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CITIC Limited
中國中信股份有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

ANNOUNCEMENT

**CONTINUING CONNECTED TRANSACTIONS UNDER
THE ASSET TRANSFER FRAMEWORK AGREEMENT AND THE FINANCIAL
CONSULTING SERVICE AND ASSET MANAGEMENT SERVICE FRAMEWORK
AGREEMENT**

We refer to the announcement dated 27 August 2020 and the circular dated 12 October 2020 issued by CITIC Bank, a non-wholly-owned subsidiary of the Company with respect to, among other things, the Asset Transfer Framework Agreement and the Financial Consulting Service and Asset Management Service Framework Agreement (together the “**Agreements**”) entered into between CITIC Bank and CITIC Group.

As at the date of the Agreements and up to the date of this announcement, CITIC Group is the controlling shareholder of the Company and CITIC Bank is a non-wholly-owned subsidiary of the Company. Accordingly, the transactions contemplated under the Agreements entered into between CITIC Bank and the Group are intra-group transactions not constituting continuing connected transactions of the Company, while those entered into between CITIC Bank and CITIC Group and its associates (excluding the Group) (the “**CITIC Connected Persons**”) constitute continuing connected transactions of the Company.

At as the date of the Agreements, the transactions contemplated under Agreements to be entered into between CITIC Bank and the CITIC Connected Persons were expected to be *de minimis* and fully exempt from independent shareholders’ approval, reporting and announcement requirements pursuant to rule 14A.76(1) of the Listing Rules. As at the date of this announcement, there have not been any transactions under the Agreements entered into between CITIC Bank and the CITIC Connected Persons.

However, with the development of the business of CITIC Bank and expansion of the CITIC Connected Persons, it is expected that CITIC Bank would be entering into more transactions under the Agreements with more CITIC Connected Persons, including but not limited to CITIC AMC and Qingdao AMC, such that the Asset Transfer Transactions and the Financial Consulting Service and Asset Management Service Transactions would respectively exceed the *de minimis* threshold for each of the three years ending 31 December 2023.

As the respective highest applicable percentage ratio in respect of the annual caps for the years ending 31 December 2021, 2022 and 2023 for each of (i) the Asset Transfer Transactions and (ii) the Financial Consulting Service and Asset Management Service Transactions is more than 0.1% and less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the circular and the independent shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

We refer to the announcement dated 27 August 2020 and the circular dated 12 October 2020 issued by CITIC Bank, a non-wholly-owned subsidiary of the Company, with respect to, among other things, the Asset Transfer Framework Agreement and the Financial Consulting Service and Asset Management Service Framework Agreement, both entered into on 27 August 2020 between CITIC Bank and CITIC Group.

The Asset Transfer Framework Agreement was a renewal of the asset transfer framework agreement dated 24 August 2017 as disclosed in the announcement of CITIC Bank dated 24 August 2017 and the announcement of the Company dated 23 November 2017, and the Financial Consulting Service and Asset Management Service Framework Agreement was a renewal of the financial consulting service and asset management service framework agreement dated 24 August 2017 as disclosed in the announcement of CITIC Bank dated 24 August 2017.

I. CONTINUING CONNECTED TRANSACTIONS

The Asset Transfer Framework Agreement and the Financial Consulting Service and Asset Management Service Framework Agreement

Date: 27 August 2020

Parties: CITIC Bank and CITIC Group

Term: Each of the Asset Transfer Framework Agreement and the Financial Consulting Service and Asset Management Service Framework Agreement has a term of three years from 1 January 2021 to 31 December 2023.

a. Principal Terms

The Asset Transfer Transactions and the Financial Consulting Service and Asset Management Service Transactions will be governed by the terms of the Asset Transfer Framework Agreement and Financial Consulting Service and Asset Management Service Framework Agreement, respectively. For the details of the principal terms of such agreements, please refer to the announcement dated 27 August 2020 and the circular dated 12 October 2020 issued by CITIC Bank on the website of the Stock Exchange at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0827/2020082700368.pdf?code=00998>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1009/2020100900509.pdf?code=00998>

b. Historical Transaction Amounts and Annual Caps

The historical transaction amounts and the annual caps for the Asset Transfer Transactions and the Financial Consulting Service and Asset Management Service Transactions between CITIC Bank and CITIC Connected Persons are set out below:

	Historical Amount for the Year ended 31 December (RMB in millions)			Historical Amount for the Period from 1 January to 9 June (RMB in millions)	Annual Cap for the Year ending 31 December (RMB in millions)		
	2018	2019	2020	2021	2021	2022	2023
Asset Transfer Transactions							
Transaction Amount	Nil	Nil	Nil	Nil	6,600	6,600	6,600
Financial Consulting Service and Asset Management Service Transactions							
Service Fees	Nil	Nil	Nil	Nil	400	400	400

c. Basis of the Annual Caps

As the Assets Transfer Transactions and Financial Consulting Services and Asset Management Services Transactions are both related to the disposal of assets of CITIC Bank, the annual caps for both sets of transactions are determined based on:

- (1) expected continuing trend of increased disposition of non-performing assets in the commercial banking industry;
- (2) recent relaxation of regulatory policy on single-account transfers of corporate business and batch transfers of personal loans;

- (3) CITIC Bank intends to develop business with qualified asset management institutions under the premise of market-oriented operation. In selecting counterparties, whether connected persons or not, CITIC Bank will take into account factors such as market conditions, business needs, qualifications of the asset management institution and transaction terms. CITIC Group acquired 66.67% of the equity interest in Qingdao AMC through a wholly-owned subsidiary in May 2021. As Qingdao AMC is one of the few qualified asset management institutions operating in Shandong, CITIC Bank intends to cooperate with it in carrying out asset transfer transactions in this region; and
- (4) the current scale of the non-performing assets of CITIC bank (according to the 2020 annual report of CITIC Bank, as of 31 December 2020, the balance of non-performing loans of CITIC Bank was approximately RMB73,452 million (representing 1.64% of total loans), and the balance of special mention loans was approximately RMB90,013 million (representing 2.01% of total loans), the transfer amount of non-performing loans of CITIC Bank for the year ended 31 December 2020 was approximately RMB21,395 million) lays the foundation for the development of asset transfer transactions, and there is room for asset transfer transactions with CITIC Connected Persons.

Since annual caps in connection with the Asset Transfer Transactions are based on the amount of asset transfer, while the annual caps in connection with the Financial Consulting Service and Asset Management Service Transactions are based on service fees, they are not aggregated due to their different natures.

d. Reasons for and Benefits of Entering into the Asset Transfer Transactions and Financial Consulting Service and Asset Management Service Transactions

The demand of CITIC Bank for asset transfer transactions and financial consulting and asset management service transactions is increasing. CITIC Bank can optimize its credit structure by selling loans and other related assets to the CITIC Connected Persons. Meanwhile, as a method of management of assets and liabilities, commercial banks can sell on-balance-sheet credit assets through market-oriented channels under the excessively rapid growth in credit provision, thereby realizing adjustment and optimization of the asset-liability structure, increasing profit channels, and satisfying regulatory indicators in respect of capital adequacy such as the rate of non-performing loans, the scale of non-performing loans, and the implementation of credit policies. Besides, by cooperating with the CITIC Connected Persons to achieve synergy effect of the integrated platform of CITIC Group, CITIC Bank is able to reduce its operating cost and risk to a certain extent and effectively raise its integrated return and service capabilities.

The Directors (including independent non-executive Directors) are of the view that the Asset Transfer Transactions and the Financial Consulting Service and Asset Management Service Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

II. LISTING RULES IMPLICATIONS

As at the date of the Agreements and up to the date of this announcement, CITIC Group is the controlling shareholder of the Company and CITIC Bank is a non-wholly-owned subsidiary of the Company. Accordingly, the transactions contemplated under the Agreements entered into between CITIC Bank and the Group are intra-group transactions not constituting continuing connected transactions of the Company, while those entered into between CITIC Bank and the CITIC Connected Persons constitute continuing connected transactions of the Company.

As at the date of the Agreements, the transactions contemplated under Agreements to be entered into between CITIC Bank and the CITIC Connected Persons were expected to be *de minimis* and fully exempt from independent shareholders' approval, reporting and announcement requirements pursuant to rule 14A.76(1) of the Listing Rules. As at the date of this announcement, there have not been any transactions under the Agreements entered into between CITIC Bank and the CITIC Connected Persons.

However, with the development of the business of CITIC Bank and expansion of the CITIC Connected Persons, it is expected that CITIC Bank would be entering into more transactions under the Agreements with more CITIC Connected Persons, including but not limited to CITIC AMC and Qingdao AMC, such that the Asset Transfer Transactions and the Financial Consulting Service and Asset Management Service Transactions would respectively exceed the *de minimis* threshold for each of the three years ending 31 December 2023.

As the respective highest applicable percentage ratio in respect of the annual caps for the years ending 31 December 2021, 2022 and 2023 for each of (i) the Asset Transfer Transactions and (ii) the Financial Consulting Service and Asset Management Service Transactions is more than 0.1% and less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the circular and the independent shareholders' approval requirements under rule 14A.76(2)(a) of the Listing Rules.

As Mr. Zhu Hexin, Mr. Xi Guohua, Ms. Li Qingping, Mr. Song Kangle, Mr. Liu Zhuyu, Mr. Peng Yanxiang and Ms. Yu Yang hold positions in CITIC Group, in order to avoid the perception of a conflict of interest, each of them had abstained from voting on the Board resolutions to approve the Asset Transfer Transactions and the Financial Consulting Service and Asset Management Service Transactions and their respective annual caps. None of the other Directors has a material interest in the abovementioned transactions or holds any position in the CITIC Connected Persons which requires them to abstain from voting on the relevant Board resolution.

III. INFORMATION ABOUT THE PARTIES INVOLVED

The Company

CITIC Limited is one of China's largest conglomerates with businesses in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. With its rich history, diverse platform and pioneering spirit, CITIC Limited is uniquely positioned to capture opportunities in China and overseas. CITIC Limited is listed on the Stock Exchange, where it is a constituent of the Hang Seng Index.

CITIC Bank

CITIC Bank (Shanghai Stock Exchange stock code: 601998; Stock Exchange stock code: 00998), formerly known as CITIC Industrial Bank (中信實業銀行), was incorporated in 1987. As at the date of this announcement, CITIC Bank is a non-wholly-owned subsidiary of the Company. CITIC Bank's principal businesses include corporate finance, retail finance, financial markets and other businesses.

CITIC Group

CITIC Group is a Chinese state-owned enterprise under the Ministry of Finance. Its main asset is a 58.13% interest in CITIC Limited. Since its establishment in 1979, CITIC Group has been a pioneer of China's economic reform. It makes investments in areas with long-term potential as well as those aligned with national priorities.

IV. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Agreements”	the Asset Transfer Framework Agreement and Financial Consulting Service and Asset Management Service Framework Agreement
“Asset Transfer Framework Agreement”	the CITIC Bank and CITIC Group Asset Transfer Framework Agreement entered into between CITIC Bank and CITIC Group dated 27 August 2020
“Asset Transfer Transactions”	transactions in relation to the transfer of loans and other related assets between CITIC Bank and the CITIC Connected Persons entered into under the Asset Transfer Framework Agreement, including (a) selling of non-performing assets by CITIC Bank to the CITIC Connected Persons (including both corporate loans and personal loans) and repossessed assets; (b) selling of normal and non-performing assets by CITIC Bank to the CITIC Connected Persons through asset-backed securitization; and (c) investment by CITIC Connected Persons in trust products with CITIC Bank's assets as the underlying assets
“associate(s)”	having the meaning ascribed to it in the Listing Rules
“Financial Consulting Service and Asset Management Service Framework Agreement”	the Financial Consulting Service and Asset Management Service Framework Agreement entered into between CITIC Bank and CITIC Group dated 27 August 2020

“Financial Consulting Service and Asset Management Service Transactions”	transactions in relation to the entrusted disposal of overdue personal credit assets and written-off overdue corporate assets of CITIC Bank by the CITIC Connected Persons entered into under the Financial Consulting Service and Asset Management Service Framework Agreement
“Board”	the board of directors of the Company
“CITIC AMC”	CITIC Asset Management Corporation Ltd. (中信資產管理有限公司), a wholly-owned subsidiary of CITIC Group incorporated in China in 2002
“CITIC Bank”	CITIC Bank Corporation Limited (中信銀行股份有限公司), a non-wholly-owned subsidiary of the Company
“CITIC Connected Person(s)”	CITIC Group and/or its associates (excluding the Group)
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司)
“Company” or “CITIC Limited”	CITIC Limited (中國中信股份有限公司)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Qingdao AMC”	Qingdao Asset Management Corporation Ltd. (青島市資產管理有限責任公司), a limited liability company incorporated in China in 2015
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

By Order of the Board
CITIC Limited
Zhu Hexin
Chairman

Hong Kong, 9 June 2021

As at the date of this announcement, the executive directors of the Company are Mr Zhu Hexin (Chairman), Mr Xi Guohua and Ms Li Qingping; the non-executive directors of the Company are Mr Song Kangle, Mr Liu Zhuyi, Mr Peng Yanxiang, Ms Yu Yang, Mr Liu Zhongyuan and Mr Yang Xiaoping; and the independent non-executive directors of the Company are Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh, Mr Gregory Lynn Curl and Mr Toshikazu Tagawa.