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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 ALUMINIUM ALLOY HUB AND RAW MATERIALS PROCUREMENT
FRAMEWORK AGREEMENT**

On 1 April 2021, the Company entered into the Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement with CITIC Group, which sets 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 1 April 2021 to 31 December 2021 and the two years ending on 31 December 2022 and 31 December 2023, 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 and Raw Materials Procurement 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 the Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement for the period from 1 April 2021 to 31 December 2021, and on an annual basis for the two years ending 31 December 2022 and 31 December 2023, 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.

We refer to the announcement of the Company dated 28 March 2018 in relation to the aluminium alloy hub procurement framework agreement and the raw materials, equipment and accessories sales framework agreement entered into between the Company and CITIC Group which expired on 31 December 2020. Considering the business development needs of the Group, members of the Group intend to continue to procure aluminium alloy hubs and further procure casted round al-alloy bars and aluminium alloy ingot (collectively the “**Raw Materials**”) from the Connected Persons. Therefore, on 1 April 2021, the Company entered into the Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement with CITIC Group, which sets 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 1 April 2021 to 31 December 2021 and the two years ending on 31 December 2022 and 31 December 2023 respectively. Separate agreements in respect of the transactions contemplated under the Aluminium Alloy Hub and Raw Materials Procurement 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 and Raw Materials Procurement Framework Agreement in all material aspects.

I. CONTINUING CONNECTED TRANSACTIONS

The Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement - procurement of aluminium alloy hubs and the Raw Materials by the Group from the Connected Persons

Date:	1 April 2021
Parties:	the Company and CITIC Group
Term:	The Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement has a term commencing from 1 April 2021 and ending on 31 December 2023 (both days inclusive).

a. Principal Terms

The Group may procure aluminium alloy hubs and the Raw Materials 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 paragraphs (iii) and (iv) below, and the relevant payment terms, shall be stated in specific procurement agreements entered into by the relevant parties;
- (ii). The Procurement Transactions shall be made on terms and conditions no less favourable to the Group than those available from independent third parties;
- (iii). The consideration for each specific aluminium alloy hubs 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; and

- (iv). The consideration for each specific Raw Materials procurement transaction will be calculated based on the initial purchase cost plus processing cost, among which: (i) the initial purchase cost of casted round al-alloy bar and aluminium alloy ingot 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 (ii) processing cost is determined with reference to the market price of similar transactions conducted in the same area of the Raw Materials procurement transactions, normally not exceeding 10% of the sales 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 31 March (RMB in millions)
	2018	2019	2020	2021
Aluminium Alloy Hubs	245	286	54 ^{Note}	87
Raw Materials	Nil	Nil	Nil	Nil
Total	245	286	54 ^{Note}	87

Note: The financial results of CITIC Dicastal for the ten months ended 31 October 2020 were not consolidated into the accounts of the Group, and therefore the historical amount for the aluminium alloy hubs procurement transactions by CITIC Dicastal during such period was not included as the transactions did not constitute continuing connected transactions of the Company.

	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)		Annual Cap for the Period from 1 April to 31 December (RMB in millions)	Annual Cap for the Year ending 31 December (RMB in millions)	
	2018	2019	2020	2021	2022	2023
Aluminium Alloy Hubs	380	400	430	380	380	380
Raw Materials	Nil	Nil	Nil	600	600	600
Total	380	400	430	980	980	980

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 the Group; and (iii) the expected increase in demand of the Group for aluminium alloy hubs and the Raw Materials.

d. Reasons for and Benefits of Entering into the Procurement Transactions

CITIC Dicastal and its subsidiaries have procured aluminium alloy hubs and the Raw Materials from the Connected Persons in the ordinary course of business, 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 aluminium alloy hubs and the Raw Materials procurement transactions.

The Directors (including independent non-executive Directors) are of the view that the Procurement 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 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 and Raw Materials Procurement 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 the Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement, for the period from 1 April 2021 to 31 December 2021, and on an annual basis for the two years ending 31 December 2022 and 2023, 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 the Procurement Transactions for the three months ended 31 March 2021 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.

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 Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement. 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.

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 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:

“Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement”	the aluminium alloy hubs and raw materials procurement framework agreement entered into between the Company and CITIC Group on 1 April 2021 with a term commencing from 1 April 2021 and ending on 31 December 2023 (both days inclusive)
“Board”	the board of directors of the Company
“CITIC Dicastal”	CITIC Dicastal Co., Ltd., a non-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)
“Connected Person(s)”	CITIC Group and/or its associates (excluding the Group)
“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
“Procurement Transactions”	the procurement transactions under the Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement
“RMB”	Renminbi, the lawful currency of the People's Republic of China
“Shareholders”	the shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

By Order of the Board
CITIC Limited
Zhu Hexin
Chairman

Hong Kong, 1 April 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 Zhuyu, 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 Shohei Harada and Mr Gregory Lynn Curl.