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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)

DISCLOSEABLE TRANSACTION

PROPOSED SUBSCRIPTIONS UNDER THE RIGHTS ISSUE OF CITIC SECURITIES

We refer to the announcement dated 13 January 2022 of CITIC Securities in relation to, among other things, a rights issue of its A shares and H shares. The Group has committed to subscribe for all the Rights Shares to be allotted to it under the Rights Issue, and to apply for excess H Rights Shares under the H Rights Shares Excess Application.

As the proposed subscriptions under the Rights Issue (including the H Rights Shares Excess Application) are expected to take place within 12 months of the Increase of Shareholding in H Shares, pursuant to Rule 14.22 of the Listing Rules, the Transactions are to be aggregated for the purpose of calculation of the relevant percentage ratios. As the highest applicable percentage ratio in respect of the Transactions, after aggregation, are more than 5% but less than 25%, the Transactions collectively constitute a discloseable transaction of the Company under the Chapter 14 of the Listing Rules and subject to the notification and announcement requirements under the Listing Rules.

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PRINCIPAL TERMS OF THE RIGHTS ISSUE

The principal terms of the Rights Issue are set out below:

Type and Nominal Value of the Rights Shares	A shares and H shares of CITIC Securities, each with a nominal value of RMB1.00 per share
Subscription Price	RMB14.43 per A Rights Share; and HK\$17.67 per H Rights Share
Basis of the Rights Issue	1.5 A Rights Shares for every 10 existing A shares in issue of CITIC Securities; and

1.5 H Rights Shares for every 10 existing H shares in issue of CITIC Securities

Number of the Rights Shares to be Issued

Up to 1,597,267,249 A Rights Shares and 341,749,155 H Rights Shares

Number of the Rights Shares Allotted to the Company and CITIC Corporation

299,954,361 A Rights Shares allotted to CITIC Corporation (or 299,954,362 A Rights Shares assuming the fractional entitlement is allotted); and
56,400,000 H Rights Shares to be provisionally allotted to the Company (assuming there is no change in the number of H shares of CITIC Securities held by the Company from the date of this announcement until the H share record date)

Use of Proceeds

The gross proceeds raised from the Rights Issue are 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, the strengthening of construction of the information system and the replenishment of other working capital of CITIC Securities, details of which are set out as follows.

No.	Investment Projects of the Proceeds	Proposed Amount to be Invested
1	Development of flow-based business	No more than RMB19 billion
2	Increase in investments to the subsidiaries	No more than RMB5 billion
3	Strengthening of construction of the information system	No more than RMB3 billion
4	Replenishment of other working capital	No more than RMB1 billion
Total		No more than RMB28 billion

Conditions of the Rights Issue

The Rights Issue is subject to a number of conditions, comprising (in summary):

- (a) the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
- (b) the Listing Committee of the 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, either unconditionally or subject to such conditions which CITIC Securities 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;
- (c) the delivery to the 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 Companies Registry in Hong Kong; and
- (d) the subscription level of the A Rights Shares by the A shareholders of CITIC Securities being at least 70% of the total A Rights Shares to be issued under the A Share Rights Issue.

FINANCIAL INFORMATION OF CITIC SECURITIES

Set out below is the financial information of CITIC Securities for 2019 and 2020, as extracted from its audited consolidated financial statements for 2019 and 2020, respectively.

	As at 31 December	
	2019	2020
	<i>(RMB million)</i>	
Net assets	165,450	185,883
Total assets	791,722	1,052,962

	For the year ended 31 December	
	2019	2020
	<i>(RMB million)</i>	
Profit before income taxation	16,995	20,470
Profit for the year	12,648	15,517

PROPOSED SUBSCRIPTIONS BY THE GROUP

The Group has committed to subscribe for all the Rights Shares to be allotted to it under the Rights Issue, and to apply for excess H Rights Shares under the H Rights Shares Excess Application. Accordingly, CITIC Corporation, as an A shareholder of CITIC Securities and a wholly-owned subsidiary of the Company, has irrevocably undertaken to CITIC Securities to subscribe in cash for all the allotted A Rights Shares determined in accordance with the plan of the Rights Issue based on the number of A shares held by it on the A share record date, and not to sell any A shares of CITIC Securities for a period of six months from the date on which the A Rights Shares are listed.

Further, on 13 January 2022, the Company, as a H shareholder of CITIC Securities, has irrevocably undertaken to CITIC Securities to:

- (a) accept, subscribe for and pay in full for all H Rights Shares to be provisionally allotted to the Company, 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 Shares Rights Issue prospectus; and
- (b) 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.

The maximum total consideration payable by the Group under the proposed subscriptions for the Rights Shares will be approximately RMB6,624 million, comprising (i) the consideration of approximately RMB4,329 million for subscription of all the 299,954,361 A Rights Shares allotted to CITIC Corporation; (ii) the consideration of approximately RMB814 million for the subscription of all the 56,400,000 H Rights Shares provisionally to be allotted to the Company; and (iii) the maximum subscription amount of RMB1,481 million under the H Rights Shares Excess Application. The Group intends to fund such consideration from its internal resources.

REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTIONS UNDER THE RIGHTS ISSUE OF A SHARES AND H SHARES OF CITIC SECURITIES

China's capital market ecology continues to be optimized, and the securities industry has bright long-term prospects. CITIC Securities' operating performance and comprehensive strength are at the forefront of China's securities industry with an average return on shareholders' equity from 2016 to 2020 of 7.51%. Calculated based on the average dividend distribution rate from 2016 to 2020 and the net profit attributable to the parent in 2020 of CITIC Securities, each 1% increase of the Group's shareholding in CITIC Securities will share an additional net profit of RMB149 million, and each 1% increase of the shareholding will bring an additional cash dividend of approximately RMB64 million.

The Company supports the Rights Issue and considers that it is in the best interests of the Group that the Rights Issue of CITIC Securities should proceed. Full participation by the Group in the Rights Issue would enable it to maintain its proportionate shareholding in CITIC Securities from being diluted upon the completion of the Rights Issue. As the Subscription Price was determined using market discount method after taking into consideration the market conditions of A shares and H shares of CITIC Securities, the Company's application for excess H Rights Shares provides an opportunity to further increase its shareholdings in CITIC Securities at a relatively low cost, which will further strengthen the Company's long-term influence on CITIC Securities.

The Directors (including the independent non-executive Directors) believe that the terms of the proposed subscriptions under the Rights Issue (including the H Rights Shares Excess Application for up to a maximum consideration of RMB1,481 million) are fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

From March 2021 to June 2021, the Company acquired a total of 376,000,000 H shares of CITIC Securities, representing approximately 2.91% of the total issued shares of CITIC Securities as at the date of this announcement, on open market at a total consideration of approximately HK\$6,922 million (the **"Increase of Shareholding in H Shares"**). After the Increase of Shareholding in H Shares and as at the date of this announcement, the Company indirectly holds 1,999,695,746 A shares of CITIC Securities through its wholly-owned subsidiary CITIC Corporation and directly holds 376,000,000 H shares of CITIC Securities, collectively representing approximately 18.38% of the issued share capital of CITIC Securities.

As the proposed subscriptions under the Rights Issue (including the H Rights Shares Excess Application) are expected to take place within 12 months of the Increase of Shareholding in H Shares, pursuant to Rule 14.22 of the Listing Rules, the Transactions are to be aggregated for the purpose of calculation of the relevant percentage ratios.

As the highest applicable percentage ratio in respect of the Transactions, after aggregation, are more than 5% but less than 25%, the Transactions collectively constitute a discloseable transaction of the Company under the Chapter 14 of the Listing Rules and subject to the notification and announcement requirements under the Listing Rules.

GENERAL INFORMATION

CITIC Limited

CITIC Limited (SEHK: 00267) is one of China's largest conglomerates and a constituent of the Hang Seng Index. Tracing our roots to the beginning of China's opening and reform, CITIC has grown in step with the country's rise and modernisation. We have built a remarkable portfolio of businesses in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new

consumption and new-type urbanisation. Our platform is unique in its diversity and scale, allowing CITIC to capture emerging opportunities in China and around the world. Guiding us as we grow is our fundamental commitment to create long-term value for all of our shareholders.

CITIC Securities

CITIC Securities is a joint-stock company incorporated on 25 October 1995 in the People's Republic of China with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively. The principal businesses of CITIC Securities include securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang Province); securities investment consulting; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; provision of intermediate referral services to futures companies; distribution of financial products; and stock options market making business.

Shareholders should note that proposed subscriptions under the Rights Issue are subject to the satisfaction or waiver of various conditions. Accordingly, the subscriptions may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“A Rights Shares”	the new A shares of CITIC Securities proposed to be allotted and issued to the A shareholders of CITIC Securities under the A Share Rights Issue
“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 of CITIC Securities held on the relevant A share record date
“Board”	the Board of Directors of CITIC Limited
“CITIC Corporation”	CITIC Corporation Limited (中國中信有限公司), a limited liability company incorporated in the People's Republic of China and a wholly-owned subsidiary of the Company
“CITIC Securities”	CITIC Securities Company Limited (中信証券股份有限公司), a joint stock company incorporated in the People's Republic of China with limited liability, whose H Shares and A Shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
“Company”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00267)
“CSRC”	the China Securities Regulatory Commission

“Group”	the Company and its subsidiaries
“H Rights Shares Excess Application”	the application to be made by the Company for additional H Rights Shares subject to a consideration of no more than RMB1,481 million in accordance with the application procedures for the excess H Rights Shares under the H Share Rights Issue
“H Rights Shares”	the new H shares of CITIC Securities proposed to be allotted and issued to the qualified H shareholders of CITIC Securities under the H Share Rights Issue (less any H shares not taken up by the qualified H shareholders of CITIC Securities)
“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 of CITIC Securities held on the relevant H share record date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Increase of Shareholding in H Shares”	the acquisition of an aggregation of 376,000,000 H shares of CITIC Securities by the Company on open market during the period from March 2021 to June 2021
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the final subscription price for the A Rights Shares and the H Rights Shares to be offered under the Rights Issue
“Transactions”	the proposed subscriptions under the Rights Issue (including the H Rights Shares Excess Application) and the Increase of Shareholding in H Shares

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.81662: HK\$1 for purposes of illustration. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the above rate or any other rate or at all.

By Order of the Board
CITIC Limited
Zhu Hexin
Chairman

Hong Kong, 13 January 2022

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 Peng Yanxiang, Ms Yu Yang, Mr Zhang Lin, Mr Yang Xiaoping and Mr Tang Jiang; 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.