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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 TRANSACTION UNDER
THE ASSET TRANSFER FRAMEWORK AGREEMENT**

We refer to the announcement dated 24 August 2017 and the circular dated 1 November 2017 issued by CITIC Bank, a non-wholly-owned subsidiary of the Company, with respect to, among other things, the Asset Transfer Framework Agreement entered into on 24 August 2017 between CITIC Bank and CITIC Group, the controlling shareholder of the Company, in relation to the transfer of loan and other related assets between CITIC Bank and CITIC Group and/or its associates.

As at the date of this announcement, CITIC Group holds 58.13% equity interest in the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules, the associates of CITIC Group (excluding the Group) are therefore connected persons of the Company as well. Thus, the Asset Transfer Transactions contemplated under the Asset Transfer Framework Agreement between CITIC Bank and the Connected Persons constitute continuing connected transactions of the Company. For the avoidance of doubt, the asset transfer transactions between CITIC Bank and the Group contemplated under the Asset Transfer Framework Agreement do not constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the Asset Transfer Transactions Annual Caps on an annual basis is more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and the independent shareholders' approval requirements under the Listing Rules.

We refer to the announcement dated 24 August 2017 and the circular dated 1 November 2017 issued by CITIC Bank, a non-wholly-owned subsidiary of the Company, with respect to, among other things, the Asset Transfer Framework Agreement entered into on 24 August 2017 between CITIC Bank and CITIC Group, the controlling shareholder of the Company, in relation to the transfer of loan and other related assets between CITIC Bank and CITIC Group and/or its associates.

The Asset Transfer Transactions will be governed by the terms of the Asset Transfer Framework Agreement. Please refer to the announcement dated 24 August 2017 and the circular dated 31 October 2017 issued by CITIC Bank on the website of the Stock Exchange at

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0824/LTN201708241115.pdf> and

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1031/LTN20171031530.pdf>, respectively, for details.

ASSET TRANSFER TRANSACTIONS ANNUAL CAPS

In relation to the Asset Transfer Transactions between CITIC Bank and the Connected Persons, the historical transaction amounts for the two years ended 31 December 2015 and 2016 and six months ended 30 June 2017, the approved annual cap for the year ending 31 December 2017 and the proposed annual caps for the year ending 31 December 2018, 31 December 2019 and 31 December 2020 are set out below (the “Asset Transfer Transactions Annual Caps”) :

	Historical amounts for the years ended 31 December (RMB in millions)		Historical amounts for the six months ended 30 June (RMB in millions)	Approved annual cap for the year ending 31 December (RMB in millions)	Annual cap for the Year ending 31 December (RMB in millions)		
	2015	2016	2017	2017	2018	2019	2020
Transaction Amount	4,075	0	0	12,600	13,000	13,000	13,000

BASIS OF THE ASSET TRANSFER TRANSACTIONS ANNUAL CAPS

The Asset Transfer Transactions Annual Caps are determined based on the historical transaction amounts of the Asset Transfer Transactions and following factors:

- (1) the business scale of the previous year, the expectation for the future market financing demand, and the annual work plan of CITIC Bank;
- (2) in November 2014, the China Banking Regulatory Commission issued the Notice on the Record Filing and Registration Work for the Securitization of Credit Assets, which specifies that it will adopt record filing for credit assets securitization business. In March 2015, the People’s Bank of China issued an announcement specifying that the People’s Bank of China will adopt registration

filing for certain securitizations of credit assets which have relatively high level of homogenization. The domestic securitization market underwent a round of expansion and development. From year 2013 to year 2016, the compound growth rate of the market issuance scale of credit asset securitization in China reached around 192%, leading to a large-scale expansion of the participants, a diversification of product coverage and a constant improvement in institutional construction. Thus, the development model has steadily changed from being “policy-driven” to “market-initiated”;

- (3) under the double drivers of the regulatory institutions and market demand, the credit assets securitization business of commercial banks developed rapidly;
- (4) asset securitization business is an important measure for CITIC Bank’s transformation from stock management to flow management and for formalizing its business strategy of “decreasing development speed, increasing transformation speed”. CITIC Bank will persistently increase its force of asset securitization and promote securitization projects such as credit card installments, corporate loans, home mortgage loans and non-performing loans to improve the development of the asset transfer business of securitized assets;
- (5) in line with the innovative development of the inter-bank products in the market, it is anticipated that the interbank asset transfer business of CITIC Bank will attain a breakthrough in the coming years. At the same time, the amount of inter-bank assets is generally large, and the scale of a single business is relatively large. In light of the several hundreds of billions and even over one trillion current stock of the current main joint-stock interbank assets scale, there will be several billion or more than ten billion of assets transfer even calculated based on 1% business incidence rate;
- (6) since functions of product promotion and investment and financing under the financial leasing industry adapt to the transformation needs of the Chinese manufacturing industry, financial leasing has assumed increasing significance in the domestic economic development. According to the description in the “12th five-year plan”, the domestic financing industry will lead to the formation of a group of leading financial leasing enterprises, which are of large scale, exceptional competitive advantage and strong business expansion abilities. In the meantime, the proportion of factoring business in modes of trade settlement is constantly rising, with a share of 60% in global trade settlement, demonstrating huge potential market demand. As a factoring service provider, CITIC Bank may provide comprehensive financial services to the Connected Persons, which include the collection and management of receivables, provision of guarantee for bad debts and financing. In coming years, there is expected to be potential business collaboration with the Connected Persons, in areas such as leasing and factoring. Leasing companies of the related parties may transfer to CITIC Bank their rights to collect leasing debts, thus promoting the rapid development of the asset-transfer business;

- (7) currently, the banking industry is under relatively great pressure to dispose of non-performing assets and it is expected to be a trend to promote disposal of non-performing assets. Thus, businesses related to the transfer of non-performing assets between CITIC Bank and the Connected Persons will have much room for business development; and
- (8) according to CITIC Bank's 2016 annual report, the balances of corporate loans and personal loans of CITIC Bank for the year 2016 were approximately RMB1,846,274 million and RMB956,606 million, respectively (approximately RMB2,802,880 million in aggregate), of which the amount of asset transfer transactions was RMB119,126 million, representing 4.25% of CITIC Bank's loan balance.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET TRANSFER TRANSACTIONS

The demand by the Connected Persons for financial services, including asset transfer, is increasing. By cooperating with the Connected Persons, CITIC Bank is able to effectively raise its integrated return and reduce its operating risk to a certain extent. In addition, the cooperation with the Connected Persons in respect of asset transfer and other financial services will contribute to the adjustment of asset liquidity, the optimization of asset structure and the increase of profit channels of CITIC Bank as well.

The Directors (including independent non-executive Directors) of the Company are of the view that the Asset Transfer 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company holds 65.97% equity interest in CITIC Bank. Thus CITIC Bank is a non-wholly-owned subsidiary of the Company. As at the date of this announcement, CITIC Group holds 58.13% equity interest in the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules, the associates of CITIC Group (excluding the Group) are therefore connected persons of the Company as well. Thus, the Asset Transfer Transactions contemplated under the Asset Transfer Framework Agreement between CITIC Bank and the Connected Persons constitute continuing connected transactions of the Company. For the avoidance of doubt, the asset transfer transactions between CITIC Bank and the Group contemplated under the Asset Transfer Framework Agreement do not constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the Asset Transfer Transactions Annual Caps on an annual basis is more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and the independent shareholders' approval requirements under the Listing Rules.

Mr Chang Zhenming, Mr Wang Jiong, Ms Li Qingping, Mr Pu Jian, Mr Liu Yeqiao, Mr Song Kangle, Ms Yan Shuqin and Mr Liu Zhuyu 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 resolution to approve the Asset Transfer Transactions. Save as disclosed above, none of the other Directors has a material interest in the abovementioned transactions or holds any position in the Connected Persons which is required to abstain from voting on the relevant Board resolution.

INFORMATION ABOUT THE PARTIES INVOLVED

1. the Company

CITIC Limited is China's largest conglomerate with total assets over US\$900 billion. Among its diverse global businesses, the Company focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. CITIC's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising in China. CITIC Limited is listed on the Stock Exchange, where it is a constituent of the Hang Seng Index.

2. CITIC Bank

CITIC Bank (Shanghai Stock Exchange stock code: 601998; Stock Exchange stock code: 0998), 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.

3. 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.

DEFINITIONS

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

“Asset Transfer Framework Agreement”	the asset transfer framework agreement entered into by CITIC Bank and CITIC Group on 24 August 2017
“Asset Transfer Transactions”	the proposed transactions contemplated under the Asset Transfer Framework Agreement
“Board”	the board of directors of the Company
“CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司)
“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)
“Connected Person(s)”	CITIC Group and/or those of its associates (excluding the Group) which are connected persons of the Company pursuant to Chapter 14A of the Listing Rules
“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
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

By Order of the Board
CITIC Limited
Chang Zhenming
Chairman

Hong Kong, 23 November 2017

As at the date of this announcement, the executive directors of the Company are Mr Chang Zhenming (Chairman), Mr Wang Jiong, Ms Li Qingping and Mr Pu Jian; the non-executive directors of the Company are Mr Liu Yeqiao, Mr Song Kangle, Ms Yan Shuqin, Mr Liu Zhuyu, 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, Ms Lee Boo Jin, Mr Noriharu Fujita and Mr Paul Chow Man Yiu.