
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR HISTORY

Our Company was one of the first companies approved by the CSRC to be an integrated securities company. Our Company was established on 25 October 1995, under the name of CITIC Securities Ltd., with a registered capital of RMB300,000,000. The founders of our Company were CITIC Group (under its former name of China International Trust Investment Company (中國國際信托投資公司), (our largest shareholder), and three other investors. At the time of our Company's establishment, CITIC Group contributed RMB285,000,000 to the registered capital of our Company and held a 95% equity interest in our Company, while each of the three other investors contributed RMB5,000,000 and held an approximately 1.67% equity interest in our Company.

On 29 December 1999, our Company was converted into a joint stock limited company in the PRC, under its current name of CITIC Securities Company Limited, with CITIC Group and 47 other investors as its shareholders. On the same day, our Company increased its share capital to RMB2,081,500,000, divided into 2,081,500,000 Shares. At the time of this conversion, CITIC Group held 787,800,000 Shares, representing a 37.85% equity interest in our Company, making it the single largest shareholder, and the other 47 investors held a total of 1,293,700,000 Shares, representing a 62.15% equity interest in our Company. Our principal businesses include (i) Investment Banking, which includes equity finance, debt and structured finance and financial advisory services; (ii) Sales, Trading and Brokerage, which includes sales and trading of equity and fixed income products, prime services and retail brokerage; (iii) Asset Management, which includes CAM, TAM, SAM and China AMC; and (iv) Investment, which includes private equity and principal investment.

In January 2003, we conducted the A Share Offering and issued 400,000,000 A Shares. As a result of the A Share Offering, our share capital was increased to RMB2,481,500,000, divided into 2,481,500,000 A Shares. Our A Shares were listed on the Shanghai Stock Exchange in January 2003. The net proceeds to us from the A Share Offering were approximately RMB1,760,000,000 providing us with funding for our general working capital and enabling us to acquire a controlling equity interest in Wantong Securities Co, Ltd., a regional securities firm based in Shandong province in China, in December 2004.

Since January 2003, in line with our expansion strategy, we have consummated a number of acquisitions and have established certain subsidiaries and as at the Latest Practicable Date, our Company had a total of six direct subsidiaries and 31 indirect subsidiaries, which engage in businesses including investment banking, brokerage, futures and other securities trading, principal investment, asset management and private equity.

In 2006, we further issued 500,000,000 A Shares of our Company through a private placement and increased our total number of issued Shares to 2,981,500,000 and our registered capital to RMB2,981,500,000. In 2007, we conducted another public follow-on offering of our A Shares and issued 333,733,800 A Shares. After the completion of the public offering in 2007, our total number of issued A Shares was 3,315,233,800. We issued new bonus A Shares to our Shareholders by capitalizing our capital reserves in October 2008 and August 2010. Following such issuances, the number of our total issued Shares increased to 9,945,701,400. As at the Latest Practicable Date, CITIC Group continued to be our Company's single largest shareholder directly holding a 23.45% interest in our Company and, through CITIC Guoan Group, its wholly-owned subsidiary, indirectly holding a 0.70% interest in our Company.

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OUR BUSINESS MILESTONES

Set out below was a list of major milestones in the founding and development of our Group as at the Latest Practicable Date.

October 1995	Our Company was established with a registered capital of RMB300 million.
December 1999	Our Company was re-registered as a joint stock limited company and increased its registered capital to RMB2.0815 billion.
January 2003	Our A Shares were listed on the Shanghai Stock Exchange.
December 2004	We acquired a 73.64% equity interest in Wantong Securities Co., Ltd. and renamed it CITIC Wantong.
December 2005	We, with the cooperation of Jianyin Investment Co., Ltd., acquired a 60% equity interest in Huaxia Securities Co., Ltd. and restructured it into China Securities.
May 2006	We acquired the equity business of CITIC Capital Holdings Limited and incorporated it into CITIC Securities (HK) Company Limited, which was later renamed CSI. This marks the beginning of our global expansion.
May and June 2006	We issued 15-year bonds in the interbank market with an aggregate value of RMB1.5 billion in May 2006 and issued 500 million A Shares through a private placement in June 2006.
November 2006	We acquired 100% equity interest in Kington Securities Co, Ltd. and renamed it CITIC Kington.
August 2007	We issued further 334 million A Shares by way of a public follow-on offering and raised approximately RMB25 billion, and became the largest investment bank in China in terms of net capital.
September 2007	We acquired a 100% equity interest in China AMC.
October 2007	We established our private equity investment arm, GoldStone, and began to engage in private equity activities as a principal.
May 2008	We sponsored the establishment of CITIC PE Fund and began to engage in the private equity investment management business.
July 2011	We signed a sale and purchase agreement with CA-CIB and CASA BV under which we agreed to acquire existing shares representing a 19.9% equity stake in each of CLSA and CA Cheuvreux held directly or indirectly by CA-CIB. CLSA and CA Cheuvreux are the two principal subsidiaries in CA-CIB's equity brokerage and derivatives division.

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OUR DIRECT SUBSIDIARIES

During the Track Record Period, we have had seven direct subsidiaries, including China Securities, in which we divested our majority equity interests in November 2010.

CITIC Wantong

CITIC Wantong principally engages in the business of providing securities trading, clearing, monitoring and advisory services. As at the Latest Practicable Date, CITIC Wantong had a total of 39 branches in Shandong and Henan Provinces.

CSI

Headquartered in Hong Kong, CSI principally engages in the business of providing comprehensive financial services to institutional and corporate customers, retail and high-net worth individuals, including investment banking, brokerage, equity research, private equity and asset management. As at the Latest Practicable Date, CSI had seven branches in Hong Kong and 29 direct and indirect subsidiaries.

CITIC Kington

CITIC Kington principally engages in the business of providing securities services and is headquartered in Hangzhou, Zhejiang Province. As at the Latest Practicable Date, CITIC Kington had set up 52 branches in, among others, Hangzhou, Ningbo, Wenzhou, Shaoxing, Huzhou, Jinhua, Quzhou, Taizhou and Lishui.

China AMC

China AMC principally engages in the business of providing asset management services, including the establishment and management of funds and the provision of internet information services. As at the Latest Practicable Date, China AMC had established a diversified portfolio of products with different risk and return profiles, which included 29 open-end funds and two closed-end funds, ranging from money market funds to equity funds. To comply with the relevant regulations issued by the CSRC, we are arranging the divestment of 51% of our equity interest in China AMC. Please see “Risk Management and Internal Control — Regulatory Review and Proceedings” for more information.

GoldStone

GoldStone is our private investment arm, and it principally engages in the business of equity investment. As at the Latest Practicable Date, GoldStone had one subsidiary in the PRC.

CITICS Futures

CITICS Futures principally engages in the business of providing commodity and futures trading brokerage services. CITICS Futures is a member of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and China Futures Association. CITICS Futures has business outlets in, among others, Shanghai, Zhengzhou, Qingdao, Beijing and Hangzhou.

China Securities

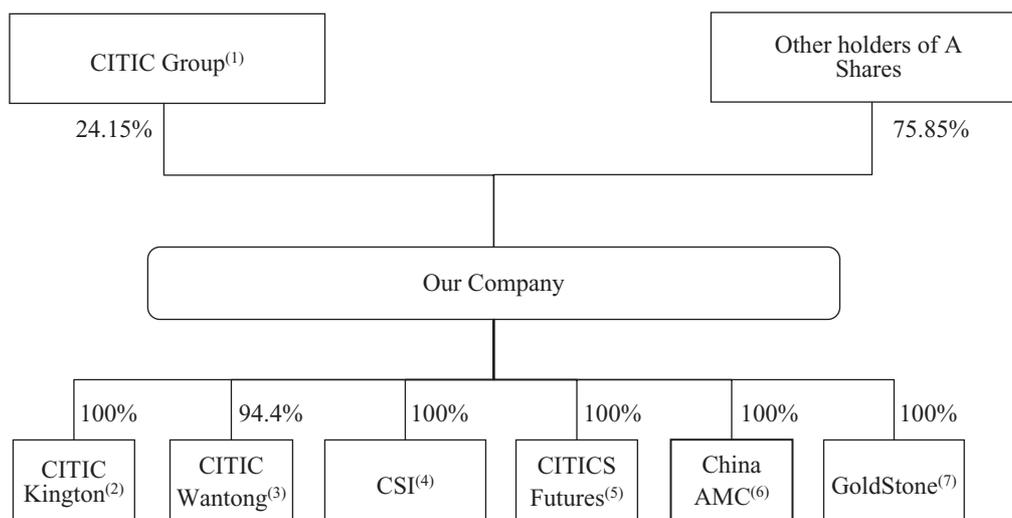
As at 31 December 2010, China Securities had two subsidiaries and 136 outlets covering 66 cities in 27 provinces, autonomous regions and municipalities across China. On 17 November 2010, we divested a 45% equity interest in China Securities to an independent third party (the “China Securities Disposal”) and on 23 December

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2010, we divested a further 8% equity interest in China Securities to another independent third party. As a result of the China Securities Disposal, China Securities was no longer our subsidiary. As at the Latest Practicable Date, we held a 7% equity interest in China Securities.

OUR CORPORATE SHAREHOLDING STRUCTURE

The following chart sets out our corporate shareholding structure, to the best knowledge of our Directors, as at the Latest Practicable Date and prior to the Global Offering:

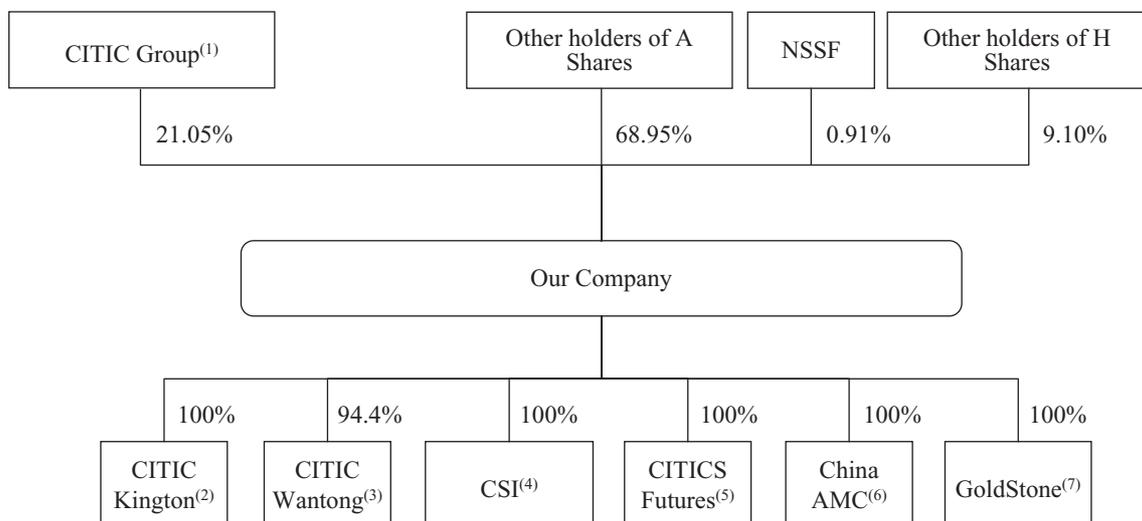


Notes:

- (1) CITIC Group held 2,332,531,221 A Shares, representing 23.45% of our Company's share capital and CITIC Guoan Group and its subsidiaries, CITIC Group's subsidiary, held 69,798,198 A Shares, representing 0.70% of our Company's share capital.
- (2) CITIC Kington is a company incorporated in the PRC with a registered capital of RMB885 million. As at the Latest Practicable Date, CITIC Kington had 52 branches and 10 service booths in the PRC.
- (3) CITIC Wantong is a company incorporated in the PRC with a registered capital of RMB800 million. As at the Latest Practicable Date, CITIC Wantong had 39 branches in Shandong and Henan Provinces.
- (4) CSI is a company incorporated in Hong Kong with an authorised share capital and issued share capital of HK\$10,000,000,000 and HK\$3,736,750,000, respectively. As at the Latest Practicable Date, CSI had 7 branches in Hong Kong and 29 direct and indirect subsidiaries.
- (5) CITICS Futures is a company incorporated in the PRC. As at the Latest Practicable Date, CITICS Futures had a registered capital of RMB300 million.
- (6) China AMC was incorporated in the PRC on 9 April 1998 as one of the first nation-wide fund management companies approved by the CSRC with a registered capital of RMB70 million. As at the Latest Practicable Date, China AMC's registered capital was RMB238 million and it had one subsidiary in Hong Kong. To comply with the relevant regulations issued by the CSRC, we are arranging the divestment of 51% of our equity interest in China AMC. Please see "Risk Management and Internal Control — Regulatory Review and Proceedings" for more information.
- (7) GoldStone was incorporated in the PRC on 11 October 2007 with a registered capital of RMB831 million. As at the Latest Practicable Date, GoldStone had a registered capital of RMB4.6 billion and had one subsidiary in the PRC.

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The following chart sets out our corporate shareholding structure, to the best knowledge of our Directors, immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised and that CITIC Group is the only State-owned shareholder of the Company who will reduce its Shares in accordance with the relevant PRC regulations on reduction of state-owned shares:



Note:

- (1) CITIC Group held 2,233,001,221 A Shares, representing 20.41% of our Company's share capital and CITIC Guoan Group and its subsidiaries, CITIC Group's subsidiary, held 69,798,198 A Shares, representing 0.64% of our Company's share capital.
- (2) CITIC Kington is a company incorporated in the PRC with a registered capital of RMB885 million. As at the Latest Practicable Date, CITIC Kington had 52 branches and 10 service booths in the PRC.
- (3) CITIC Wantong is a company incorporated in the PRC with a registered capital of RMB800 million. As at the Latest Practicable Date, CITIC Wantong had 39 branches in Shandong and Henan Provinces.
- (4) CSI is a company incorporated in Hong Kong with an authorized share capital and issued share capital of HK\$10,000,000,000 and HK\$3,736,750,000, respectively. As at the Latest Practicable Date, CSI had 7 branches in Hong Kong and 29 direct and indirect subsidiaries.
- (5) CITICS Futures is a company incorporated in the PRC. As at the Latest Practicable Date, CITICS Futures had a registered capital of RMB300 million.
- (6) China AMC was incorporated in the PRC on 9 April 1998 as one of the first nation-wide fund management companies approved by the CSRC with a registered capital of RMB70 million. As at the Latest Practicable Date, China AMC's registered capital was RMB238 million and it had one subsidiary in Hong Kong. To comply with the relevant regulations issued by the CSRC, we are arranging the divestment of 51% of our equity interest in China AMC. Please see "Risk Management and Internal Control — Regulatory Review and Proceedings" for more information.
- (7) GoldStone was incorporated in the PRC on 11 October 2007 with a registered capital of RMB831 million. As at the Latest Practicable Date, GoldStone had a registered capital of RMB4.6 billion and had one subsidiary in the PRC.

