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中信銀行股份有限公司

**China CITIC Bank Corporation Limited**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 998)**

**CONNECTED TRANSACTION  
PURCHASE OF PART OF THE PROPERTIES OF CITIC PLAZA**

**INTRODUCTION**

Guangzhou Branch of the Bank is currently leasing part of the properties of CITIC Plaza with a gross floor area of 18,096 square meters. The lease terms of such properties had expired consecutively since December 2017. In order to meet the business development requirement, Guangzhou Branch intends to purchase part of the properties of CITIC Plaza as business premises (the “**Target Property**”) with a total gross floor area of 23,003.93 square meters and the total consideration of RMB910,902,000 (the “**Transaction**”).

Since the Transaction involves the transfer of state-owned assets, the Target Property shall be put out to public tender on China Beijing Equity Exchange. Guangzhou Branch shall entrust floor brokerage member institutions of China Beijing Equity Exchange to handle the formalities such as submitting materials and bidding. The Target Property is successfully transferred to Guangzhou Branch by way of negotiated assignment. After paying the total consideration, the transferors and Guangzhou Branch shall also need to complete the formality of registration of real estate title transfer in Guangzhou Real Estate Registration Center.

**HONG KONG LISTING RULES IMPLICATIONS**

The transferors Century Square and Vecom Property are wholly-owned subsidiaries of CITIC Corporation Limited (the “**CITIC Limited**”), which holds 65.37% of the shares of the Bank. As such, Century Square and Vecom Property are connected persons of the Bank and the Transaction constitutes a connected transaction of the Bank under Chapter 14A of the Hong Kong Listing Rules. Since the highest applicable percentage ratio in respect of the connected transaction

exceeds 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but exempt from the independent shareholders' approval requirement.

## **BOARD CONFIRMATION**

The Board (including the independent non-executive Directors) considers that the connected transaction is on normal commercial terms, is fair and reasonable, and is in the interests of the Bank and the shareholders as a whole.

As the Directors Li Qingping, Chang Zhenming (resigned on 5 January 2018) and Zhu Gaoming have material interests in the connected transaction, they have abstained from voting on the Board resolution dated 24 October 2017 approving the Transaction. Save as disclosed above, none of the Directors has any material interests in the connected transaction and has abstained from voting on the Board resolution approving the connected transaction.

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## **PURCHASE AGREEMENT**

Date: 28 March 2018

Parties: (1) The purchaser: Guangzhou Branch  
(2) The transferors: Century Square, Vecom Property

The Target Property: Part of the properties of CITIC Plaza with a gross floor of 23,003.93 square meters, among which Century Square holds Shops 121-123, 215A and Floors 48-50 of the main building of CITIC Plaza with a gross floor area of 8,015.78 square meters; Vecom Property holds Floors 51-54 and 74-75 of the main building of CITIC Plaza with a gross floor area of 14,988.15 square meters. For further details of such properties, please refer to “BASIC INFORMATION OF CITIC PLAZA” set out below.

Book Value of the Target Property: As at 31 December 2017, the book value of the Target Property is RMB605,477,949.23.

Net Profit of the Target Property:	<b>Before-tax</b> (RMB)	<b>After-tax</b> (RMB)
2016	29,529,295.57	20,157,776.09
2017	375,771,943.58	284,574,186.79

Payment Schedule:

- (1) The price of the buildings transferred by Century Square was RMB313,035,900, and the price of the buildings transferred by Vecom Property was RMB597,866,100;
- (2) The deed tax and stamp duty borne by the Bank is expected to be RMB27,782,566 and subject to the amount specified in the tax certificate issued by the tax authority;
- (3) The transaction fees borne by the Bank was RMB85,000; and
- (4) The registration fees of title transfer borne by the Bank is expected to be RMB52,057.86 and subject to the amount specified in the payment certificate issued by the real estate registration center.

Pledge Deposits:

According to the conditions for listing and transferring of China Beijing Equity Exchange, as the prospective transferee, the Bank shall pay the pledge deposits of the transaction to the account designated by China Beijing Equity Exchange before 17:00 of the closing date of listing. Upon the request of the transferor, the amount of the pledge deposits is 30% of the total consideration of the transaction. In the Transaction, RMB93,910,000 shall be paid for the transfer of property held by Century Square, RMB179,350,000 shall be paid for the transfer of property held by Vecom Property. The total amount of pledge deposits was RMB273,260,000. The pledge deposits shall not be transferred to the transaction price but shall be refunded upon completion of the corresponding process.

The Basis of total  
Consideration Determination:

The total consideration of the purchase of the property is determined after arm's length negotiations between the parties on normal commercial terms and by the reference of the appraised value. The total consideration of the purchase of the property is paid in cash by the Bank's own funds.

- (1) Pledge deposits (RMB273,260,000 in total)

Details are set out in the above "Pledge Deposits" section.

- (2) Total consideration (RMB910,902,000 in total)

In accordance with the listing information, the reserve price of the buildings transferred by Century Square was RMB313,035,900 and the reserve price of the buildings transferred by Vecom Property was RMB597,866,100, totaling RMB910,902,000. The purchase is finally conducted by way of negotiated assignment and the total consideration was RMB910,902,000.

The Bank appointed the well-known international real estate consultant, Savills Real Estate Valuation (Guangzhou) Limited (廣州第一太平戴維斯房地產與土地評估有限公司) (the “Savills”) and the well-known domestic real estate consultant, Shenzhen WorldUnion Properties Consultancy Incorporated (深圳市世聯土地房地產評估有限公司) (the “WorldUnion”) to prepare special analysis for the property of CITIC Plaza to be acquired and details of the appraised market value for the property of around 23,003.93 square meters are set out in the following table:

<b>Appraisal firm</b>	<b>Appraised area</b> <i>(square meter)</i>	<b>Appraised market value</b> <i>(RMB millions)</i>
Savills	23,003.93	923
WorldUnion	23,003.93	921

*Note:* The aforementioned appraised value excludes tax price of the purchaser.

15% of the total consideration of the Transaction is reserved as the withholding tax. The remaining consideration, 85% of the total consideration, i.e. RMB774,266,700 , shall be paid in a one-off manner to the account designated by the transferor within five working days upon the date immediately following the date on which the Physical Assets Transaction Contract is signed.

- (3) Transaction fees to China Beijing Equity Exchange (RMB85,000 in total)

The company selects the lowest price agency from quoted agencies. The two parties agreed that if the Target Property is successfully transferred to the Bank by way of negotiated assignment, a transaction fee of RMB85,000 in total shall be paid for the two projects. The transaction fees shall be paid in a one-off manner to the account designated by the China Beijing Equity Exchange within one working day from the signing of the Physical Assets Transaction Contract.

- (4) Tax (It is expected to be RMB27,782,566 and finally subject to the amount specified in the tax certificate issued by the tax authority)

As the purchaser of the Target Property, the Bank shall bear the deed tax and the stamp duty of the purchaser. The deed tax is 3% of the total consideration and the stamp duty is 0.05% of the total consideration. Calculated according to the total consideration of RMB910,902,000, the Bank needs to pay a deed tax and a stamp duty of RMB27,327,060 and RMB455,451, respectively. In addition, each real estate title certificate needs to be affixed with a stamp of RMB5, thus eleven certificates shall total RMB55. Tax shall be in the amount of RMB27,782,566 in total and finally subject to the amount specified in the tax certificate issued by the tax authority.

Relevant tax shall be paid upon such tax payment matters being accepted and informed by the real estate registration center.

- (5) Registration fees of title transfer (It is expected to be RMB52,057.86 in total and finally subject to the amount specified in the payment certificate issued by the real estate registration center)

Registration of real estate title transfer in Guangzhou Real Estate Registration Center requires the payment of real estate registration fees and commission fees for non-residential real estate transactions, among which the non-residential real estate registration fee is RMB550 each. The Transaction involves the registration of title transfer of eleven real estate properties, thus such fees shall be RMB6,050 in total; the service fees for the purchaser's transaction is RMB2 per square meter. The area of the property in the Transaction was 23,003.93 square meters, thus such fees shall be RMB46,007.86 in total.

Relevant registration fees of title transfer shall be paid upon such matters being accepted by the real estate registration center and finally subject to the amount specified in the payment certificate issued by the real estate registration center.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Since its establishment, Guangzhou Branch has been developing rapidly in various businesses. In the meantime, due to the lack of self-owned property, the problems of lack of office space, decentralization of office floors and high rental cost have become the bottleneck of its business development. For years, Guangzhou Branch has been renting part of the properties of CITIC Plaza as business premises, and CITIC Plaza is fully aware of the business and operating requirements of Guangzhou Branch. After the purchase of part of the properties of CITIC Plaza, it is conducive to the long-term and steady development of Guangzhou Branch, maintaining the excellent external image of CITIC Bank, and fully implementing the “best comprehensive financial service enterprise” strategy of the headquarter.

## **BASIC INFORMATION OF CITIC PLAZA**

The CITIC Plaza is located on the major commercial road, North Tianhe Road, which is in the core of Guangzhou main urban area. The total gross floor area of the plaza is 320,000 square meters, including one 80-storey main building with a gross floor area of 157,000 square meters, two 38-storey annex buildings with a gross floor area of 74,000 square meters, a 5-storey commercial podium with a gross floor area of 40,000 square meters and a 2-storey underground parking with 700 parking spaces. The term for land use rights of the office part is from 30 September 1994 to 29 September 2044; the term for land use rights of the business part is from 30 September 1994 to 29 September 2034.

According to the appraisal prepared by Savills, an independent professional valuer engaged by the Bank, the value of the CITIC Plaza properties was valued at RMB923,100,000. According to the appraisal prepared by WorldUnion, an independent professional valuer engaged by the Bank, the value of the CITIC Plaza properties was valued at RMB920,703,500.

## **THE BACKGROUND AND GENERAL INFORMATION OF THE BANK, CENTURY SQUARE AND VECOM PROPERTY**

The Bank is a competitive national commercial bank in China with a strong and established branch network and market position. With its market leading capabilities, the Bank provides a full range of financial products and services to its customers nationwide, with corporate banking, retail banking and financial market businesses being the Bank’s principal business activities. Guangzhou Branch, founded in June 1996, has good operating performance.

Century Square is a wholly-owned project company of China CITIC Group Corporation Limited, which is mainly used to hold the property rights of Shops 121-123, 215A and Floors 48-50 of CITIC Plaza, and manage relevant matters concerning real estate rental.

Vecom Property is a wholly-owned project company of China CITIC Group Corporation Limited, which is mainly used to hold the property rights of Floors 51-54 and 74-75 of the office building of CITIC Plaza, and manage relevant matters concerning real estate rental.

## HONG KONG LISTING RULES IMPLICATIONS

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## DEFINITIONS

“Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange (stock code: 998) and the Shanghai Stock Exchange (stock code: 601998), respectively, and, unless the context requires otherwise, including all its subsidiaries
“Board”	the board of directors of the Bank
“Century Square”	Century Square Corporation Limited (世紀城業有限公司)
“CITIC Limited”	CITIC Corporation Limited (中國中信有限公司)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Bank
“Guangzhou Branch”	Guangzhou Branch of the Bank



“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Savills”	Savills Real Estate Valuation (Guangzhou) Limited (廣州第一太平戴維斯房地產與土地評估有限公司)
“Vecom Property”	Vecom Property Ltd. (威確物業有限公司)
“WorldUnion”	Shenzhen WorldUnion Properties Consultancy Incorporated (深圳市世聯土地房地產評估有限公司)

By order of the Board of  
**China CITIC Bank Corporation Limited**  
**Li Qingping**  
*Chairperson*

Beijing, the PRC  
28 March 2018

*As at the date of this announcement, the executive Directors of the Bank are Ms. Li Qingping (Chairperson) and Mr. Sun Deshun (President); the non-executive Directors are Mr. Zhu Gaoming, Ms. Huang Fang and Mr. Wan Liming; and the independent non-executive Directors are Ms. Wu Xiaoping, Mr. Wong Luen Cheung Andrew, Mr. He Cao, Ms. Chen Lihua and Mr. Qian Jun.*