投資管理有限公司)	27.50%
Guangzhou Guangzheng Jinjun Investment Management Co., Ltd. (廣州廣證金駿投資管理有限公司)	Guangzhou Jinjun Investment Holding Co., Ltd. (廣州金駿投資控股有限公司)	37.50%
Zhuhai Guangzheng Zhujiang Cultural Investment Management Co., Ltd. (珠海市廣證珠江文化投資管理有限公司)	Guangzhou Zhujiang Piano Culture Education Investment Co., Ltd. (廣州珠江鋼琴文化教育投資有限公司)	30%
Shenzhen Guangzheng Yinqian Investment Management Co., Ltd. (深圳廣證盈乾投資管理有限公司)	GAC Capital Co., Ltd. (廣汽資本有限公司)	49%
Shenzhen Qianhai Guangzheng Zhonghaida Investment Management Co., Ltd. (深圳前海廣證中海達投資管理有限公司)	Guangzhou Zhonghaida Investment Development Co., Ltd. (廣州中海達投資發展有限公司)	40%
CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) (中信併購投資基金(深圳)合夥企業(有限合夥))	Anhui Railways Development Fund Co., Ltd. (安徽省鐵路發展基金股份有限公司)	11.48%
	Orient Minerva Asset Management Co, Ltd. (東方匯智資產管理有限公司)	11.48%

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2020, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2020, being the date to which the latest published audited consolidated accounts of the Group were made up.

CONSENT AND QUALIFICATION OF EXPERT

At the Latest Practicable Date, PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter and references to its name in the form and context in which it appears.

The following are the qualification of PricewaterhouseCoopers, who has given its opinions or advices which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>	<u>Nature of report/advice</u>	<u>Date of report/advice</u>
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)	Report on the unaudited pro forma financial information of the Group	9 February 2022
	Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)		

EXPERT'S INTERESTS

As at the Latest Practicable Date, PricewaterhouseCoopers did not have any shareholding in any member of the Group, or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, PricewaterhouseCoopers did not have any direct or indirect interest in any assets which have been, since 31 December 2020, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The Prospectus Documents and the written consent of PricewaterhouseCoopers as referred to under the paragraph headed "Consent and Qualification of Expert" in this appendix have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies (WUMP) Ordinance.

MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any material litigation or arbitration and, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

MATERIAL CONTRACT

Set out below is the information on the material contract, not being contract entered into the ordinary course of business, which was entered into by the Company within the two years immediately preceding the date of this prospectus and up to the Latest Practicable Date:

- (a) the Underwriting Agreement entered into between the Company and the Underwriters on 14 January 2022.

RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

A significant part of the Group's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Under the PRC existing foreign exchange regulations, the foreign exchange disbursements under current accounts (including payment of dividends, trade and service-related foreign exchange) can be paid with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations without prior approval from PRC foreign exchange administrative department by complying with certain procedural requirements. However, for the foreign exchange disbursements under capital account (such as the repayment of foreign debts and foreign investments), which are required to be registered with or approved by the competent bank or governmental authority according to applicable PRC laws and regulations, such registration or approval shall be obtained before paying the foreign exchange disbursements with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

GENERAL

- (a) The expenses in connection with the H Share Rights Issue, including the financial advisory fee, underwriting commission, printing, registration, translation, legal and accounting charges, are estimated to amount to approximately RMB0.05 billion and will be payable by the Company.
- (b) The expenses in connection with the A Share Rights Issue, including the underwriting sponsorship fee, legal fees, accounting fees, information disclosure fees, rights issue registration and other fees, amount to approximately RMB0.08 billion and will be payable by the Company.
- (c) In any event of any inconsistency, the English language text of this document shall prevail over the Chinese language text.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.citics.com>) for a period of 14 days from the date of this prospectus:

- (a) the report on the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

- (b) the written consent referred to in the paragraph headed “Consent and Qualification of Expert” in this appendix; and
- (c) the material contract referred to in the paragraph headed “Material Contract” in this appendix.