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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 -
SUPPLEMENTAL AGREEMENT TO THE ALUMINIUM ALLOY HUB AND RAW
MATERIALS PROCUREMENT FRAMEWORK AGREEMENT
FOR
ADJUSTMENTS TO ANNUAL CAPS FOR TWO YEARS ENDING 31 DECEMBER 2022
AND 2023**

We refer to the announcement of the Company dated 1 April 2021, in relation to the Original Agreement entered into between the Company and CITIC Group, which sets out the basis upon which members of the Group (including CITIC Dicastal and its subsidiaries) was to procure aluminium alloy hubs and the Raw Materials from the Connected Persons in the ordinary and usual course of its business, 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 a result of, amongst other factors, (i) increase in the average market price of aluminium raw materials, and (ii) the demand for the aluminium alloy hubs to be procured by the Group from the Connected Persons is expected to further increase, the Company entered into the Supplemental Agreement with CITIC Group on 1 April 2022, for the adjustment of the annual caps for the continuing connected transactions contemplated under the Original Agreement.

As the highest applicable percentage ratio in respect of the Adjusted Annual Caps 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.

I. THE SUPPLEMENTAL AGREEMENT

We refer to the announcement of the Company dated 1 April 2021, in relation to the Original Agreement entered into between the Company and CITIC Group, which sets out the basis upon which members of the Group (including CITIC Dicastal and its subsidiaries) procure aluminium alloy hubs and the Raw

Materials from the Connected Persons in the ordinary and usual course of its business, 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 a result of the factors that (i) the average market price of aluminium raw materials sharply increased in 2021, and (ii) the demand for the aluminium alloy hubs to be procured by the Group from the Connected Persons is expected to further increase, the Company entered into the Supplemental Agreement with CITIC Group on 1 April 2022, for the adjustments to the annual caps for the continuing connected transactions contemplated under the Original Agreement.

The table below sets out a summary of the original annual caps for the period from 1 April 2021 to 31 December 2021 and two years ending 31 December 2022 and 2023, the Adjusted Annual Caps for the two years ending 31 December 2022 and 2023, and historical transaction amounts for the period from 1 April 2021 to 31 December 2021 of the continuing connected transactions under the Original Agreement:

	For the period from 1 April to 31 December		For the period from 1 January to 31 March	For the year ending 31 December			
	2021		2022	2022		2023	
	Original Annual Cap	Historical Transaction Amount	Historical Transaction Amount	Original Annual Cap	Adjusted Annual Cap	Original Annual Cap	Adjusted Annual Cap
	<i>(RMB in millions)</i>						
Aluminium Alloy Hubs	380	289	122	380	680	380	680
Raw Materials	600	105	215	600	1,200	600	1,200
Total	980	394	337	980	1,880	980	1,880

II. BASIS OF THE ADJUSTMENTS TO THE ANNUAL CAPS

The Adjusted Annual Caps are determined based on the following factors:

- (i) the historical transaction amounts between the Group and the Connected Persons;
- (ii) the increase in market price of the aluminium alloy hub and the Raw Materials under the Original Agreement, due to the sharp increase in market price of the aluminium raw material. The average market price of global bulk raw material A00 aluminium ingots was increased by approximately 33.2% in 2021 as compared with 2020. For the period from 1 April 2021 (the date of the Original Agreement) to 31 December 2021, the average market price of A00 aluminium ingots increased by approximately 40.0%, along with which the average procurement price of the Raw Materials under the Original Agreement (inclusive of miscellaneous operation costs (such as processing costs, reasonable profit, shipping costs and insurance expenses)) increased by approximately 41.3%;
- (iii) the expected increase in demand of the Group for aluminium alloy hubs and the Raw Materials. Due to the slowdown of the COVID-19 epidemic in Mainland China, CITIC Dicastal (a non-wholly-owned subsidiary of the Company) achieved business recovery with its procurement demand for aluminium alloy hub exceeded expectations, which is now expected to increase by approximately 25%; and

- (iv) a buffer is built in, which allows the Group to be flexible in case of potential further increase in the market price of aluminium raw material and continued increase in the procurement demands in the future, and caters for the possible inflations in the coming two years.

The Directors (including independent non-executive Directors) are of the view that the transactions contemplated under the Original Agreement as amended by the Supplemental Agreement (including the Adjusted Annual Caps) are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. 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 Original Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Adjusted Annual Caps 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.

As Mr. Zhu Hexin, Mr. Xi Guohua, Ms. Li Qingping, Mr. Song Kangle, Mr. Peng Yanxiang, Ms. Yu Yang and Mr. Zhang Lin 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 Supplemental 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.

IV. INFORMATION ABOUT THE PARTIES INVOLVED

The Company

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 the Shareholders.

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.

V. DEFINITIONS

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

“Adjusted Annual Cap(s)”	the annual cap(s) of the continuing connected transaction contemplated under the Original Agreement for the two years ending 31 December 2022 and 2023, respectively, adjusted by the Supplemental Agreement
“Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement” or “Original 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. (中信戴卡股份有限公司), 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
“Raw Materials”	casted round al-alloy bars and aluminium alloy ingot
“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
“Supplemental Agreement”	the supplemental agreement to the aluminium alloy hubs and raw materials procurement framework agreement entered into between the Company and CITIC Group on 1 April 2022 for the adjustments to the annual caps for the continuing connected transactions contemplated under the Original Agreement

By Order of the Board
CITIC Limited
Zhu Hexin
Chairman

Hong Kong, 1 April 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.