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中信建投証券股份有限公司 CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6066)

CONNECTED TRANSACTION

BACKGROUND

On December 22, 2023, China Securities Investment Co., Ltd. (the “**China Securities Investment**”), a wholly-owned subsidiary of the Company, entered into a relevant agreement (the “**Agreement**”) with Beijing Jincai Fund Management Co., Ltd. (北京金財基金管理有限公司) (the “**Jincai Fund**”), Beijing Jinkong Capital Co., Ltd. (北京金控資本有限公司) (the “**Jinkong Capital**”), both of which are subsidiaries of Beijing Financial Holdings Group Limited (the “**Beijing Financial Holdings Group**”), a connected person of the Company, and other relevant entities in relation to the establishment and management of Beijing Jinjian Beijiao Equity Fund Partnership (Limited Partnership) (北京金建北交股權基金合夥企業(有限合夥))(tentative name, the “**Fund**”). The Fund is a limited partnership incorporated in the PRC. It aims to support the high-quality construction of the Beijing Stock Exchange (the “**BSE**”) and facilitate the rapid development of small and medium-sized enterprises, with a focus on high-quality enterprises and high-growth start-ups in emerging industries that intend to be listed on the BSE. With a focus on the “2441” sophisticated industrial system, the Fund mainly invests in manufacturing, information transmission, software and information technology service industries, scientific research and technical service industries.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Beijing Financial Holdings Group directly held more than 10% shares of the Company, and therefore is a substantial shareholder of the Company. Beijing Financial Holdings Group and its subsidiaries (including Jincai Fund and Jinkong Capital) are connected persons under the Hong Kong Listing Rules. Accordingly, the transactions under the Agreement constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the transactions contemplated under the Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Agreement are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules.

MAJOR TERMS OF THE AGREEMENT

Date

December 22, 2023

Parties

1. Fund Manager and General Partner: Jincai Fund
2. Limited Partners: Jinkong Capital, China Securities Investment and Beijing Linkong Zhigu Enterprise Management Co., Ltd. (北京臨空智谷企業管理有限公司) (the “**Beijing Linkong Zhigu**”)

Capital commitment

The total subscribed capital contribution paid by all partners to the Fund is RMB500,000,000. Set out below is the subscribed capital contribution of each partner:

Partner	Type	Subscribed capital contribution	Percentage
Jincai Fund	General partner	RMB1,000,000	0.20%
Jinkong Capital	Limited partner	RMB174,000,000	34.80%
China Securities Investment	Limited partner	RMB175,000,000	35.00%
Beijing Linkong Zhigu	Limited partner	RMB150,000,000	30.00%

The capital contribution of above partners is determined under market practice and after arm's length negotiations among the partners with reference to the estimated capital needs of the Fund. China Securities Investment will make capital allocations with its own funds based on the capital needs of proposed investment targets.

Fund management

According to the Agreement, the Fund shall be managed by Jincai Fund.

Investment direction

More than 60% of the balance of the Fund's paid-in amount after deducting the amount used as payment or provision for partnership fees and other obligations (the “**investable amount**”) will be invested mainly in high-quality enterprises that intend to be listed on the BSE. The amount of investment for high-growth start-ups in emerging industries that intend to be listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange will be less than 40% of the investable amount. In terms of industry, the Fund mainly invests in manufacturing, information transmission, software and information technology service industries, scientific research and technical service industries with a focus on the “2441” sophisticated industrial system.

Investment Decision-making Committee

The investment decision-making committee of the Fund (the “**Investment Decision-making Committee**”) consists of four members, three members of which are appointed by Jincai Fund and one is appointed by China Securities Investment. Jinkong Capital and Beijing Linkong Zhigu will not appoint members. Any decision made by the Investment Decision-making Committee shall be approved by three quarters or more of the members (who have the voting powers). For projects involving conflicts of interest, a corresponding voting mechanism of abstaining from voting shall be established.

Management fee

For the investment period, annual management fee is proposed to be set at 2% of the paid-in amount (the items and charging ways of management fee shall be subject to the Agreement, and the total fee rate shall not exceed the above 2% of the paid-in amount). For the exit period, annual management fee is proposed to be set at 2% of the investment costs of the project yet to be exited. No management fee shall be charged for the extension period.

Fund term

The term of the Fund is “3+2” years, including 3 years of investment period and 2 years of exit period, which may be extended twice, each time for one year by Jincai Fund as the fund manager according to the then actual circumstances.

GENERAL INFORMATION

The Company is a joint stock company incorporated in the PRC with limited liability. It is principally engaged in investment banking, wealth management, trading and institutional customer services, and asset management businesses.

The Fund is a limited partnership incorporated in the PRC. It is principally engaged in non-securities business investment, equity investment and investment management business. There is no disclosable financial information or past performance of the Fund.

China Securities Investment is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in equity investment management, investment consulting (excluding intermediaries) and project investment business.

Jincai Fund is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Beijing Financial Holdings Group. It is principally engaged in investment management, consulting and equity investment management of non-securities business. Beijing Financial Holdings Group is a limited liability company incorporated in the PRC. It is principally engaged in businesses as a financial holding company as approved by the People's Bank of China. Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) directly holds 100% shares of Beijing Financial Holdings Group.

Jinkong Capital is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Beijing Financial Holdings Group. It is principally engaged in equity investment and management, business management consulting, investment management consulting and investment consulting.

Beijing Linkong Zhigu is a limited liability company incorporated in the PRC. It is principally engaged in business management; business management consulting; social and economic consulting services; information consulting services (excluding licensing information consulting services); public utilities management services; technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; business image planning; consulting and planning services, marketing planning; engineering management services; project planning and public relations services. Beijing Linkong Zhigu is a wholly-owned subsidiary of Beijing Shunyi Chenguang Industry Development Company (北京順義晨光工業開發公司) (the “**Chenguang Industry**”). Chenguang Industry is a collectively-owned enterprise affiliated to the People's Government of Nanfaxin Town, Shunyi District, Beijing. It is mainly engaged in land development, land consolidation, and property management of Chenguang Industrial Development Zone, Shunyi District, Beijing, as well as sales of goods, local products, construction materials, hardware electric (excluding radio transmission equipment) and chemical products (excluding hazardous chemicals).

To the best knowledge, information and belief of the Directors (including independent non-executive Directors) after having made all reasonable enquiries, Beijing Linkong Zhigu and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF JOINTLY ESTABLISHING THE FUND

China Securities Investment intends to further support the construction and development of the BSE through participating in the establishment of the Fund, and help improve the efficiency and liquidity of the capital market; it will better serve the “specialized, refined, distinctive and innovative” small and micro enterprises, support the layout of high-precision and cutting-edge industries in the capital, and promote the development of the real economy in all aspects.

Directors (including independent non-executive Directors) have confirmed that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are entered into on normal commercial terms or better in the ordinary course of the Group’s business, and are in line with the interests of the Company and its shareholders as a whole.

As Mr. LI Min, Mr. YAN Xiaolei and Ms. ZHU Jia are Directors related to Beijing Financial Holdings Group, they are required to abstain from voting on relevant resolutions at the Board meeting of the Company for the purpose of good corporate governance. Save as disclosed above, none of the Directors (including independent non-executive Directors) has a material interest in this transaction or holds any position in Beijing Financial Holdings Group and/or its associates, and therefore is required to abstain from voting on relevant resolutions at the Board meeting.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

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DEFINITIONS

“Agreement”	the agreement entered into between China Securities Investment, Jincal Fund, Jinkong Capital and Beijing Linkong Zhigu on December 22, 2023, further details of which are set out in the section headed “Major terms of the Agreement”
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Company”	CSC Financial Co., Ltd. (中信建投証券股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability, the H Shares of which have been listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 6066) and the A Shares of which have been listed and traded on the Shanghai Stock Exchange (stock code: 601066)
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“connected transaction”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Fund”	The fund established pursuant to the Agreement and temporarily named as Beijing Jinjian Beijiao Equity Fund Partnership (Limited Partnership) (北京金建北交股權基金合夥企業(有限合夥))
“Group”	CSC Financial Co., Ltd. and its subsidiaries

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC” or “China”	the People’s Republic of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“subsidiary”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“%”	percentage

By order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing, the PRC
December 22, 2023

As at the date of this announcement, the executive Directors of the Company are Mr. WANG Changqing and Mr. ZOU Yingguang; the non-executive Directors of the Company are Mr. LI Min, Mr. WU Ruilin, Mr. YAN Xiaolei, Ms. ZHU Jia, Mr. YANG Dong and Ms. WANG Hua; and the independent non-executive Directors of the Company are Mr. PO Wai Kwong, Mr. LAI Guanrong, Mr. ZHANG Zheng, Mr. WU Xi and Mr. ZHENG Wei.