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

(Stock Code: 6030)

ANNOUNCEMENT

PROPOSED SPECIFIC MANDATE TO ISSUE NEW H SHARES AND PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

PROPOSED SPECIFIC MANDATE TO ISSUE NEW H SHARES

On 26 December 2014, the Board resolved to convene the EGM and the Class Meetings for the grant of the proposed Specific Mandate to the Board to issue not more than 1,500,000,000 New H Shares, representing not more than approximately 127.30% and approximately 13.62% of the total issued H Shares and the total issued Shares of the Company, respectively, as at the date of this announcement or approximately 11.98% of the total issued Shares of the Company as enlarged by the proposed New H Share Issue (assuming the maximum of 1,500,000,000 New H Shares are issued).

The proposed New H Share Issue is subject to, among other things, the obtaining of the necessary approvals from the relevant PRC administrative and/or regulatory authorities, including but not limited to the CSRC. As at the date of this announcement, the Company has not made the relevant application to the CSRC. Depending on market conditions, the Board may or may not exercise the proposed Specific Mandate, if granted, to issue New H Shares. If the Board proceeds to issue New H Shares pursuant to the proposed Specific Mandate, a separate announcement will be made.

The proceeds of the proposed New H Share Issue, after deducting relevant expenses, will be used to supplement the capital base of the Company, including developing the Company's flow-based business, the cross border business development and platform building of the Company, and replenishing the working capital of the Company.

PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION UPON COMPLETION OF THE PROPOSED NEW H SHARE ISSUE

The Directors intend to seek the grant of an authority by the Shareholders at the EGM to make necessary consequential amendments to the Articles of Association in respect of the registered capital and capital structure of the Company subsequent to completion of the proposed New H Share Issue and to deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other matters in relation to the implementation of the Shareholders' and the Board's resolutions.

EGM AND CLASS MEETINGS

The Company will despatch to the Shareholders the notices of the EGM and the Class Meetings, the respective form of proxy and reply slip for the EGM and the Class Meetings, together with relevant information on the Specific Mandate and the proposed New H Share Issue, and other relevant information as soon as possible.

Investors should be aware that the proposed Specific Mandate may or may not be approved by the Shareholders at the EGM and/or the Class Meetings, and the proposed New H Share Issue may or may not proceed. The proposed New H Share Issue is subject to the satisfaction of a number of conditions which are more particularly set out in the section headed "Conditions to the Proposed New H Share Issue" below. There is no assurance that any of the conditions to the proposed New H Share Issue will be fulfilled or that it will be proceeded at all. Investors should therefore exercise caution when dealing in the H Shares.

PROPOSED SPECIFIC MANDATE TO ISSUE NEW H SHARES

On 26 December 2014, the Board resolved to convene the EGM and the Class Meetings for the grant of the proposed Specific Mandate to the Board, the approval of the proposed New H Share Issue and other relevant matters. The major terms of the proposed Specific Mandate and the New H Share Issue are as follows:

(1) Class of Shares to be issued

H Shares.

(2) Time of issuance

The Company will select an appropriate time and window within the validity period of the resolutions to be passed at the EGM and the Class Meetings to proceed the New H Share Issue, which will be determined by the Board with reference to the international capital market conditions, as well as the status of review of the Company's application for the relevant approvals by the PRC and overseas administrative and/or regulatory authorities.

(3) Method of issuance

The proposed New H Share Issue will be carried out by way of placing.

(4) Target placees

Upon the grant of the Specific Mandate, the Board may proceed to place the New H Shares to not more than 10 qualified institutional, individual and other investors, who will be independent of and not connected with any director, supervisor, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates, with priority to be given to institutional investors which will provide strategic cooperation with the Company.

(5) Pricing mechanism

The New H Shares will be issued at a price to be determined by the Board after taking into account the interests of existing Shareholders, investors' capabilities and the potential issuance risks, as well as the market practice and applicable regulatory requirements, and with reference to the capital market conditions and the valuations of comparable companies at the time when the Company issues the

New H Shares, provided that the issue price will be not lower than 80% of the average closing price of the H Shares as quoted on the Hong Kong Stock Exchange over the last five trading days prior to the date of determining such issue price.

(6) Method of subscription

The New H Shares are to be subscribed by the investors in cash, and issued and allotted in accordance with the terms of the subscription agreements to be entered into between the Company and the individual investors or be placed in accordance with the terms of the placing agreement to be entered into between the Company and the sole placing agent in relation to the proposed New H Share Issue.

(7) Size of issuance

The Company will issue not more than 1,500,000,000 New H Shares, representing not more than approximately 127.30% and approximately 13.62% of the total issued H Shares and the total issued Shares of the Company, respectively, as at the date of this announcement or approximately 11.98% of the total issued Shares of the Company as enlarged by the proposed New H Share Issue (assuming the maximum of 1,500,000,000 New H Shares are issued).

Before the proposed New H Share Issue, the total issued Shares of the Company is 11,016,908,400 shares, of which the number of H Shares is 1,178,327,700 shares; immediately following the completion of the New H Share Issue (assuming the maximum of 1,500,000,000 New H Shares are issued), the total issued Shares of the Company will be 12,516,908,400 shares, of which the number of H Shares will be 2,678,327,700 shares, while the number of A Shares will remain 9,838,580,700 shares.

(8) Accumulated profits

Any accumulated profits of the Company which remain undistributed immediately before the proposed New H Share Issue shall be for the benefit of all the Shareholders (including the placees of the New H Shares) as a whole.

(9) Use of proceeds

The proceeds of the proposed New H Share Issue, after deducting relevant expenses, will be used to supplement the capital base of the Company as follows:

- approximately 70% will be used for developing the flow-based business of the Company, including but not limited to margin financing and securities lending, equity derivatives, fixed income products, foreign exchange and commodities products;
- approximately 20% will be used for the cross border business development and platform building of the Company; and
- approximately 10% will be used for replenishing the working capital of the Company.

(10) Validity period of the resolutions

The resolutions relating to the Specific Mandate to be set out in the notices of EGM and the respective Class Meetings will be valid for 12 months, commencing from the date of passing of the relevant resolutions at the EGM and the Class Meetings.

(11) Authorization of consequential amendments to the Articles of Association upon completion of the proposed New H Share Issue

The existing registered capital of the Company is set out in the Articles of Association. Upon the proposed New H Share Issue, the number of H Shares in issue, the registered capital and the capital structure of the Company will change. Under the Company Law of the PRC and the Articles of Association, any increase in the registered capital and any material changes to the Articles of Association are subject to the approval of the Shareholders. The Directors intend to seek the grant of an authority by the Shareholders at the EGM to make necessary consequential amendments to the Articles of Association to the registered capital and capital structure of the Company subsequent to completion of the proposed New H Share Issue and deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other matters in relation to the implementation of the Shareholders' and the Board's resolutions.

(12) Other relevant authorization

The Board will seek the Shareholders' authorization at each of the EGM and the Class Meetings to authorize the Board and the persons delegated by the Board to deal with all the matters in relation to the New H Share Issue with full authority for a term of 12 months following the passing of the relevant resolution(s) at the EGM and/or the Class Meetings. Such matters include but are not limited to:

- (i) execute and submit all the relevant applications, reports and other documents to the relevant PRC and overseas authorities and deal with all the relevant approvals, registration, filing, sanction and permission;
- (ii) be responsible for determining the terms of the proposed New H Share Issue, including the determination of the actual size, issue price (including the price range and final price), timing, method and target placee(s) of the proposed New H Share Issue, the execution, implementation, modification and termination of any agreement, contract or other documents in relation to the exercise of the Specific Mandate to issue New H Shares, making adjustment to the use of proceeds of the proposed New H Share Issue, and any other relevant matter;
- (iii) be responsible for negotiating and entering into subscription agreements with investors or a placing agreement with the sole placing agent in relation to the proposed New H Share Issue, and approving any revision or amendments to such subscription agreements or placing agreement;
- (iv) be responsible for dealing with all the matters in relation to obtaining all the approvals and permissions from the CSRC, the Hong Kong Stock Exchange and/or any other relevant PRC and overseas authorities in relation to the proposed New H Share Issue;
- (v) depending on the requirements at the time of the issuance, to engage and appoint the global coordinator, the placing agent, PRC and overseas legal advisers and other relevant professional parties in relation to the proposed New H Share Issue and enter into engagement or appointment letters and other relevant legal documents. The Company proposes to appoint CITIC Securities Corporate Finance (HK) Limited as the sole global coordinator and CLSA as the sole placing agent of the proposed New H Share Issue;
- (vi) make appropriate amendments to the terms of the proposed New H Share Issue in light of the specific circumstances and pursuant to the approval(s) by the relevant regulatory authorities;

- (vii) execute, implement, amend and complete any document and do any act as necessary and appropriate in relation to the proposed New H Share Issue;
- (viii) approve the publication of relevant announcement(s), circular(s) and notice(s) in relation to the proposed New H Share Issue on the websites of the Hong Kong Stock Exchange and the Company, respectively, and the submission of relevant forms, files or other documents to the Hong Kong Stock Exchange; and
- (ix) obtain from the Hong Kong Stock Exchange the approval for listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the New H Share Issue on the Main Board of the Hong Kong Stock Exchange.

Upon the authorization by the Shareholders at the EGM and the Class Meetings as mentioned above, the Board will delegate such authorization to Mr. Wang Dongming (an executive Director and chairman of the Board), Mr. Cheng Boming (an executive Director and the general manager of the Company), Mr. Yin Ke (an executive Director and a vice chairman of the Board) and Mr. Ge Xiaobo (the person in charge of the accounting affairs of the Company), severally or jointly, to exercise the authorization granted by the Shareholders to the Board as mentioned above.

As at the date of this announcement, the Company has not made any applications in relation to the proposed New H Share Issue to the CSRC. Depending on market conditions, the Board may or may not exercise the proposed Specific Mandate, if granted, to issue New H Shares. If the Board proceeds to issue the New H Shares pursuant to the Specific Mandate, a separate announcement will be made.

CONDITIONS TO THE PROPOSED NEW H SHARE ISSUE

The proposed New H Share Issue, upon exercise of the Specific Mandate, if granted, is conditional upon:

- (a) the grant of the proposed Specific Mandate by the Shareholders to the Board having been obtained at the EGM and the Class Meetings;
- (b) the approval of the proposed issue of the New H Shares pursuant to the proposed Specific Mandate by the relevant PRC administrative and/or regulatory authorities, including the CSRC;
- (c) the entering into of subscription agreements between the Company and the individual investors or the placing agreement between the Company and the sole placing agent and such subscription agreements/placing agreement not being terminated in accordance with the terms therein; and

(d) the Listing Committee granting listing of and permission to deal in all of the New H Shares to be issued and placed pursuant to the proposed New H Share Issue.

Under the Hong Kong Listing Rules, no Shareholders are required to abstain from voting at the EGM and the Class Meetings.

RANKING OF NEW H SHARES

If, upon the grant of the proposed Specific Mandate, the Board proceeds to place the New H Shares, such New H Shares, when fully paid, will rank *pari passu* in all respects with the issued H Shares.

POSSIBLE CHANGE IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

For reference and illustrative purposes only, assuming that: (1) the proposed Specific Mandate is granted by the Shareholders at the forthcoming EGM and Class Meetings; (2) the Board exercises the proposed Specific Mandate in full to issue New H Shares; (3) all conditions for the issue and placing of New H Shares have been satisfied; and (4) the maximum of 1,500,000,000 New H Shares are issued, the possible changes in the share capital and shareholding structure of the Company will be as follows:

Class of Shares	Before the exercise of the Specific Mandate		Immediately after the exercise of the Specific Mandate	
	Number of Shares	Approximately (%)	Number of Shares	Approximately (%)
A Shares	9,838,580,700	89.30	9,838,580,700	78.60
CITIC Group Corporation (Note)	2,236,890,620	20.30	2,236,890,620	17.87
Public holders of A Shares	7,601,690,080	69.00	7,601,690,080	60.73
H Shares	1,178,327,700	10.70	2,678,327,700	21.40
— H Shares in issue	1,178,327,700	10.70	1,178,327,700	9.42
— New H Shares	—	—	1,500,000,000	11.98
Total	<u>11,016,908,400</u>	<u>100.00</u>	<u>12,516,908,400</u>	<u>100.00</u>

Note: CITIC Group Corporation holds such A Shares indirectly through its subsidiary CITIC Corporation Limited.

REASONS FOR THE PROPOSED NEW H SHARE ISSUE

(1) Further Facilitate the Business Development and Implementation of Strategies of the Company

In light of the external environmental changes, since the initial public offering of H Shares of the Company, the Company proactively explored and experimented new business models, vigorously developed the flow based business and cross-border business to facilitate our internationalisation process, realising a more balanced revenue structure. In respect of the flow based business, securities margin trading business has experienced continuous development with steady growth of number of new accounts opened and sustainable growth of trading volume. The equity derivative business has also expanded rapidly and has developed into three major sub-businesses including equity management, OTC derivatives and market making. In respect of the cross-border business, the Company vigorously expanded the offshore business, established a coordination development mechanism between the onshore business and offshore business and provided cross-border investment solutions for customers through offering cross-border derivatives. Since the successful acquisition of CLSA by CITIC Securities International Company Limited, a wholly-owned subsidiary of the Company, the Company has led a number of large-scale initial public offerings as global coordinators, global bookrunners and/or sponsors in Hong Kong capital market and have advised a number of high quality and medium size initial public offerings as sole lead managers in recent years.

The initial public offering of H Shares of the Company provided important backstop to the business development and transformation of the Company. The continuous business transformation and implementation of strategies need support from sufficient funds, while the reasonable and efficient utilisation of existing capital market platform and the proposed New H Share Issue to raise funds will be an important and necessary method for the Company to quickly and effectively implement its business strategies.

(2) Supplement the net capital of the Company to support the development of existing onshore business and international business operation

The Company has significantly achievements in its operation results along with the development of flow based business and international business operation in recent years. However, as a result of the rapid expansion of the flow based business, the Company is facing challenges in terms of its capital base. Certain indicators including the ratio of “net capital/net assets” is reaching the regulatory limits and will impact the debt financing capability of the Company

as well as the development of innovation business, if the relevant indicators fall under the regulatory limits. The Company proposes to further replenish its capital base to support the sustainable development of its future business. In order to maintain its competitiveness and leading position in the long run, facilitate the development of capital-driven businesses such as flow based business, and keep the risk control indicators under the regulatory limits, the Company proposes to issue additional H Shares to replenish its capital base, explore other financing means including debt financing, and facilitate the long term and stable development of its onshore and offshore businesses.

APPLICATION FOR LISTING

Should the Board, upon obtaining the proposed Specific Mandate, proceed to exercise the proposed Specific Mandate to issue the New H Shares, the Company will apply to the Listing Committee for the listing of and permission to deal in all of the New H Shares to be issued and placed pursuant to the proposed New H Share Issue.

FUND RAISING IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

REPORT ON USE OF PROCEEDS FROM PREVIOUS FUNDS RAISING ACTIVITY

The Company issued 1,071,207,000 H Shares in the initial public offering of H Shares in September 2011 and October 2011, and the total net proceeds raised were HKD13,823 million (approximately RMB11,271 million). By reference to the relevant requirements of CSRC relating to the submission of a report of use of proceeds from previous funds raising activity for approval at a general meeting before a further shares issuance in mainland China, the Company will propose an ordinary resolution for approval at the EGM on the use of proceeds from the previous H Share offering. The Company reports that the funds raised from the initial public offering of H Shares of the Company were used in accordance with the proceeds investment plan, and the actual uses of proceeds were in line with the disclosure in the prospectus of the initial public offering of H Shares.

EGM AND CLASS MEETINGS

The Company will despatch to the Shareholders the notices of the EGM and the Class Meetings, the respective form of proxy and reply slip for the EGM and the Class Meetings, together with relevant information on the Specific Mandate, the proposed New H Share Issue, and other relevant information, as soon as practicable.

Shareholders are requested to complete and return the proxy form in accordance with the instructions printed thereon, if they wish to appoint a proxy to attend the EGM or the respective Class Meetings. The proxy form should be returned in person or by post not less than 24 hours before the time appointed for the EGM or the respective Class Meetings or any adjournment thereof to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited (for H Shareholders) and the Board's office of the Company (for A Shareholders). Completion and return of the proxy form will not preclude any Shareholder from attending and voting at the EGM or the respective Class Meetings or any adjournment thereof in person if such Shareholder so wishes.

Shareholders are requested to complete and return the reply slip for the EGM or the respective Class Meetings to the Board's office of the Company on or before Monday, 26 January 2015, if they wish to attend the EGM and the respective Class Meetings either in person or by proxy.

The address of the Board's office of the Company is at CITIC Securities Tower, No.48 Liangmaqiao Road, Chaoyang District, Beijing, the PRC, Postal code: 100026 (Tel: (8610) 6083 6030, Fax: (8610) 6083 6031). The address of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555).

VOTES BY WAY OF POLL

The resolutions of the EGM and the Class Meetings will be voted on by way of poll. Results of the poll voting will be posted on the website of the Company at www.cs.ecitic.com and on the HKExnews website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon conclusion of the EGM and the Class Meetings.

RECOMMENDATION

The Directors consider that the resolutions relating to the Specific Mandate, the proposed New H Share Issue and other related resolutions of the EGM and the Class Meetings are in the interests of the Company and its Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolutions to be set out therein.

Investors should be aware that the proposed Specific Mandate may or may not be approved by the Shareholders at the EGM and the Class Meetings, and the proposed New H Share Issue may or may not proceed. The proposed New H Share Issue is subject to the satisfaction of a number of conditions which are more particularly set out in the section headed “Conditions to the Proposed New H Share Issue” in this announcement. There is no assurance that any of the conditions to the proposed New H Share Issue will be fulfilled or that it will be proceeded at all. Investors should therefore exercise caution when dealing in the H Shares.

DEFINITIONS

The following words and phrases used in this announcement have the same meanings assigned:

“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each which are listed on the Shanghai Stock Exchange (stock code: 600030);
“A Shareholder(s)”	holder(s) of A Shares;
“Articles of Association”	the articles of association of the Company and its appendices;
“Board”	the board of Directors of the Company;
“Class Meetings”	the respective class meetings of the A Shareholders and the H Shareholders to be convened and held at Kaifeng Room, 3/F, Kempinski Hotel Beijing Lufthansa Center, No.50 Liangmaqiao Road, Chaoyang District, Beijing, the PRC in the morning immediately following the conclusion of the EGM or any adjournment thereof on Monday, 16 February 2015 for the purpose of considering and, if thought fit, approving the grant of the Specific Mandate, the proposed New H Share Issue and other related matters, including any adjournment in respect thereof;

“CLSA”	CLSA Limited and its associate companies;
“Company”	CITIC Securities Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10:00 a.m. on Monday, 16 February 2015 at Kaifeng Room, 3/F, Kempinski Hotel Beijing Lufthansa Center, No.50 Liangmaqiao Road, Chaoyang District, Beijing, the PRC for the purpose of considering and, if thought fit, approving the grant of the Specific Mandate, the proposed New H Share Issue, and other related matters, including any adjournment in respect thereof;
“H Share(s)”	the overseas-listed share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 6030);
“H Shareholder(s)”	holder(s) of H Shares;
“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;
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange;
“New H Shares”	the maximum number of 1,500,000,000 H Shares proposed to be issued upon the exercise of the Specific Mandate;

“New H Share Issue”	subject to fulfilment of certain conditions stated in this announcement, the issue of the New H Shares by way of placing upon the exercise of the Specific Mandate, if granted;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the Taiwan region;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the A Shareholders and the H Shareholders;
“Shares”	the A Shares and H Shares of the Company;
“Specific Mandate”	the specific mandate proposed to be granted to the Board by the Shareholders at the EGM and the Class Meetings to issue not more than 1,500,000,000 New H Shares, representing not more than approximately 127.30% and 13.62% of the total issued H Shares and the total issued Shares of the Company, respectively, as at the date of this announcement, at any time during the period specified in the relevant resolution(s) set out in the notices of the EGM and the Class Meetings; and
“%”	per cent.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancy between totals and sums of individual amounts listed are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

By order of the Board
CITIC Securities company Limited
WANG Dongming
Chairman

Beijing, the PRC
28 December 2014

As at the date of this announcement, the executive directors of the Company are Mr. WANG Dongming, Mr. CHENG Boming, Mr. YIN Ke and Mr. LIU Lefei; the non-executive directors are Mr. JU Weimin and Mr. FANG Jun; and the independent non-executive directors are Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway and Mr. RAO Geping.