

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ALUMINIUM ALLOY HUB PROCUREMENT FRAMEWORK AGREEMENT
AND
THE RAW MATERIALS, EQUIPMENT AND ACCESSORIES SALES FRAMEWORK
AGREEMENT**

On 28 March 2018, the Company entered into the Aluminium Alloy Hub Procurement Framework Agreement and the Raw Materials, Equipment and Accessories Sales Framework Agreement with CITIC Group, which set out the basis upon which members of the Group (including CITIC Dicastal and its subsidiaries) would carry out certain continuing connected transactions with the Connected Persons, and the annual caps for the period from 28 March 2018 to 31 December 2018 and the two years ending on 31 December 2019 and 31 December 2020, respectively.

As at the date of this announcement, CITIC Group is the controlling shareholder of 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 connected persons of the Company as well. Therefore, the transactions entered into between members of the Group with the Connected Persons under the Aluminium Alloy Hub Procurement Framework Agreement and the Raw Materials, Equipment and Accessories Sales Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps contemplated under each of (a) the Aluminium Alloy Hub Procurement Framework Agreement and (b) the Raw Materials, Equipment and Accessories Sales Framework Agreement, for the period from 28 March 2018 to 31 December 2018, and on an annual basis for the two years ending 31 December 2019 and 31 December 2020, is more than 0.1% but 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 the Listing Rules.

On 28 March 2018, the Company entered into the Aluminium Alloy Hub Procurement Framework Agreement and the Raw Materials, Equipment and Accessories Sales Framework Agreement with CITIC Group, which set out the basis upon which members of the Group (including CITIC Dicastal and its subsidiaries) would carry out certain continuing connected transactions with the Connected Persons, and the annual caps for the period from 28 March 2018 to 31 December 2018 and the two years ending on 31 December 2019 and 31 December 2020 respectively. Separate agreements in respect of the transactions contemplated under the Aluminium Alloy Hub Procurement Framework Agreement and the Raw Materials, Equipment and Accessories Sales Framework Agreement will be entered into between members of the Group (including CITIC Dicastal and its subsidiaries) and the Connected Persons. Such agreements will follow the guidelines and terms and conditions set out in the Aluminium Alloy Hub Procurement Framework Agreement and the Raw Materials, Equipment and Accessories Sales Framework Agreement in all material aspects.

CONTINUING CONNECTED TRANSACTIONS

1. The Aluminium Alloy Hub Procurement Framework Agreement - procurement of aluminium alloy hubs by the Group from the Connected Persons

Date: 28 March 2018

Parties: the Company and CITIC Group

Term: The Aluminium Alloy Hub Procurement Framework Agreement has a term commencing from 28 March 2018 and ending on 31 December 2020 (both days inclusive).

a. Principal Terms

The Group may procure aluminium alloy hubs from the Connected Persons in the ordinary course of business and on normal commercial terms in accordance with the following principles:

- (i). The consideration for the Procurement Transactions, which will be determined in accordance with the pricing principles set out in paragraph (iii) below, and the relevant payment terms shall be stated in specific procurement agreements entered into by the relevant parties; and
- (ii). The Procurement Transactions shall be made on terms and conditions no less favourable to the Group than those available from independent third parties; and
- (iii). The consideration for each specific Procurement Transaction shall be calculated on the basis of the average price with reference to the daily market price of aluminium ingots published by CCMN (<http://www.ccmn.cn>) for Changjiang spot A00 aluminium ingots in the previous three months plus miscellaneous operation costs (such as processing costs, reasonable profit, shipping costs and insurance expenses) not exceeding 50% in aggregate of the procurement price.

b. Historical figures and annual caps

The historical transaction amounts and the annual caps for the Procurement Transactions are set out below:

	Historical Amounts for the Year ended 31 December (RMB in millions)			Historical Amounts for the Period from 1 January to 27 March (RMB in millions)	Annual Cap for the Period from 28 March to 31 December (RMB in millions)	Annual Cap for the Year ending 31 December (RMB in millions)	
	2015	2016	2017	2018	2018	2019	2020
Transaction Amount	0	0	45.2	60.27	380	400	430

c. Basis of the annual caps

The annual caps are determined based on the following factors, including: (i) historical transaction amounts between the Group and the Connected Persons; (ii) the expected development and increase in business of CITIC Dicastal and its subsidiaries; and (iii) a moderate annual inflation rate within a range of two per cent to three per cent.

d. Reasons for and benefits of entering into the Procurement Transactions

CITIC Dicastal and its subsidiaries commenced procuring aluminium alloy hubs from the Connected Persons in 2017, and have been satisfied with the price, quality, technological process, output and delivery timing. It is to the mutual benefit of CITIC Dicastal and its subsidiaries on the one hand, and the Connected Persons on the other hand, to expand the scale of the Procurement Transactions together with the Sales Transactions (part of which will be used by the Connected Persons to manufacture aluminium alloy hubs under the Procurement Transactions).

The Directors (including independent non-executive Directors) of the Company are of the view that the Procurement Transactions are in the ordinary 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.

2. The Raw Materials, Equipment and Accessories Sales Framework Agreement - sales of raw materials, equipment and accessories by the Group to the Connected Persons

Date: 28 March 2018

Parties: the Company and CITIC Group

Term: The Raw Materials, Equipment and Accessories Sales Framework Agreement has a term commencing from 28 March 2018 and ending on 31 December 2020 (both days inclusive).

a. Principal Terms

The Group may sell liquid aluminium alloy and casted round al-alloy bars (collectively the “**Raw Materials**”), and paint line removal project, desprue bushing pressure machine, injector pin cutter and ejector machine etc. (collectively “**Equipment and Accessories**”) to the Connected Persons in the ordinary course of its business and on normal commercial terms in accordance with the following principles:

- (i). The consideration for the Sales Transactions, which will be determined in accordance with the pricing principles set out under paragraph (iii) below, and the relevant payment terms shall be stated in specific sales agreements entered into by the relevant parties;

- (ii). The Sales Transactions shall be made on terms and conditions no less favourable to the Group than terms and conditions available to independent third parties; and
- (iii). The consideration for each specific Sales Transaction will be calculated based on the pricing principles below:
 - (a). Raw Materials: calculated on the basis of initial purchase cost plus processing cost, among which: (x) the initial purchase cost of casted round al-alloy bars and liquid aluminium alloy are determined with reference to the daily market price of aluminium ingots published by CCMN (<http://www.ccmn.cn>) for Changjiang spot A00 aluminium ingots; and (y) processing cost is determined with reference to the market price of similar transactions conducted in the same area of the Sales Transactions, normally not exceeding 9% of the sales price.
 - (b). Equipment and Accessories: the prices will be determined on a cost-plus basis, i.e., the cost of components, materials, labour and other factors required in the manufacturing of the Equipment and Accessories plus management fee and profit margin not exceeding 20% in aggregate of the sales price.

b. Historical figures and annual caps

The historical transaction amounts and the annual caps for the Sales Transactions are set out below:

	Historical Amounts for the years ended 31 December (RMB in millions)			Historical Amounts for the Period from 1 January to 27 March (RMB in millions)	Annual Cap for the Period from 28 March to 31 December (RMB in millions)	Annual Cap for the Year ending 31 December (RMB in millions)	
	2015	2016	2017	2018	2018	2019	2020
Raw Materials	0	0	0	48.16	500	530	550
Equipment and Accessories	0	0	0	0.02	33	35	38
Total	0	0	0	48.18	533	565	588

c. Basis of the annual caps

The annual caps are determined based on the following factors, including: (i) historical transaction amounts between the Group and the Connected Persons; (ii) the expected increase in demand of the Connected Persons for the Raw Materials and the Equipment and Accessories; and (iii) a moderate annual inflation rate within a range of two per cent to three per cent.

d. Reasons for and benefits of entering into the Sales Transactions

CITIC Dicastal and its subsidiaries commenced procuring aluminium alloy hubs from the Connected Persons in 2017, and have been satisfied with the price, quality, technological process, output and delivery timing. Part of the Sales Transactions would be used by the Connected Persons to manufacture aluminium alloy hubs under the Procurement Transactions. It is to the mutual benefit of CITIC Dicastal and its subsidiaries on the one hand, and the Connected Persons on the other hand, to enter into the Sales Transactions which would not only broaden the revenue base of the Group but also ensure the price, quality, technological process, output and delivery timing of relevant products under the Procurement Transactions which are in the interests of the Group.

The Directors (including independent non-executive Directors) of the Company are of the view that the Sales Transactions are in the ordinary 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, CITIC Group is the controlling shareholder of 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 connected persons of the Company as well. Therefore, the transactions entered into between members of the Group with the Connected Persons under the Aluminium Alloy Hub Procurement Framework Agreement and the Raw Materials, Equipment and Accessories Sales Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps contemplated under each of (a) the Aluminium Alloy Hub Procurement Framework Agreement and (b) the Raw Materials, Equipment and Accessories Sales Framework Agreement, for the period from 28 March 2018 to 31 December 2018, and on an annual basis for the two years ending 31 December 2019 and 2020, is more than 0.1% but 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 the Listing Rules.

All applicable percentage ratios in respect of the historical amounts of (a) Procurement Transactions and (b) Sales Transactions for the 12-month period ended 27 March 2018 were less than 0.1%, below the *de minimis* threshold stipulated under Rule 14A.76(1)(a) of the Listing Rules, and therefore are exempt from the reporting, announcement and 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 resolutions to approve the Aluminium Alloy Hub Procurement Framework Agreement and the Raw Materials, Equipment and Accessories Sales Framework Agreement. 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 required them to abstain from voting on the relevant Board resolution.

INFORMATION ABOUT THE PARTIES INVOLVED

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.

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:

“Aluminium Alloy Hub Procurement Framework Agreement”	the aluminium alloy hub procurement framework agreement entered into between the Company and CITIC Group on 28 March 2018 with a term commencing from 28 March 2018 and ending on 31 December 2020 (both days inclusive)
“Board”	the board of directors of the Company
“CITIC Dicastal”	CITIC Dicastal Co., Ltd., a wholly-owned subsidiary of the Company
“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)
“Continuing Connected Transactions”	the transactions contemplated under the Raw Materials, Equipment and Accessories Sales Framework Agreement and Aluminium Alloy Hub Procurement Framework Agreement
“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
“Procurement Transactions”	the procurement transactions under the Aluminium Alloy Hub Procurement Framework Agreement
“Raw Materials, Equipment and Accessories Sales Framework”	the raw materials, equipment and accessories sales framework agreement entered into between the Company and CITIC Group on 28 March 2018 with a term commencing from 28 March 2018 and ending on 31 December 2020 (both days inclusive)

Agreement”

“RMB”

Renminbi, the lawful currency of the PRC

“Sales Transactions”

the sales transactions under the Raw Materials, Equipment and Accessories Sales Framework Agreement

“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, 28 March 2018

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, Mr Yang Xiaoping and Mr Wu Youguang; 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.