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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China CITIC Bank Corporation Limited** (中信銀行股份有限公司), you should at once hand this circular to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**APPLICATION FOR THE CAPS OF CONTINUING RELATED PARTY TRANSACTIONS  
AND  
NOTICE OF THE SECOND EXTRAORDINARY  
GENERAL MEETING OF 2023**

**Independent Financial Adviser to the  
Independent Board Committee and the Independent Shareholders**



The 2023 Second EGM is to be held at 9:30 a.m. on Thursday, 28 December 2023 at Conference Room 818, 8th Floor, CITIC Plaza, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing, PRC. The notice of the 2023 Second EGM is enclosed in this circular and has been published on the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.citicbank.com](http://www.citicbank.com)) on Wednesday, 8 November 2023.

Shareholders who intend to attend the meeting(s) in person or by proxy should complete the reply slip(s) dispatched on Thursday, 9 November 2023 in accordance with the instructions printed thereon and return the same to the office of the H Share registrar of the Bank in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Friday, 8 December 2023.

If you intend to appoint a proxy to attend the 2023 Second EGM, please complete the proxy form being published on the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.citicbank.com](http://www.citicbank.com)) on Wednesday, 8 November 2023 and dispatched on 9 November 2023, according to the instructions printed thereon and return the same at least 24 hours before the time fixed for holding the 2023 Second EGM (i.e. not later than 9:30 a.m. on Wednesday, 27 December 2023). Completion and return of the proxy form(s) will not preclude you from attending in person and voting in the 2023 Second EGM if you wish so.

References to dates and time in this circular are to Hong Kong dates and time.

13 December 2023

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## DEFINITIONS

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*Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:*

“2023 Second EGM”	the Second Extraordinary General Meeting of 2023 of the Bank to be held at 9:30 a.m. on Thursday, 28 December 2023 at Conference Room 818, 8th Floor, CITIC Plaza, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing, PRC
“A Shares”	ordinary share(s) of the Bank, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“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 text requires otherwise, including all its subsidiaries
“Beijing Honglian”	Beijing Honglian Nine Five Information Industry Corp. (北京鴻聯九五信息產業有限公司), a subsidiary of CITIC Group
“Board” or “Board of Directors”	the Board of Directors of the Bank
“China Huarong”	China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司), the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 2799)
“Cinda Securities”	Cinda Securities Co., Ltd.
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司)
“CITIC Group”	CITIC Group Corporation Limited (中國中信集團有限公司), formerly known as CITIC Group Corporation (中國中信集團公司)
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 267)
“CITIC Qingdao Asset”	CITIC Qingdao Asset Management Co., Ltd. (中信青島資產管理有限公司), a subsidiary of CITIC Group

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## DEFINITIONS

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“CITIC Securities”	CITIC Securities Company Limited (中信証券股份有限公司), the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 6030) and the Shanghai Stock Exchange (stock code: 600030), respectively
“CITIC Wealth Management”	CITIC Wealth Management Corporation Limited (信銀理財有限責任公司), a subsidiary of the Bank
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSC”	CSC Financial Co., Ltd. (中信建投証券股份有限公司), the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 6066) and the Shanghai Stock Exchange (stock code: 601066), respectively
“Director(s)”	director(s) of the Bank
“Guandong Honglian”	Guangdong Honglian Nine Five Information Industry Corp. (廣東鴻聯九五信息產業有限公司), a subsidiary of CITIC Group
“H Share(s)”	ordinary share(s) of the Bank, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors of the Bank
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement, the Investment Business Framework Agreement with CITIC Group and its associates and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Shareholder(s)”	Shareholders of the Bank excluding CITIC Group and its associates
“Latest Practicable Date”	8 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shanghai Listing Rules”	the Listing Rules of Shanghai Stock Exchange
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shareholder(s)”	the holders of the Bank’s Share(s)
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Bank
“substantial shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules

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LETTER FROM THE BOARD

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**中信銀行**  
CHINA CITIC BANK

**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)**

*Executive Directors:*

Mr. Fang Heying (*Chairman*)

Mr. Liu Cheng (*President*)

*Non-executive Directors:*

Mr. Cao Guoqiang

Ms. Huang Fang

Mr. Wang Yankang

*Independent non-executive Directors:*

Mr. Liu Tsz Bun Bennett

Mr. Zhou Bowen

Mr. Wang Huacheng

Ms. Song Fangxiu

*Registered Office:*

6-30/F and 32-42/F, Building No. 1,  
10 Guanghua Road, Chaoyang District,  
Beijing, PRC, 100020

*Principal Place of Business in Hong Kong:*

5/F, Manulife Place, 348 Kwun Tong Road,  
Kowloon, Hong Kong

13 December 2023

Dear Sir or Madam,

**APPLICATION FOR THE CAPS OF CONTINUING RELATED PARTY TRANSACTIONS  
AND  
NOTICE OF THE SECOND EXTRAORDINARY  
GENERAL MEETING OF 2023**

**1. INTRODUCTION**

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the 2023 Second EGM as described below.

At the 2023 Second EGM, the ordinary resolutions regarding the Application for the Caps of Continuing Related Party Transactions will be proposed.

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## LETTER FROM THE BOARD

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### 2. PROPOSAL ON APPLICATION FOR THE CAPS OF CONTINUING RELATED PARTY TRANSACTIONS

At the 2023 Second EGM, Proposal on Application for the Caps of Continuing Related Party Transactions, which includes (1) the caps of credit extension business with CITIC Group and its associates for the years 2024-2026; (2) caps for asset transfer with CITIC Group and its associates for the years 2024-2026; (3) caps for comprehensive service with CITIC Group and its associates for the years 2024-2026; (4) caps for financial consulting and asset management service with CITIC Group and its associates for the years 2024-2026; (5) caps for custody and account management service with CITIC Group and its associates for the years 2024-2026; (6) caps for other financial service with CITIC Group and its associates for the years 2024-2026; (7) caps for deposit business with CITIC Group and its associates for the years 2024-2026; (8) caps for financial market business with CITIC Group and its associates for the years 2024-2026; (9) caps for investment business with CITIC Group and its associates for the years 2024-2026; (10) the caps of credit extension business with Cinda Securities for the years 2024-2026; (11) the caps of custody and account management service with Cinda Securities for the years 2024-2026; (12) the caps of deposit business with Cinda Securities for the years 2024-2026; (13) the caps of financial market business with Cinda Securities for the years 2024-2026; and (14) caps of investment business with Cinda Securities for the years 2024-2026 will be submitted for approval by way of ordinary resolutions. Details of such proposals are as follows:

#### 2.1 Continuing Connected Transactions with CITIC Group and its Associates

##### 2.1.1 Credit Extension Business Framework Agreement

###### 2.1.1.1 General information of the transaction

The Bank entered into the existing Credit Extension Business Framework Agreement with CITIC Group on 27 August 2020 and entered into a supplemental agreement of the existing Credit Extension Business Framework Agreement on 19 June 2023. Pursuant to which, in connection with the credit extension business between the Bank and CITIC Group and its associates, including but not limited to funding provided by the Bank to the customers or guarantees provided by the Bank in relation to customers' compensation and payment liabilities that may arise in the relevant economic activities, including but not limited to loans (including trade financing), bill acceptance and discount, overdrafts, debt securities investments, special purpose vehicles investment, letters of credit, factoring, guarantee, letters of guarantee, loan commitments, repurchase of securities, lending and other on-balance-sheet and off-balance-sheet businesses, and other businesses where credit risk is borne by the banking institutions.

In light of the impending expiration of the existing Credit Extension Business Framework Agreement on 31 December 2023, the Bank entered into a new Credit Extension Business Framework Agreement with CITIC Group on 8 November 2023. The Credit Extension Business Framework Agreement has a

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## LETTER FROM THE BOARD

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term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the listing rules in the place where the Bank's Shares are listed.

### *2.1.1.2 Principal terms of the Credit Extension Business Framework Agreement*

The principal terms of the Credit Extension Business Framework Agreement are set out as follows:

- The Bank will provide credit extension to CITIC Group and its associates, which include but not limited to funding provided by the Bank to the CITIC Group and its associates or guarantees provided by the Bank in relation to CITIC Group and its associates' compensation and payment liabilities that may arise in the relevant economic activities, including but not limited to loans (including trade financing), bill acceptance and discount, overdrafts, debt securities investments, special purpose vehicles investment, letters of credit, factoring, guarantee, letters of guarantee, loan commitments, repurchase of securities, lending and other on-balance-sheet and off-balance-sheet businesses, and other businesses where credit risk is borne by the Bank.
- Both parties of the agreement shall carry out business under the agreement.
- The party receiving the credit shall compensate the party providing the financial support by paying interest to the party providing the financial support.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### *2.1.1.3 Pricing*

The credit extension transaction between the Bank and CITIC Group and its associates will be conducted in accordance with market principles and on general commercial terms, the Bank shall charge interest at a fair and reasonable market rate, and the credit conditions shall not be favorable than those granted to an independent third party.



## LETTER FROM THE BOARD

### 2.1.1.4 Historical amounts and proposed annual caps

	Actual historical amount for the year ended 31 December (RMB millions)		Actual historical amount for the nine months ended 30 September (RMB millions)	Approved annual cap for the year ending 31 December (RMB millions)	Proposed annual cap for the year ending 31 December (RMB millions)		
	2021	2022	2023	2023	2024	2025	2026
Credit Line	180,621	178,181	200,852	320,000	400,000	400,000	400,000

### 2.1.1.5 Basis for the proposed annual caps

In arriving at the above caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) In comprehensive consideration of the historical cooperation between the Bank and CITIC Group and its associates, the scale of the existing credit facilities and the demand for drawdown under the existing credit extension approval, the cap utilization rate is expected to increase significantly; (2) The market position, scale and financial status of CITIC Group and its associates in the relevant industries; and (3) To create a space for cooperation between the Bank and the new connected persons of the CITIC Group over the next three years.

### 2.1.1.6 Requirements of the Hong Kong Listing Rules

According to Chapter 14A of the Hong Kong Listing Rules, the recurring credit extension connected transactions between the Bank and CITIC Group and its associates constitute connected transactions in the form of financial assistance provided by the Bank to CITIC Group and its associates. Since such connected transactions are entered into by the Bank in its ordinary and usual course of business on normal commercial terms, according to Rule 14A.87(1) of the Hong Kong Listing Rules, the connected transactions will be exempted from the announcement, independent Shareholders' approval, annual reporting and annual review requirements as set out in Rules 14A.35, 14A.36, 14A.49 and 14A.71 of the Hong Kong Listing Rules.

### 2.1.1.7 Requirements of the Shanghai Listing Rules

According to Article 6.3.3 of the Shanghai Listing Rules and other relevant provisions, CITIC Group and its associates shall constitute related companies of the Bank. According to Article 6.3.7 of the Shanghai Listing Rules and other relevant provisions, the credit extension business and the caps for such related party transactions between the Bank and its major Shareholder CITIC Group and its associates shall be subject to the approval by the Bank's Shareholders' general meeting and related Shareholders shall abstain from voting on such meeting.

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## LETTER FROM THE BOARD

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### *2.1.2 Asset Transfer Framework Agreement*

#### *2.1.2.1 General information of the transaction*

The Bank entered into the existing asset transfer framework agreement with CITIC Group on 27 August 2020, pursuant to which, the Bank and CITIC Group and its associates would conduct asset transfer transactions in their ordinary and usual course of business in accordance with applicable normal market practices and on normal commercial terms.

In light of the impending expiration of the existing asset transfer framework agreement and in order to satisfy the business development needs, the Bank entered into an Asset Transfer Framework Agreement with CITIC Group on 8 November 2023. The Asset Transfer Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the listing rules in the place where the Bank's Shares are listed.

The Bank will sell credit and other related assets to CITIC Group and its associates in order to optimise the Bank's credit structure. In the meantime, the Bank may purchase the same type of assets from CITIC Group and its associates to adjust the Bank's credit structure and optimize asset allocation. As a means of the Bank's asset and liability management, the Bank will sell on-balance-sheet credit assets through market-oriented channels in order to adjust the asset-liability structure and satisfy such regulatory indexes as capital adequacy ratio, scale of non-performing loans and implementation of credit policies when the credit growth is too fast. In conducting factoring businesses, the Bank will purchase assets such as customers' accounts receivable. In conducting forfaiting business, the Bank will have a non-recourse buyout of the creditor's rights held by CITIC Group and its associates, the payment of which shall be confirmed as due by its issuing/confirming bank while the creditor's rights are not due, or transfer the creditor's rights that have been bought out and held by the Bank but are not due to CITIC Group and its associates. The Asset Transfer Framework Agreement between the Bank and CITIC Group contemplates the purchase and sale of credit and other related assets to CITIC Group and its associates. Along with the business development, the Bank expects to purchase credit and other related assets from CITIC Group and its associates in the future, and the total amount of such purchase and sale will be calculated cumulatively when the annual cap is calculated.

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## LETTER FROM THE BOARD

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### *2.1.2.2 Principal terms of the Asset Transfer Framework Agreement*

The principal terms of the Asset Transfer Framework Agreement are set out as follows:

- The Bank in the ordinary and usual course of business buys from or sells to CITIC Group and its associates movable and immovable properties for own use, credit and other relevant assets, including but not limited to: the purchase and sale of movable and immovable properties for own use; sell/buy corporate and retail credit loan and non-credit loan assets and their (collection) beneficiary rights, receivables and other asset directly or through asset management plan, asset securitization or through factoring, forfeiting or other forms; purchase and sale of interbank assets and creditor's rights, receipt and disposal of repossessed assets; commercial acceptance bonding business, bill discounting business without the credit risk of the discounting applicant; and other asset transfer business.
- Both parties of the agreement shall carry out business under the agreement.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### *2.1.2.3 Pricing*

Transactions under the Asset Transfer Framework Agreement are divided into normal asset transfer and securitization asset transfer. The normal asset transfer is a non-hierarchical transfer, with a single or small number of transactions generally. Securitization asset transfer is a selection of a larger number of loans which are packaged to form a pool of assets, and are designed with structured hierarchy. Under the Asset Transfer Framework Agreement, the price payable by the transferee to the transferor shall be determined on the basis of the following principles:

Normal asset transfer: in accordance with the regulatory requirements, the transfer of credit assets shall comply with the principle of integrity, i.e. the credit assets to be transferred shall include the entire outstanding principal and interest receivable. In the transfer of credit assets by the transferor to the transferee, the principals under the loan shall be taken as the consideration of the transaction, while transferring at par (i.e. the ratio of transaction price to loan principal is 100%), without discount and premium.

Securitization asset transfer: the transfer of assets from connected persons to the Bank has been included in the above normal asset transfer. When transferring credit assets from the Bank to connected persons, the Bank adopts the loan

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## LETTER FROM THE BOARD

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principal as the consideration of the transaction, while transferring at par (i.e. the ratio of transaction price to loan principal is 100%), except for the securitization of non-performing asset. In terms of the issuance rate of the asset-backed securities, the prioritized asset-backed securities (with exclusion of the sections held by the originating institutions) are determined by the approach of single spread (Netherlands Style) or book building through the bidding system of China Central Depository & Clearing Co., Ltd., and the secondary asset-backed securities (with exclusion of the sections held by the originating institutions) are determined by the number of tenders or by the book building approach on the basis of a nominal value of RMB100 per unit.

Transfer of non-performing assets: the price shall be determined in accordance with the principles of compliance with the laws and regulations, openness and transparency, competition and selection of the best, authenticity and cleanliness, and by comprehensively considering the factors such as asset conditions, disposal costs, risks and returns, market conditions and professional opinions issued by third-party evaluation institutions, and the transfer shall be conducted in an open way.

Forfeiting business: the interest income received within the actual holding period shall be determined according to the fair value of the forfeiting market.

### 2.1.2.4 Historical amounts and proposed annual caps

	Actual historical amount for the nine months ended 30 September (RMB millions)		Actual historical amount for the nine months ended 30 September (RMB millions)	Approved annual cap for the year ending 31 December (RMB millions)	Proposed annual cap for the year ending 31 December (RMB millions)		
Transaction	2021	2022	2023	2023	2024	2025	2026
Amount	<u>42,205</u>	<u>21,738</u>	<u>52,604</u>	<u>190,000</u>	<u>160,000</u>	<u>180,000</u>	<u>190,000</u>

### 2.1.2.5 Basis for the proposed annual caps

In arriving at the above caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) The interbank credit asset securitization business is an important method to improve the ability of commercial banks to actively manage assets and liabilities and to extend credit. It can effectively activate existing assets, establish a virtuous cycle

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## LETTER FROM THE BOARD

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between asset allocation and asset circulation, and assist commercial banks to transform and upgrade to asset-light and transactional banking; (2) Regulatory authorities continue to support commercial banks to carry out credit asset securitization business, and the domestic securitization market has been developing steadily in recent years, with increasingly rich coverage of varieties, continuous improvement of system construction, and the development mode evolving steadily from “policy-driven” to “market-initiated”. Under the dual promotion of regulatory authorities and market demand, the credit asset securitization business of commercial banks has been developing rapidly; (3) The Bank continues to improve the asset securitization policies, set up the asset securitization business system, and constructed a full-coverage of basic assets, so that the foundation for the development of the asset securitization business has been effectively consolidated; (4) In recent years, affected by the downturn of the economic situation and adjustments in the real estate market, the demand for retail credit was insufficient. Since February 2022, the banking regulatory authorities suspended the issuance of securitization of individual housing mortgage loans, as a result of which commercial banks including the Bank have not yet issued the securitization of individual housing mortgage loans which originally accounted for the biggest share of securitization. The Bank only has issued non-performing asset securitization products in the past two years in a relatively small amount. Under the background of a series of policies for stabilizing economy, there is the possibility that economic growth will pick up and credit demand will increase in the future. The policies of banking regulatory authorities on the issuance of securitization of individual housing mortgage loans may change. In view of the situation that our loan scale and risk assets may become tight as a result of the Banks’ tightening of refinancing standards, increasing demands for credit loans and implementation of new capital rules, the Bank may issue securitization products such as individual housing mortgage loans, individual consumption loans and credit card full accounts to release risk capital and reduce refinancing costs. The Bank estimates that the cap of such business will be RMB70 billion per year; (5) In the future, the Bank will continue to enhance asset securitization, and to push forward the development of the credit card full accounts, personal consumption loans, housing mortgage loans, non-performing loans, etc., so as to drive the development of asset transfer business of asset securitization; (6) The Bank has carried out the business of secondary market forfeiting for a relatively short period of time, and there is still a large space for development in the future. In 2022, the Bank has bought and sold forfeiting business through the primary and secondary markets for a total of RMB672.3 billion, and the Bank expects the caps of forfeiting business related party transactions will be RMB36 billion, RMB50 billion and RMB64 billion respectively from 2024 to 2026, accounting for 5% to 9% of the total forfeiting business of the Bank in 2022; and (7) As licensed asset management companies, China Huarong (only a related party of the Bank on the basis of the National Administration of Financial Regulation, the Shanghai Stock Exchange and the accounting standards) and CITIC Qingdao Assets, etc. are expected to grow in the subsequent transfer of non-performing assets, transfer of debt-expiated assets

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## LETTER FROM THE BOARD

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and other business, and the caps of such business is expected to be RMB22 billion per year from 2024 to 2026, accounting for about 34% of the Bank's total amount of non-performing loans.

### *2.1.2.6 Requirements of the Hong Kong Listing Rules*

As the highest applicable percentage ratio of the annual caps for the transaction under the Asset Transfer Framework Agreement exceeds 5%, the transactions under the Asset Transfer Framework Agreement constitute continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Hong Kong Listing Rules.

### *2.1.3 Comprehensive Service Framework Agreement*

#### *2.1.3.1 General information of the transaction*

The Bank entered into the existing Comprehensive Service Framework Agreement with CITIC Group on 27 August 2020, pursuant to which, the businesses carried out with CITIC Group and its associates in the ordinary and usual course of the Bank include but not limited to medical insurance and enterprise annuity; merchandise service procurement (including conference hosting services); outsourcing services; value-added services (including points redemption services for clients of bank cards); advertising services; technology services and property leasing.

In light of the impending expiration of the existing Comprehensive Service Framework Agreement, the Bank entered into a new Comprehensive Service Framework Agreement with CITIC Group on 8 November 2023. The new Comprehensive Service Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the listing rules in the place where the Bank's Shares are listed.

#### *2.1.3.2 Principal terms of the new Comprehensive Service Framework Agreement*

The principal terms of the Comprehensive Service Framework Agreement are set out as follows:

- Services conducted between the Bank and CITIC Group and its associates include, but not limited to, insurance services and medical fund management; merchandise service procurement (including conference hosting services); outsourcing services; value-added services (including

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## LETTER FROM THE BOARD

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points redemption services for clients of bank cards); advertising services; technology services; call center services; housing rental and property management; engineering contracting; other general services.

- Both parties of the agreement shall provide the services prescribed in the agreement.
- The services providers and their associates are legally entitled to payment for the services.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### 2.1.3.3 Pricing

Services under the Comprehensive Service Framework Agreement will adopt the prevailing market prices or rates normally applicable to transactions conducted with independent third parties. Such prices and rates shall be determined through arm's length negotiations and on normal commercial terms.

### 2.1.3.4 Historical amounts and proposed annual caps

	Actual historical amount for the year ended 31 December (RMB millions)		Actual historical amount for the nine months ended 30 September (RMB millions)	Approved annual cap for the year ending 31 December (RMB millions)	Proposed Annual Cap for the Year ending 31 December (RMB millions)		
	2021	2022	2023	2023	2024	2025	2026
Amount of service fee income/ expenditure	<u>3,153</u>	<u>4,358</u>	<u>2,691</u>	<u>7,000</u>	<u>6,200</u>	<u>6,600</u>	<u>7,000</u>

### 2.1.3.5 Basis for the proposed annual caps

In arriving at the above annual caps, the Board has considered the similar historical figures for such transactions and the following factors: along with the business development and innovation, the Bank's demand for technology services, outsourcing services, joint promotion and marketing, product

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## LETTER FROM THE BOARD

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procurement services, advertisement services, value-added services, property leasing, property management, training service persistently increases. For example, in the next three years, the scale of call center, telemarketing, collection and other service between the Bank and Guangdong Honglian and Beijing Honglian are expected to increase, and the amount of connected transactions will continue to grow; the Bank gradually diversified its business with Shenzhen Xinyin Enterprise Service Co., Ltd., and launched new businesses such as merchant expansion and collection.

### *2.1.3.6 Requirements of the Hong Kong Listing Rules*

As the highest applicable percentage ratio of the annual caps for the transaction under the Comprehensive Service Framework Agreement exceeds 0.1% but does not exceed 5%, the transactions under the Comprehensive Service Framework Agreement constitutes continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement as set out in Chapter 14A of the Hong Kong Listing Rules.

### *2.1.4 Financial Consulting and Asset Management Service Framework Agreement*

#### *2.1.4.1 General information of the transaction*

The Bank entered into the existing Financial Consulting Service and Asset Management Service Framework Agreement with CITIC Group on 27 August 2020, pursuant to which, the Bank and CITIC Group and its associates provide services relating to financial consulting and asset management.

In light of the impending expiration of the existing Financial Consulting Service and Asset Management Service Framework Agreement, the Bank entered into a new Financial Consulting and Asset Management Service Framework Agreement with CITIC Group on 8 November 2023, which has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to the consent of the parties and compliance with the listing rules in the place where the Bank's Shares are listed.

In the securitization business of credit assets, CITIC Group and its associates will collect trust management fee and underwriting fee from the Bank for their provision of the securitization transfer and duration services and asset securitization underwriting services to the Bank, and the Bank will collect initiator service fee for the provision of the asset securitization duration services to CITIC Group and its associates. In the non-principal-guaranteed wealth management and agency services, the Bank will obtain service fee income from CITIC Group and its associates in connection with the non-principal-guaranteed wealth management services or agency services provided by the Bank to CITIC



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Group and its associates, including sales service fee for non-principal-guaranteed wealth management services and agency service fee for investment product consignment sale. The Bank will pay service fee to CITIC Group or its associates in connection with the agency services provided to the Bank by CITIC Group or its associates. In the bonds underwriting business, the Bank will collect service fee for the provision of underwriting services to CITIC Group and its associates. CITIC Group and its associates will collect service fee from the Bank for the provision of underwriting services to the Bank for the issuance of the bonds.

### *2.1.4.2 Principal terms of the Financial Consulting and Asset Management Service Framework Agreement*

The principal terms of the Financial Consulting and Asset Management Service Framework Agreement are set out as follows:

- The Bank agrees, in its ordinary and usual course of business, to conduct the following business for CITIC Group and its associates including, but not limited to, bond underwriting; financing and financial consulting services; financial products agency sales; asset securitization services; entrusted loans; underwriting of investment and financing projects; consulting; and management of factoring receivables, collection of receivables and guarantee for bad debts; asset management services; other financial consulting services and asset management services.
- Both parties of the agreement shall provide the services prescribed in the agreement.
- The services providers and their associates are legally entitled to payment for the services.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### *2.1.4.3 Pricing*

For the purpose of financing or taking the asset off the balance sheet, in the course of ordinary business, the Bank conducts securitization business of credit assets with CITIC Group and/or its associates as well as financial advisory and asset management services with related parties. The expenses incurred in the course of the business include but are not limited to: (1) Trust remuneration received by the trust for its service provided during the issuance and duration of the asset-backed securities at the rate of 0.05% to 0.1% (on a lump-sum basis); (2) Underwriting remuneration received by the lead underwriter for its participation in the underwriting of the asset-backed securities at the rate of 0.03% to 0.45% (on a lump-sum basis); and (3) Service remuneration received by

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the asset service institution for its provision of the relevant services during the issuance and duration, the rate of which varies from 0.1%/year to 3%/year depending on the different needs for such services of different assets.

The service fee standard of commission sale of investment products shall be priced based on market price and industry practice. The level of commission rate varies according to the service requirements of the various commission sales and is usually between 0.05% and 10%.

The fees for other financial consulting and asset management services provided by the Bank are negotiated on an arm's length basis between the parties, depending on the nature of the service provided, and are set out in a specific service agreement to be entered into between the parties. The prices and rates are not more favourable than those charged to independent third parties.

The above-mentioned pricing standard is applicable to both independent third parties and connected persons.

#### 2.1.4.4 Historical amounts and proposed annual caps

Actual historical amount for the year ended 31 December (RMB millions)	Actual historical amount for the nine months ended 30 September (RMB millions)	Actual historical amount for the year ended 31 December (RMB millions)	Actual historical amount for the nine months ended 30 September (RMB millions)	Approved annual cap for the year ending 31 December (RMB millions)	Proposed annual cap for the year ending 31 December (RMB millions)		
2021	2022	2023	2023	2024	2025	2026	
Amount of service fee income/ expenditure	220	221	333	5,000	15,000	18,000	20,000

*Note:* The agency sale services previously included in the existing Wealth Management and Investment Service Framework Agreement will be included in the Financial Consulting and Asset Management Services Framework Agreement and be subject to a cap, and the actual amount incurred from January to September 2023 was calculated according to previous criteria.

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### 2.1.4.5 *Basis of the proposed annual caps*

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors and the relevant annual caps are calculated based on the following business needs: (1) The financial consulting and asset management services are strongly related to the securitization businesses of credit assets. In the securitization businesses of credit assets, trust management fees charged for provision of securitization transfer and service in duration, underwriting fees charged for provision of underwriting services for securitization, and initiator service fees charged for provision of service in duration for securitization are generated. Due to the relatively small scale issuance of credit asset securitization in the past two years, the above-mentioned service charges are small in amount. Considering that the future issuance cap of securitization businesses of credit assets will be RMB70 billion, the Bank estimates that the annual financial consulting and asset management service fees in connection therewith will be capped at RMB2 billion in 2024-2026; (2) The agency sale of non-principal-guaranteed financial products under the existing Wealth Management and Investment Service Frame Work Agreement will be included in the management of financial consulting and asset management services. The amount of non-principal-guaranteed wealth management and agency services accrued was RMB1.157 billion, RMB3.261 billion and RMB3.194 billion respectively in 2021, 2022 and January-September 2023, and it is estimated that the number will be approximately RMB5 billion in 2023. Considering the focus on launching medium and low volatility wealth management products in 2024, it is expected that the performance will improve significantly, and the wealth management scale and income from agency sales may witness a turnaround in growth. In 2024, the capital market will continue to be overlapped by long and short factors, and it is expected that the market will maintain oscillating within a ceiling and a floor, where the service fees of proxy sale of financial products will be steady with an upturn. According to the estimation of the Bank, the caps of such related party transactions will be RMB8.3 billion, RMB9.7 billion and RMB11.26 billion, respectively, from 2024 to 2026; (3) In accordance with the strategic transformation goals, the Bank will continue to promote and develop light businesses, including securities underwriting, asset management, and financial consulting. Among which, cooperation with CITIC Group and its associates will be extensively involved; (4) As a mainstream underwriter in the market, the Bank maintains a leading position in the debt instrument underwriting business. At the same time, according to the trend in regulation, the bond market's role as the main channel of market-based financing is further enhanced and it is estimated that the scale of bond issuance of CITIC Group and its associates will increase; (5) With the in-depth promotion of the nation's innovation-driven development strategy, direct financing has become more important. The Recommendations of the CPC Central Committee for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Goals for 2035 (《中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議》) clearly

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points out that to increase the proportion of direct financing is an important task for the capital market during the 14th Five-Year Plan period. With the gradually increasing importance of bond financing in the overall social financing structure, the Bank will focus on establishing a “licensed + non-licensed” underwriting service system, and further strengthen the cooperation in this field with leading companies in related industries such as CITIC Securities and CSC, combining strong forces to create a full licensed financing services system for the debt capital market, expanding customer financing channels and reducing customer financing costs; and (6) After the issuance of the Guiding Opinions by the General Office of the China Banking and Insurance Regulatory Commission on Guiding Financial Asset Management Companies to Focus on Their Main Businesses and Actively Participate in the Reform and Risk Mitigation of Small and Medium-sized Financial Institutions (《中國銀保監會辦公廳關於引導金融資產管理公司聚焦主業積極參與中小金融機構改革化險的指導意見》) in 2022, the Bank has gradually carried out the structured disposal of non-performing assets, and is expected to record growth in this business in the future. The Bank estimates that the caps of such related party transactions will be RMB1.896 billion, RMB3.259 billion and RMB3.429 billion, respectively, from 2024 to 2026.

### *2.1.4.6 Requirements of the Hong Kong Listing Rules*

As the highest applicable percentage ratio of the annual caps for the transactions under the Financial Consulting and Asset Management Service Framework Agreement exceeds 5%, the transactions under the Financial Consulting and Asset Management Service Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements as set out in Chapter 14A of the Hong Kong Listing Rules.

### *2.1.5 Custody and Account Management Services Framework Agreement*

#### *2.1.5.1 General information of the transaction*

The Bank entered into the existing Asset Custody Service Framework Agreement and Third-Party Escrow Service Framework Agreement with CITIC Group on 27 August 2020 (among which, the Asset Custody Service Framework Agreement was further revised on 24 December 2021), pursuant to which, the Bank and CITIC Group and its associates carry out cooperation regarding third-party escrow service related to financial asset custody or any other asset custody services and third-party regulatory service, as well as third-party escrow service related to securities company customer transaction settlement funds.

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In light of the impending expiration of the existing Asset Custody Service Framework Agreement and Third-Party Escrow Service Framework Agreement, the Bank combined asset custody service and third-party escrow service into custody and account management services, and entered into the Custody and Account Management Services Framework Agreement with CITIC Group on 8 November 2023, which has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to the consent of the parties and compliance with the listing rules in the place where the Bank's Shares are listed.

### *2.1.5.2 Principal terms of the Custody and Account Management Services Framework Agreement*

The principal terms of the Custody and Account Management Services Framework Agreement are set out as follows:

- Both parties agree, in the ordinary and usual course of business, to carry out the custody and account management services including, but not limited to: the services provider provides asset custody service and account management service related to its financial assets or funds; the services provider provides third-party regulatory service for the financing goods of credit-granting enterprises; the services provider provides third-party custody service to the recipient.
- Both parties of the agreement shall provide the services prescribed in the agreement.
- The services provider and its associates are legally entitled to payment for the services.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### *2.1.5.3 Pricing*

The pricing principles of the Custody and Account Management Services Framework Agreement are as follows:

- The service fees paid by both parties in connection with the agreement are subject to relevant market prices and periodic reviews.
- For asset custody service and account management service related to service providers' financial assets or funds, 0% to 2% of the assets or funds under management are charged based on the type of assets/accounts under management and subject to the implementation of relevant national and regulatory provisions. Custody fee standards for account management

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service and special types of asset custody products such as company pension funds are based on market competition and are charged at a rate that is no better than that applicable to the independent third party.

- For services provider to provide third-party regulatory services for financing goods of credit-granting enterprises, the current service fee standards for regulatory service vary according to the type of goods. Among them, the regulatory service fee for automobile goods is charged at a standard of RMB50,000 to RMB100,000 per person per year for a single store, and the regulatory service fee for bulk goods is charged between 0.5% and 0.8% of the Bank's credit exposure limit.
- For third-party custody service provided to the recipient by the services provider, the current standard of service fees charged for third-party custody service is usually based on the total balance base of the management account of the customer's funds at the end of each quarter multiplied by the annual rate between 0‰ and 1‰ (converted into a daily rate).

### 2.1.5.4 Historical amounts and proposed annual caps

The historical amounts of the existing Asset Custody Service Framework Agreement and Third-Party Escrow Service Framework Agreement are as follows:

	Actual historical amount for the year ended 31 December <i>(RMB millions)</i>		Actual historical amount for the nine months ended 30 September <i>(RMB millions)</i>	Approved annual cap for the year ending 31 December <i>(RMB millions)</i>
	2021	2022	2023	2023
<b>Amount of Asset Custody Service</b>				
Framework Agreement service fee income/expenditure	532	1,187	1,652	2,800
<b>Amount of Third-Party Escrow Service</b>				
Framework Agreement service fee income/expenditure	22	17	21	300

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The proposed annual caps for the Custody and Account Management Services Framework Agreement are as follows:

	<b>Proposed annual cap for the year ending 31 December</b> <i>(RMB millions)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Amount of Custody and Account Management Services Framework Agreement service fee income/ expenditure</b>	<u>2,000</u>	<u>3,000</u>	<u>4,000</u>

### *2.1.5.5 Basis of setting the proposed annual caps*

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: the Bank sets the annual caps based on the existing cooperation and future cooperation development trend with CITIC Group and its associates in businesses including asset custody, third-party regulatory, and depository, including: (1) In the process of transformation and development of the banking industry, the development potential and light-capital advantages of the asset custody business have gradually emerged. With the development of the asset management market and the continuous improvement of the policies on three pillars of pension funds, the Bank's cooperation with the above-mentioned connected persons in the asset custody business will also maintain reasonable growth, and the custody scale and income will further increase. (2) The Bank expects that China's economy will maintain a steady growth thereafter, and the market investment will become active. The goods-financing-related business will steadily develop. The cooperation between the Bank and its above-mentioned connected persons in third-party regulatory business will also maintain a reasonable growth corresponding with the development of China's economy. (3) In order to further increase the scale of the custody business, enhance customer stickiness, and strengthen all-round cooperation with the quality companies within the CITIC Group, reasonable estimates are made based on the future business scale.

### *2.1.5.6 Requirements of the Hong Kong Listing Rules*

As the highest applicable percentage ratio of the annual caps for the transactions under the Custody and Account Management Services Framework Agreement exceeds 0.1% but does not exceed 5%, the transactions under the Custody and Account Management Services Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement as set out in Chapter 14A of the Hong Kong Listing Rules.

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### *2.1.6 Other Financial Services Framework Agreement*

#### *2.1.6.1 General information of the transaction*

The Bank entered into the Other Financial Services Framework Agreement with CITIC Group on 8 November 2023, which has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to the consent of the parties and compliance with the listing rules in the place where the Bank's Shares are listed.

#### *2.1.6.2 Principal terms of the Other Financial Services Framework Agreement*

The principal terms of the Other Financial Services Framework Agreement are set out as follows:

- Both parties agree, in the ordinary and usual course of business, to carry out other financial services including, but not limited to: businesses of spot foreign exchange settlement and sales and foreign exchange trading on behalf of customers; guarantee and commitment business; electronic banking business; bank card business; domestic and international settlement business; entrusted agency business; safe deposit box business; acquiring business; and other financial services.
- Both parties of the agreement shall provide the services prescribed in the agreement.
- The services provider and its associates are legally entitled to payment for the services.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

#### *2.1.6.3 Pricing*

The fees for each of the services under the Other Financial Services Framework Agreement are negotiated on an arm's length basis between the parties, and the prices and rates for the provision of other financial services by the Bank to the connected persons are no more favorable than those for the provision of other financial services by the Bank to the independent third parties, or are based on the market prices and rates applied by independent counterparties in respect of the same transactions in determining the prices and rates to be applied to a particular type of service.



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### 2.1.6.4 Proposed annual caps

	<b>Proposed annual cap for the year ending 31 December</b> <i>(RMB millions)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Service fee income/expenditure</b>	<b><u>1,200</u></b>	<b><u>2,000</u></b>	<b><u>3,200</u></b>

*Note:* The Bank has not previously entered other financial services framework agreements with CITIC Group. Some of the financial service matters (such as settlement business, bank card business, e-banking business, acquiring business, operating lease business, etc.) previously included in the existing Comprehensive Service Framework Agreement and related to the business operation of the Bank are unified into the Other Financial Services Framework Agreement.

### 2.1.6.5 Basis for setting the annual caps

In setting the aforesaid annual caps, the Board took into account the following factors: (1) Starting from the second half of 2023, the Bank has newly launched installment business cooperation with its connected persons, which includes a variety of businesses such as territorial installment, car purchase installment, e instant installment, etc. It is expected that the scale of the installment business will gradually increase in the next three years, with a corresponding increase in the commissions to be paid; (2) CITIC Financial Leasing Co., Ltd., a subsidiary of the Bank, in accordance with its policy guidance and strategic planning, has returned to the leasing origin, carried out specialized leasing business with aircrafts, ships and other assets as leases, and continued to increase the proportion of the operating leasing business, and the proportion of operating leases with connected persons is expected to increase.

### 2.1.6.6 Requirements of the Hong Kong Listing Rules

As the highest applicable percentage ratio of the annual caps for the transactions under the Other Financial Services Framework Agreement exceeds 0.1% but does not exceed 5%, the transactions under the Other Financial Services Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement as set out in Chapter 14A of the Hong Kong Listing Rules.

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### *2.1.7 Deposit Business Framework Agreement*

#### *2.1.7.1 General information of the transaction*

The Bank entered into the existing Deposit Business Framework Agreement with CITIC Group on 19 June 2023, pursuant to which, the Bank and CITIC Group and its associates carry out various deposit business.

In light of the impending expiration of the existing Deposit Business Framework Agreement on 31 December 2023, the Bank entered into a new Deposit Business Framework Agreement with CITIC Group on 8 November 2023. The Deposit Business Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the listing rules in the place where the Bank's Shares are listed.

#### *2.1.7.2 Principal terms of the Deposit Business Framework Agreement*

The principal terms of the Deposit Business Framework Agreement are set out as follows:

- the Bank shall provide deposit services to CITIC Group and its associates, including but not limited to corporate deposits, i.e. agreement deposit, agreement savings, call deposit, time deposit (including CDs) and structured deposit; interbank deposits, i.e. interbank time deposits, etc.
- Both parties of the agreement shall carry out business under the agreement.
- Deposits takers shall pay interest specified on deposits to depositors.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

#### *2.1.7.3 Pricing*

The interests of the deposit business are determined according to market-based pricing and general commercial principles and based on terms no more favorable than those available for similar transactions with independent third parties.

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### 2.1.7.4 Historical amounts and proposed annual caps

	Amount for the nine months ended 30 September (RMB millions) 2023	Approved annual cap for the year ending 31 December (RMB millions) 2023	Proposed annual cap for the year ending 31 December (RMB millions)		
			2024	2025	2026
Interest payment amount	583	1,000	1,600	1,800	2,000

### 2.1.7.5 Basis for the proposed annual caps

In arriving at the above caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) The scale of the historical deposits of CITIC Group and its associates and the corresponding payments of interest by the Bank as well as the future business development trends; (2) The market position, scale and financial status of CITIC Group and its associates in the relevant industries; (3) The number of CITIC Group and its associates is relatively large and increases from time to time.

### 2.1.7.6 Requirements of the Hong Kong Listing Rules

According to Chapter 14A of the Hong Kong Listing Rules, the transactions under the Deposit Business Framework Agreement constitute connected transactions in the form of financial assistance provided by the Bank to CITIC Group and its associates. Since such connected transactions are entered into by the Bank in its ordinary and usual course of business on normal commercial terms and without the Bank's and its affiliates' assets as collateral, according to Rule 14A.90 of the Hong Kong Listing Rules, the connected transactions will be exempted from the announcement, independent Shareholders' approval, annual reporting and annual review requirements as set out in Rules 14A.35, 14A.36, 14A.49 and 14A.71 of the Hong Kong Listing Rules.

### 2.1.7.7 Requirements of the Shanghai Listing Rules

According to Article 6.3.3 of the Shanghai Listing Rules and other relevant provisions, CITIC Group and its associates shall constitute related companies of the Bank. According to Article 6.3.7 of the Shanghai Listing Rules and other relevant provisions, the deposit business and the caps for such related party transactions between the Bank and its major Shareholder CITIC Group and its associates shall be subject to the approval by the Bank's Shareholders' general meeting and related Shareholders shall abstain from voting on such meeting.

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### *2.1.8 Financial Market Business Framework Agreement*

#### *2.1.8.1 General information of the transaction*

The Bank entered into the existing Capital Transactions Framework Agreement with CITIC Group on 27 August 2020, pursuant to which, the Bank and CITIC Group and its associates carry out capital transactions in accordance with applicable general market practice and on normal commercial terms.

In light of the impending expiration of the existing Capital Transactions Framework Agreement, taking into account the regulatory requirements of the banking regulatory authorities of the State Council and other parties as well as strengthening the unity of management, the categorisation of annual cap has been partially adjusted to increase some of the business varieties, adjusting the calculation criteria from profit and loss/time-point balance to the sum of the principal occurred within the year. The Bank entered into the Financial Market Business Framework Agreement with CITIC Group on 8 November 2023. The Financial Market Business Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the listing rules in the place where the Bank's Shares are listed.

Financial market business is a general term for the investment in and transactions of financial instruments carried out by banks in domestic and foreign financial markets, including inter-bank lending, bond repurchase, bond investment, precious metal leasing, bond lending, foreign exchange and precious metal spot trading, interest rate derivatives, exchange rate derivatives, credit derivatives, precious metal derivatives, etc. These services, related to capital financing, risk management and profit acquisition, are one of the core businesses of commercial banks.

#### *2.1.8.2 Principal terms of the Financial Market Business Framework Agreement*

The principal terms of the Financial Market Business Framework Agreement are set out as follows:

- Both parties agree, in its ordinary and usual course of business, to conduct the following financial market business including, but not limited to, interbank lending; bond repurchase; bond lending and borrowing; precious metals lending; bill repurchase; proprietary foreign exchange (including foreign exchange settlement and sale) spot business; precious metals spot business; derivative business; bond business; purchase and sale of bills of transfer discount; interbank loan; bill discounting (in which the acceptor is a connected person); or other capital transaction with the Bank or a subsidiary of the Bank as one party and CITIC Group or a subsidiary or associate of CITIC Group as the other party.

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- Both parties of the agreement shall carry out business under the agreement.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### 2.1.8.3 Pricing

The financial market business under the Financial Market Business Framework Agreement shall be determined by the parties through arms-length negotiations and with reference to the market prices of similar transactions, and will be based on the following pricing principles:

- Transactions under the Financial Market Business Framework Agreement will be conducted at prevailing market price and with reference to the fee rates generally applicable to independent third party transactions. Specifically, with respect to the businesses such as foreign exchange, precious metal transactions, leasing of precious metal, money market transactions, bond transactions, the parties will determine the transaction prices to be adopted according to the open market prices; with respect to the agency settlement business of bonds, the parties will determine the fee rates pursuant to the prevailing industry rules; with respect to the business of financial derivatives and notes, the parties will determine the transaction prices pursuant to the market activity of the products involved, the available public quotations in the market and the requirements of banks for the management of various risks. Meanwhile, each department in charge of specific businesses has established a transaction price fairness review mechanism. The mechanism for examining the fairness of transaction price shall follow the principles of “independence, feasibility and reasonableness”, assess the fairness of the transaction price, prevent operational risks and moral risks, and ensure that the transaction price matches the market level. The Bank shall, within the given scope of business authority and in light of actual market conditions, determine the types of products that may be included in the examination as well as the corresponding reasonable examination standards and criteria. The examination standards include benchmark price and deviation degree. To be specific, the benchmark price refers to the fair price of transaction generally accepted by the market within a specific period of time, and the deviation degree refers to the relatively reasonable deviation of the transaction price from the benchmark price that is acceptable to the Bank.
- The prices charged for the foreign exchange derivatives business on behalf of the clients in the derivatives business shall be determined by both parties through negotiations on an arm’s length and reciprocal basis. The

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price and fee rate for the foreign exchange derivatives business conducted by the Bank and its connected persons shall not be more favorable than the price and fee rate for the foreign exchange derivatives business conducted by the Bank and the independent third party. Meanwhile, the relevant regulations of the People's Bank of China and the State Administration of Foreign Exchange shall be complied with and the business shall be conducted in accordance with the commercial principle of market-oriented pricing.

### 2.1.8.4 Historical amounts and the proposed annual caps

Historical amounts of the existing Capital Transactions Framework Agreement:

	Actual historical amount for the year ended 31 December (RMB millions)		Actual historical amount for the nine months ended 30 September (RMB millions)	Approved annual cap for the year ending 31 December (RMB millions)
	2021	2022	2023	2023
Gains and losses of transactions	456	330	282	2,400
Fair value recorded as assets	645	527	822	2,200
Fair value recorded as liabilities	<u>456</u>	<u>584</u>	<u>1,971</u>	<u>50,000</u>

Proposed annual caps of the Financial Market Business Framework Agreement:

	Proposed annual cap for the year ending 31 December (RMB millions)		
	2024	2025	2026
Credit line/Transaction principals/Gains and losses of transactions	<u>3,500,000</u>	<u>4,100,000</u>	<u>4,700,000</u>

*Note:* In accordance with the relevant regulations of the banking regulatory authorities of the State Council, the amount of related party transactions shall be the incurred amount. For derivatives business, the amount of related party transactions shall, in principle, be calculated based on the line of credit; for financial market businesses other than derivatives, if the Bank substantially bears the credit risk, the amount of related party transactions shall be determined as credit-granting related party transactions and, in

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principle, the amount of related party transactions shall be calculated based on the amount in the signed agreements; if the Bank does not bear the credit risk, the amount of related party transactions shall be determined as service or other types according to the actual nature of the transactions. The amount of related party transactions of service nature shall be calculated based on the business income or expenditure, and that of other types shall be calculated according to other calculation criteria determined by the regulatory authorities. Therefore, this Bank adjusts the amount calculation criteria from gains and losses of transactions, fair value recorded as assets, fair value recorded as liabilities, to credit line/transaction principals/gains and losses of transactions. The amount of related party transactions calculated according to new criteria is far greater than that calculated according to the original criteria.

Taking the interbank lending business of a connected person as an example, before the adjustment of the calculation criteria, the profit and loss of the interbank lending business of the connected person was RMB3 million as of the end of June 2023, and the amount accounted for as the liability at fair value was zero (the balance of the interbank lending business of the connected person was zero as of the end of June 2023); after the adjustment of the calculation criteria, the amount of the principal of transactions accumulated was RMB148 billion from January to June 2023, far greater than the amount of related party transactions calculated according to the original criteria.

### *2.1.8.5 Basis of the proposed annual caps*

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) With the business development philosophy of asset-light transformation, the Bank plans to vigorously expand the business of the financial market. Under the circumstance that the financial market businesses of the Bank are developing vigorously, the scale of transactions with connected persons will grow correspondingly; (2) Adhering to the development concept of customer-orientation, benefiting others and win-win results, the Bank will continue to expand its business scope and provide various financial market business services for more entities within CITIC Group; and (3) In drawing up the cap, the Bank referred to the occurrence of historical transactions on the one hand and took into account the future business development on the other hand. In the past three years, the related party transactions of the Bank's financial market business accounted for about 3%. In the future, as the Bank intends to vigorously expand its financial market business, the transaction volume with connected persons will grow correspondingly. In order to reserve sufficient business space for possible related party transactions in the future and at the same time enhance the synergies of the business of group members in the financial market, the cap of related party transactions in 2024 is estimated as 4% of transactions amount.

### *2.1.8.6 Requirements of the Hong Kong Listing Rules*

As the highest applicable percentage ratio of the annual caps for the transactions under the Financial Market Business Framework Agreement exceeds 5%, the transactions under the Financial Market Business Framework Agreement

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constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Hong Kong Listing Rules.

### **2.1.9 Investment Business Framework Agreement**

#### *2.1.9.1 General information of the transaction*

The Bank entered into the existing Wealth Management and Investment Service Framework Agreement with CITIC Group on 27 August 2020, the business scope under such agreement includes (1) non-principal-guaranteed wealth management and agency services; and (2) investment with the wealth management funds and the Bank's own funds.

In light of the impending expiration of the existing Wealth Management and Investment Service Framework Agreement, the Bank entered into the Investment Business Framework Agreement with CITIC Group on 8 November 2023. The Investment Business Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the listing rules in the place where the Bank's Shares are listed.

The Bank invests its self-owned funds in funds, asset management plans and other products, which can not only provide higher returns than deposits in terms of profitability, but also facilitate flexible redemption in terms of liquidity. The funds of the Bank's subsidiary CITIC Wealth Management are invested in funds, asset management plans, bonds with related persons as financing entities, non-standard creditor's rights, equities, interbank deposits, etc., to obtain investment returns.

#### *2.1.9.2 Principal terms of the Investment Business Framework Agreement*

The principal terms of the Investment Business Framework Agreement are set out as follows:

- Both parties agree, in the ordinary and usual course of business, to conduct the following investment business including, but not limited to, investment in securities, funds (including fund subsidiaries), insurance, trust and other financial institutions or (financial) products issued or established by competent persons (including, but not limited to, broker asset management plan, fund special plan, trust plan, trust beneficiary right, asset-backed securities, asset-backed notes, etc.); entrusted investment; bonds, non-standard creditor's rights, equities and interbank deposits in which the wealth management funds are invested in and with connected persons as the financing entities; other investment transactions.



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- Both parties of the agreement shall carry out business under the agreement.
- The terms of transaction between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### 2.1.9.3 Pricing

For investments in publicly-offered fund products, the management fee and investment income shall be uniformly allocated by the fund manager according to the fund shares with open and consistent standards for all investors. At present, the management fee rates in the publicly-offered fund market differ depending on the fund types (monetary or bond) and management methods (active management or passive index), among which the management fee rates for monetary funds are mostly in the range of 0.15% to 0.33%, while that for bond funds is around 0.3%. For investments in asset management plans, the rates shall not exceed that of the cap of rates according to the products' corresponding types and strategies. To be specific, the management fee of fixed-income products is set at not more than 0.20%-0.30% by reference to the management fee of publicly-offered funds; the management fee of equity products is set at not more than 1% by reference to the management fee of stock funds. For investments in asset-backed securities, bonds and other standardized creditor's rights, in the primary market, the price shall be set by the issuer, and all market buyers shall conduct bidding and in the secondary market, the price shall be evaluated by the Chinabond, and market buyers shall be matched and execute transactions according to yield quotations. For investment in non-standard creditor's rights of related parties, the pricing method shall be market-oriented and shall be determined by the agreement of both parties.

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### 2.1.9.4 Historical amounts and proposed annual caps

Historical amounts of the existing Wealth Management and Investment Service Framework Agreement:

	Actual historical amount for the year ended 31 December (RMB millions)		Actual historical amount for the nine months ended 30 September (RMB millions)	Approved annual cap for the year ending 31 December (RMB millions)
	2021	2022	2023	2023
<b>Non-principal-guaranteed wealth management and agency services</b>				
Service fees	1,157	3,261	3,194	8,500
<b>Investment with wealth management funds or proprietary funds</b>				
<b>Intermediary Cooperation</b>				
Return and fee expenses <sup>Note</sup> (bank investment)	896	694	591	4,500
<b>Fund Operation</b>				
Period-end balance of investment funds	<u>30,086</u>	<u>64,755</u>	<u>80,627</u>	<u>240,000</u>

*Note:* Return and fee expenses shall be the sum of the absolute values of proceeds received by the Bank and fee expenses paid, but not the sum of netting the positive and negative amounts.

Proposed annual caps of the Investment Business Framework Agreement:

	Proposed annual cap for the year ending 31 December (RMB millions)		
	2024	2025	2026
<b>Investment Amount (balance at any time)</b>	<u>380,000</u>	<u>440,000</u>	<u>500,000</u>

*Note:* Non-principal-guaranteed wealth management and agency services refer to the provision by the Bank of non-principal-guaranteed wealth management services or agency services to CITIC Group and its associates to generate service fee income; or CITIC Group and its associates to provide agency services to the Bank, and the Bank

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shall pay service fee to CITIC Group and its associates. In accordance with the current regulations of the National Administration of Financial Regulation, such transactions fall within the scope of service related party transactions. The investment business under the Investment Business Framework Agreement refers to the investment in CITIC Group and its associates, or any financial products issued by CITIC Group and its associates, by the wealth management funds of the Bank's subsidiary CITIC Wealth Management or our own funds, and acquisition of proceeds and payment of related fees. In accordance with the current regulations of the National Administration of Financial Regulation, such transactions fall within the scope of other types of related party transactions. Therefore, in order to satisfy the regulations issued by the National Administration of Financial Regulation and other regulatory authorities in the daily management, the Bank will enter into separate framework agreements for the connected transactions falling under the services category and other category, so as to incorporate the services transactions involved in existing wealth management and investment services into the Financial Consulting and Asset Management Service Framework Agreement.

In the investment business, the investment income and expense are both less than the investment principal. Therefore, in order to satisfy the regulations issued by the National Administration of Financial Regulation and other regulatory authorities in the daily management, the Bank will no longer manage the funds based on the return and fee expenses, but based on the largest criteria (i.e., investment amount).

### *2.1.9.5 Basis of the proposed annual caps*

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) The Bank invests its own funds in mutual funds and asset management products issued by connected persons, and its proportion in the total fund and asset management products investment is increasing year by year. By the end of 2021, 2022 and September 2023, the proportion was 6%, 13% and 15% respectively. It is expected to increase significantly in the coming three years. While steadily expanding the scale of investment in mutual funds and asset management products (averaging annual growth rate of about 8% in the last three years), the Bank will enhance the allocation of relevant products based on the changes in the market; (2) Since its incorporation, CITIC Wealth Management, a subsidiary of the Bank, has been increasing the scale of wealth management products it issued or managed, increasing from approximately RMB1.11 trillion as of December 31, 2020 to approximately RMB1.57 trillion as of December 31, 2022, and is expected to increase to approximately RMB1.9 trillion as of December 31, 2023, with the related party transactions continuously increasing. The expected investment cap amount of CITIC Wealth Management in the investment business accounts for approximately 10% to 13% of the expected scale of the wealth management products issued or managed by the company as of December 31, 2023; (3) As deposit interest rates fell, the substitution effect of time deposits for wealth management products weakens, the scale of products issued by wealth management companies keeps growing, and the scale of wealth management investment and the scale of investment in financial products issued

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by related persons also grow correspondingly; (4) The Bank sets the amount of caps of connected transactions by referring to the authorization limit of a single publicly offered fund company.

### *2.1.9.6 Requirements of the Hong Kong Listing Rules*

As the highest applicable percentage ratio of the annual caps for the transactions under the Investment Business Framework Agreement exceeds 5%, the transactions under the Investment Business Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Hong Kong Listing Rules.

## **2.2 Continuing Related Party Transactions with Cinda Securities**

### *2.2.1 Credit Extension Business*

#### *2.2.1.1 General information of the transaction*

The credit extension business between the Bank and Cinda Securities includes but not limited to, funding provided by the Bank to the customers or guarantees provided by the Bank in relation to customers' compensation and payment liabilities that may arise in the relevant economic activities, including but not limited to loans (including trade financing), bill acceptance and discount, overdrafts, debt securities investments, special purpose vehicles investment, letters of credit, factoring, guarantee, letters of guarantee, loan commitments, repurchase of securities, lending and other on-balance-sheet and off-balance-sheet credit extension businesses, and other businesses where credit risk is borne by the Bank.

#### *2.2.1.2 Pricing*

The credit extension business between the Bank and Cinda Securities shall be conducted in accordance with market principles and general commercial terms, the Bank shall charge interest at fair and reasonable market rate and the credit extension conditions shall not be favorable than those granted to an independent third party.

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### 2.2.1.3 Historical amounts and proposed annual caps

	Actual historical amount for the nine months ended 30 September (RMB millions) 2023	Approved annual cap for the year ending 31 December (RMB millions) 2023	Proposed annual cap for the year ending 31 December (RMB millions)		
			2024	2025	2026
Credit Line	2,000	2,000	3,000	3,000	3,000

### 2.2.1.4 Basis of the proposed annual caps

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: In recent years, Cinda Securities' financial position has continued to improve. At present, the Bank's credit line granted to Cinda Securities has been utilized to a relative full extent. Its main daily operations include overdraft of corporate accounts, repurchase of bonds pledged, bond lending, interbank lending, bond investment, etc. The Bank will increase the credit amount to Cinda Securities appropriately due to the current tight credit amount.

### 2.2.1.5 Requirements of the Hong Kong Listing Rules

As Cinda Securities only constitute companies which the close relatives of the Bank's senior management work for, Cinda Securities is not a connected person of the Bank according to Chapter 14A of the Hong Kong Listing Rules, and the credit extension transactions between the Bank and Cinda Securities do not constitute connected transactions under the Hong Kong Listing Rules.

### 2.2.1.6 Requirements of the Shanghai Listing Rules

According to Article 6.3.3 of the Shanghai Listing Rules and other relevant provisions, Cinda Securities shall constitute related company of the Bank. According to Article 6.3.7 of the Shanghai Listing Rules and other relevant provisions, the credit extension business and the caps for such related party transactions between the Bank and Cinda Securities shall be subject to the approval by the Bank's Shareholders' general meeting and related Shareholders shall abstain from voting on such meeting.

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### 2.2.2 Custody and Account Management Business

#### 2.2.2.1 General information of the transaction

The custody and account management services between the Bank and Cinda Securities include but not limited to: the services provider provides asset custody service and account management service related to its financial assets or funds; the services provider provides third-party custody service to the recipient.

#### 2.2.2.2 Pricing

The pricing for custody and account management services between the Bank and Cinda Securities is subject to relevant market prices and periodic reviews. For services provider to provide asset custody service and account management service related to its financial assets or funds, 0% to 2% of the assets or funds under management are charged based on the type of assets/accounts under management and subject to the implementation of relevant national and regulatory provisions. Custody fee standards for account management service and special types of asset custody products such as company pension funds are based on market competition and are charged at a rate that is no better than that applicable to a comparable independent third party. For services provider provides third-party custody service to the recipient, the current standard of service fees charged for third-party custody service is usually based on the summary balance base of the management account of the customer's funds at the end of each quarter multiplied by the annual rate between 0‰ and 1‰ (converted into a daily rate).

#### 2.2.2.3 Proposed annual caps

	<b>Proposed annual cap for the year ending</b>		
	<b>31 December</b>		
	<i>(RMB millions)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Service fee income/ expenditure</b>	<u>1</u>	<u>1</u>	<u>1</u>

*Note:* The Bank did not previously set an annual cap with Cinda Securities in relation to the custody and account management business.

#### 2.2.2.4 Basis of the proposed annual caps

In arriving at the above annual caps, the Board has considered the estimation of historical business scale and future business development trends.

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### 2.2.2.5 *Requirements of the Hong Kong Listing Rules*

As Cinda Securities only constitute companies which the close relatives of the Bank's senior management work for, Cinda Securities is not a connected person of the Bank according to Chapter 14A of the Hong Kong Listing Rules, and the custody and account management services transactions between the Bank and Cinda Securities do not constitute connected transactions under the Hong Kong Listing Rules.

### 2.2.2.6 *Requirements of the Shanghai Listing Rules*

According to Article 6.3.3 of the Shanghai Listing Rules and other relevant provisions, Cinda Securities shall constitute related company of the Bank. According to Article 6.3.7 of the Shanghai Listing Rules and other relevant provisions, the custody and account management services and the caps for such related party transactions between the Bank and Cinda Securities shall be subject to the approval by the Bank's Shareholders' general meeting and related Shareholders shall abstain from voting on such meeting.

## 2.2.3 *Deposit Business*

### 2.2.3.1 *General information of the transaction*

The deposit services provided by the Bank to Cinda Securities include but not limited to: corporate deposits, i.e. agreement deposit, agreement savings, call deposit, time deposit (including CDs) and structured deposit; interbank deposits, i.e. interbank time deposits, etc.

### 2.2.3.2 *Pricing*

The interest rates applicable to deposits shall be determined by the deposit-absorbing party by reference to the market and in accordance with general commercial principles as well as on the basis of conditions not more favorable than those applicable to similar transactions independent third parties.

### 2.2.3.3 *Proposed annual caps*

	<b>Proposed annual cap for the year ending</b>		
	<b>31 December</b>		
	<i>(RMB millions)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Interest payment amount</b>	<u>18</u>	<u>22</u>	<u>26</u>

*Note:* The Bank did not previously set an annual cap with Cinda Securities in relation to the deposit business.

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### *2.2.3.4 Basis of the proposed annual caps*

In arriving at the above annual caps, the Board has considered the estimation of the deposit business scale, occurrence probability and market interest rate level of the deposit business to be conducted by the Bank and Cinda Securities in the future.

### *2.2.3.5 Requirements of the Hong Kong Listing Rules*

As Cinda Securities only constitute companies which the close relatives of the Bank's senior management work for, Cinda Securities is not a connected person of the Bank according to Chapter 14A of the Hong Kong Listing Rules, and the deposit business transactions between the Bank and Cinda Securities do not constitute connected transactions under the Hong Kong Listing Rules.

### *2.2.3.6 Requirements of the Shanghai Listing Rules*

According to Article 6.3.3 of the Shanghai Listing Rules and other relevant provisions, Cinda Securities shall constitute related company of the Bank. According to Article 6.3.7 of the Shanghai Listing Rules and other relevant provisions, the deposit business the caps for such related party transactions between the Bank and Cinda Securities shall be subject to the approval by the Bank's Shareholders' general meeting and related Shareholders shall abstain from voting on such meeting.

## **2.2.4 Financial Market Business**

### *2.2.4.1 General information of the transaction*

The financial market business of the Bank and Cinda Securities, includes, but not limited to, derivatives business.

### *2.2.4.2 Pricing*

The financial market business of the Bank and Cinda Securities shall be determined through arm's length negotiations and with reference to the market prices of similar transactions, and shall be based on the following pricing principle: (1) The related party transaction pricing is similar to the market price and peer bank's price, and there is no significant deviation from the price of similar transactions made by independent third parties on the market. (2) The prices to the clients of the foreign exchange derivatives business on behalf of the clients in the derivatives business shall be determined by both parties through negotiations on an arm's length and reciprocal basis, and shall not be more favorable than the comparable independent third party. Meanwhile, the relevant



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regulations of the People's Bank of China and the State Administration of Foreign Exchange shall be complied with and the business shall be conducted in accordance with the commercial principle of market-oriented pricing.

### 2.2.4.3 Proposed annual caps

	<b>Proposed annual cap for the year ending 31 December (RMB millions)</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Credit line/Transaction principals/Gains and losses of transactions</b>	<u>26,000</u>	<u>39,000</u>	<u>51,000</u>

*Note:* The Bank did not previously set an annual cap with Cinda Securities in relation to the financial market business.

### 2.2.4.4 Basis of the proposed annual caps

In arriving at the above annual caps, the Board has considered that the Bank will conduct in-depth cooperation with key customers through joint marketing and achieve growth of business scale in the future.

### 2.2.4.5 Requirements of the Hong Kong Listing Rules

As Cinda Securities only constitute companies which the close relatives of the Bank's senior management work for, Cinda Securities is not a connected person of the Bank according to Chapter 14A of the Hong Kong Listing Rules, and the financial market services transactions between the Bank and Cinda Securities do not constitute connected transactions under the Hong Kong Listing Rules.

### 2.2.4.6 Requirements of the Shanghai Listing Rules

According to Article 6.3.3 of the Shanghai Listing Rules and other relevant provisions, Cinda Securities shall constitute related company of the Bank. According to Article 6.3.7 of the Shanghai Listing Rules and other relevant provisions, the financial market services and the caps for such related party transactions between the Bank and Cinda Securities shall be subject to the approval by the Bank's Shareholders' general meeting and related Shareholders shall abstain from voting on such meeting.

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### 2.2.5 Investment Business

#### 2.2.5.1 General information of the transaction

The investment business between the Bank and Cinda Securities includes but not limited to: investment in securities, funds (including fund subsidiaries), insurance, trust and other financial institutions or (financial) products issued or established by competent persons (including, but not limited to, broker asset management plan, fund special plan, trust plan, trust beneficiary right, asset-backed securities, asset-backed notes, etc.); entrusted investment; bonds, non-standard creditor's rights, equities and interbank deposits in which the wealth management funds are invested in by related parties as the financing entities; other investment transactions.

#### 2.2.5.2 Pricing

The pricing of the investment business between the Bank and Cinda Securities shall be determined through arms-length negotiations and by reference to the market prices in similar transactions.

#### 2.2.5.3 Proposed annual caps

	<b>Proposed annual cap for the year ending</b>		
	<b>31 December</b>		
	<i>(RMB millions)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Investment Amount</b>			
<b>(balance at any time)</b>	<u>3,075</u>	<u>3,175</u>	<u>3,175</u>

*Note:* The Bank did not previously set an annual cap with Cinda Securities in relation to the investment business.

#### 2.2.5.4 Basis of the proposed annual caps

In arriving at the above annual caps, the Board has considered the degree of consistency between the risk preference, types of underlying assets and business management mode of wealth management products of CITIC Wealth Management, the Bank's subsidiary, and the development direction of the wealth management business, as well as the selection of assets for stable product income.

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### *2.2.5.5 Requirements of the Hong Kong Listing Rules*

As Cinda Securities only constitute companies which the close relatives of the Bank's senior management work for, Cinda Securities is not a connected person of the Bank according to Chapter 14A of the Hong Kong Listing Rules, and the investment business transactions between the Bank and Cinda Securities do not constitute connected transactions under the Hong Kong Listing Rules.

### *2.2.5.6 Requirements of the Shanghai Listing Rules*

According to Article 6.3.3 of the Shanghai Listing Rules and other relevant provisions, Cinda Securities shall constitute related company of the Bank. According to Article 6.3.7 of the Shanghai Listing Rules and other relevant provisions, the investment business and the caps for such related party transactions between the Bank and Cinda Securities shall be subject to the approval by the Bank's Shareholders' general meeting and related Shareholders shall abstain from voting on such meeting.

## **2.3 Information of Parties to the Transactions**

### *The Bank*

The Bank aspires to become a responsible, caring, unique and valuable provider of the best comprehensive financial services. The Bank fully leverages the advantages of CITIC Group's comprehensive platform featuring "Finance + Real Economy", and at the same time holds firm to its business concept of "customer orientation, reform driven, science & technology, asset-light development, compliant operation and strengthening the Bank through talents". For corporate customers and institutional customers, the Bank offers integrated financial solutions in corporate banking business, international business, financial markets business, institutional banking business, investment banking business, transaction banking business and custody business. For individual customers, the Bank provides diversified financial products and services in retail banking, credit card, consumer finance, wealth management, private banking, going abroad finance and ebanking. As such, the Bank satisfies the needs of corporate, institutional and individual customers for comprehensive financial services on all fronts.

### *CITIC Group and its associates*

CITIC Group is a Chinese state-owned enterprise under the Ministry of Finance. Since its incorporation, CITIC Group has been a pilot unit for national economic reform and an important window for China's opening up to the world. With fruitful explorations and innovation in many areas, CITIC Group has built itself a robust image and reputation both domestically and abroad. At present, CITIC Group has developed into a large state-owned multinational conglomerate with both financial and non-financial businesses. Its financial business covers a full range of services including banking, securities, trust, insurance, fund and

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asset management; and its non-financial business includes real estate, engineering contracting, energy and resources, infrastructure construction, machinery manufacturing and information industry, demonstrating strong competitive advantages and great momentum of growth.

Associates of the CITIC Group mainly include:

CITIC Limited, an indirect subsidiary of CITIC Group, is engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanization.

CITIC Corporation Limited, an indirect subsidiary of CITIC Group, its business scope covered:

1. Investment in and management of the financial sector, including investment in and management of domestic and overseas financial enterprises and related industries such as banking, securities, insurance, trust, asset management, futures, leases, funds and credit cards;
2. Investment in and management of the non-financial sector, including (1) energy, transportation and other infrastructure; (2) mining, forestry and other resource development and the raw materials industry; (3) machine manufacturing; (4) real estate development; (5) the information industry: information infrastructure, basic telecommunications and value-added telecom services; (6) commercial and trade services and other industries; environmental protection; pharmaceuticals, biological engineering and new materials; aviation, transportation, warehousing, hotels and tourism; domestic and international trade, import and export, commerce; education, publication, media, culture and sports; consulting services;
3. Grant of shareholder loans to its domestic and overseas subsidiaries; capital operation; asset management; domestic and overseas project design, construction, contracting and sub-contracting, and labor export; and other business items approved by competent authorities.

CITIC Financial Holding Co., Ltd., an indirect subsidiary of CITIC Group, its business scope covers: General projects: management of enterprise headquarters. Licensed projects: financial holding company business.

CITIC Securities Co., Ltd., an indirect subsidiary of CITIC Group, its business scope covers licensed business items including securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang Province), securities investment consulting, financial advice in relation to securities trading and investment activities, securities underwriting and sponsoring, self-operated securities business, securities assets management (domestic entrusted investment management of the National Social Security Fund, securities investment management of basic pension insurance fund, enterprise annuity fund investment management and occupational annuity fund investment management), securities margin trading, selling of securities investment funds, provision of intermediary introduction services to futures companies, distribution of financial products, stock options market making, and market making business of listed securities.

CITIC Trust Co., Ltd., an indirect subsidiary of CITIC Group. Its business scope includes: fund trust; chattel trust; real estate trust; marketable securities trust; other property or property right trust; as promoters of investment fund or fund management company to be engaged in investment fund business; restructuring, mergers and acquisitions and project financing of

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enterprise assets; financial management, financial advisory and other services for companies; entrusted to operate the securities underwriting business approved by the relevant departments of the State Council; handling intermediation, consulting, credit investigation and other business; custody service and safe deposit box service business; utilization of inherent property by way of deposits at banks and other financial institutions, call loans to banks and other financial institutions, loans, leasing and investments; providing guarantees for others with inherent property; engaged in interbank lending; and other business required by the laws and regulations or approved by China Banking and Insurance Regulatory Commission.

### *Cinda Securities*

Established on 4 September 2007, Cinda Securities is mainly engaged in securities brokerage, securities investment consultancy, financial consultancy relating to securities trading and securities investment, underwriting and sponsoring of securities, self-operation of securities, securities asset management, securities margin trading, sale of financial products on a commission basis, sale of securities investment funds and provision of intermediary introduction services of futures companies. Cinda Securities is a subsidiary of China Cinda Asset Management Corporation (a joint stock company incorporated in the PRC and whose H shares are listed on the Main Board of the Hong Kong Stock Exchange under stock code 1359).

#### **2.4 Reasons and Benefits for the Continuing Connected Transactions**

CITIC Group is an international conglomerate enterprise group. It has different financial subsidiaries engaged in banking, securities, trust, insurance, fund, asset management and futures, and industrial companies engaged in machinery manufacturing, resources and energy, engineering contracting, infrastructure, information industry, etc. With the diversified industries it engages, CITIC Group enjoys comprehensive advantage and strength. Through cooperation with CITIC Group and its associates, the Bank is conducive to giving full play to the synergies of the group's integrated platform, reducing the Bank's operating costs, increasing the Bank's comprehensive income, and creating high return on investment for Shareholders. The Board believes that cooperation with CITIC Group and its associates could optimize the allocation of resources, effectively control the operating costs, and enhance the Bank's comprehensive service capabilities to customers.

The deepening of business cooperation with Cinda Securities, the Bank's high-quality corporate resources, is conducive to enriching the Bank's customer resources and improving operating efficiency.

### **3. 2023 SECOND EGM**

The notice of the 2023 Second EGM to be held on Thursday, 28 December 2023 at Conference Room 818, 8th Floor, CITIC Plaza, Building No. 1, 10 Guanghai Road, Chaoyang District, Beijing, PRC are set out on pages 77 to 79 in this circular, and is published on the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.citicbank.com](http://www.citicbank.com)).

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As at the Latest Practicable Date, CITIC Group is the de facto controller of the Bank, holding 32,284,227,773 Shares, amounting to 65.93% of the total issued ordinary share capital of the Bank via its subsidiaries. Since CITIC Group and its associates have material interests in relation to the Proposal on Application for the Caps of Continuing Related Party Transactions: (1) the caps of credit extension business with CITIC Group and its associates for the years 2024-2026; (2) caps for asset transfer with CITIC Group and its associates for the years 2024-2026; (3) caps for comprehensive service with CITIC Group and its associates for the years 2024-2026; (4) caps for financial consulting and asset management service with CITIC Group and its associates for the years 2024-2026; (5) caps for custody and account management service with CITIC Group and its associates for the years 2024-2026; (6) caps for other financial service with CITIC Group and its associates for the years 2024-2026; (7) caps for deposit business with CITIC Group and its associates for the years 2024-2026; (8) caps for financial market business with CITIC Group and its associates for the years 2024-2026; (9) caps for investment business with CITIC Group and its associates for the years 2024-2026, they will abstain from voting on the proposed ordinary resolutions at the 2023 Second EGM.

In order to determine the Shareholders who are entitled to attend the 2023 Second EGM, the Bank's register of H Shareholders will be closed from Tuesday, 28 November 2023 to Thursday, 28 December 2023 (both days inclusive). Holders of H Shares whose names appear on the Bank's register of members on Thursday, 28 December 2023 are entitled to attend the meeting. In order to qualify to attend and vote at the 2023 Second EGM, holders of H Shares of the Bank whose transfers have not been registered shall lodge the transfer documents together with the relevant share certificates at the office of the H Share registrar of the Bank in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 27 November, 2023.

Shareholders who intend to attend the meeting in person or by proxy should complete and return the reply slip dispatched on Thursday, 9 November 2023 in accordance with the instructions printed thereon to the H Share registrar of the Bank in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Friday, 8 December 2023.

The proxy form for the 2023 Second EGM has been published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.citicbank.com](http://www.citicbank.com)), respectively. If you intend to appoint a proxy to attend the 2023 Second EGM, please complete such proxy form according to the instructions printed thereon and return the same at least 24 hours before the time fixed for the 2023 Second EGM (i.e. not later than 9:30 a.m. on Wednesday, 27 December, 2023) or any of its adjourned meetings (as the case may be). Completion and return of the proxy form shall not preclude you from attending and voting in person in the 2023 Second EGM if you wish so.

#### **4. PROCEDURES FOR VOTING AT THE 2023 SECOND EGM**

According to Rule 13.39(4) of the Hong Kong Listing Rules, the vote of Shareholders at the 2023 Second EGM will be taken by poll.

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### 5. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the above-mentioned continuing connected transactions or related party transactions and their proposed annual caps have been conducted in the ordinary and usual course of business of the Bank and on normal commercial terms. Therefore, the Board is of the view that these continuing connected transactions are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

As Chairman Mr. Fang Heying and Director Mr. Cao Guoqiang, being a Director and/or senior management member of CITIC Group and its associate, have material interests in the continuing connected transactions between the Bank and CITIC Group, they have abstained from voting on the Board resolutions dated 8 November 2023 approving the proposed continuing connected transactions between the Bank and CITIC Group. Save as disclosed above, none of the Directors has any material interests in the above-mentioned continuing connected transactions and has abstained from voting on the Board resolutions approving the above-mentioned agreements and the proposed continuing connected transactions thereunder.

The Independent Board Committee comprising Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen, Mr. Wang Huacheng and Ms. Song Fangxiu (all being independent non-executive Directors) has been appointed by the Board to advise the Independent Shareholders in respect of the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement with CITIC Group and its associates, the transactions contemplated thereunder and the proposed annual caps for each of the three years ending 31 December 2024, 31 December 2025 and 31 December 2026.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 47 to 48 of this circular. The Independent Board Committee, having taken into account the letter from Gram Capital, the text of which is set out on pages 49 to 73 of this circular, considers that the terms of the transactions contemplated under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement with CITIC Group and its associates are on normal commercial terms and fair and reasonable and in the interest of the Bank and its Shareholders as a whole, and that the proposed annual caps are fair and reasonable. The Independent Board Committee, as stated in its letter, recommends the Independent Shareholders to vote in favour of the resolutions to approve the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement with CITIC Group and its associates, the transactions contemplated thereunder and the proposed annual caps for each of the three years ending 31 December 2024, 31 December 2025 and 31 December 2026. The Directors (including the independent non-executive Directors who have considered the advice of Gram Capital) believe that the proposals mentioned above are in the best interests of the Bank and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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Accordingly, the Directors recommend that the Shareholders vote in favour of the resolutions to be proposed at the 2023 Second EGM as set out in the Notice of the Second Extraordinary General Meeting of 2023.

By order of the Board of  
**China CITIC Bank Corporation Limited**  
**Fang Heying**  
*Chairman*





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)**

13 December 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**THE CONTINUING CONNECTED TRANSACTIONS UNDER THE ASSET  
TRANSFER FRAMEWORK AGREEMENT  
AND THE CORRESPONDING ANNUAL CAPS  
THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL  
CONSULTING AND ASSET MANAGEMENT SERVICE FRAMEWORK  
AGREEMENT AND THE CORRESPONDING ANNUAL CAPS  
THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL  
MARKET BUSINESS FRAMEWORK AGREEMENT AND THE  
CORRESPONDING ANNUAL CAPS  
AND  
THE CONTINUING CONNECTED TRANSACTIONS UNDER THE  
INVESTMENT BUSINESS FRAMEWORK AGREEMENT  
AND THE CORRESPONDING ANNUAL CAPS**

We refer to the circular dated 13 December 2023 of the Bank (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

On 8 November 2023, the Board announced that the Bank entered into a new Asset Transfer Framework Agreement, a new Financial Consulting and Asset Management Service Framework Agreement, a new Financial Market Business Framework Agreement and a new Investment Business Framework Agreement with CITIC Group governing the terms and conditions of any transactions thereunder between the Bank and CITIC Group and its associates. The Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement

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## APPENDIX I LETTER OF ADVICE FROM THE INDEPENDENT BOARD COMMITTEE

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and the Investment Business Framework Agreement will have a term of three years expiring on 31 December 2026. The above-mentioned four transactions constitute continuing connected transactions of the Bank under the Hong Kong Listing Rules.

We have been appointed as the Independent Board Committee to make a recommendation to the Independent Shareholders as to whether, in our opinion, (1) the continuing connected transactions under the Asset Transfer Framework Agreement and its corresponding annual caps; (2) the continuing connected transactions under the Financial Consulting and Asset Management Service Framework Agreement and its corresponding annual caps; (3) the continuing connected transactions under the Financial Market Business Framework Agreement and its corresponding annual caps; and (4) the continuing connected transactions under the Investment Business Framework Agreement and its corresponding annual caps are on normal commercial terms, fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

Gram Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of (1) the continuing connected transactions under the Asset Transfer Framework Agreement and its corresponding annual caps; (2) the continuing connected transactions under the Financial Consulting and Asset Management Service Framework Agreement and its corresponding annual caps; (3) the continuing connected transactions under the Financial Market Business Framework Agreement and its corresponding annual caps; and (4) the continuing connected transactions under the Investment Business Framework Agreement and its corresponding annual caps. The letter from Gram Capital containing recommendations and the principal factors that they have taken into account in arriving at their recommendations are set out in Appendix II of the Circular.

Having taken into account the information set out in the Letter from the Board and the principal factors, reasons and recommendations set out in the Letter from Gram Capital, we consider the continuing connected transactions are conducted in the ordinary and usual course of business, on normal commercial terms, and their corresponding annual caps are fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions set out in the Notice of the 2023 Second EGM on pages 77 to 79 of the Circular to approve (1) the continuing connected transactions under the Asset Transfer Framework Agreement and its corresponding annual caps; (2) the continuing connected transactions under the Financial Consulting and Asset Management Service Framework Agreement and its corresponding annual caps; (3) the continuing connected transactions under the Financial Market Business Framework Agreement and its corresponding annual caps; and (4) the continuing connected transactions under the Investment Business Framework Agreement and its corresponding annual caps.

Yours faithfully,

**Liu Tsz Bun Bennett**  
*Independent*  
*non-executive Director*

**Zhou Bowen**  
*Independent*  
*non-executive Director*

**Wang Huacheng**  
*Independent*  
*non-executive Director*

**Song Fangxiu**  
*Independent*  
*non-executive Director*

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

13 December 2023

*To: The independent board committee and the independent shareholders  
of China CITIC Bank Corporation Limited*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the new Asset Transfer Framework Agreement (the “**Assets Transfer Transactions**”), the new Financial Consulting and Asset Management Service Framework Agreement (the “**FCAM Service Transactions**”), the new Financial Market Business Framework Agreement (the “**FMB Transactions**”) and the Investment Business Framework Agreement (the “**Investment Business Transactions**”, together with the Assets Transfer Transactions, the FCAM Service Transactions and the FMB Transactions, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 13 December 2023 issued by the Bank to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 8 November 2023, the Bank entered into, among others, the new Asset Transfer Framework Agreement, the new Financial Consulting and Asset Management Service Framework Agreement, the new Financial Market Business Framework Agreement and the Investment Business Framework Agreement with CITIC Group, all with a term of three years from 1 January 2024 to 31 December 2026 and renewable subject to agreement between both parties and compliance with the Hong Kong Listing Rules.

With reference to the Board Letter, the Assets Transfer Transactions, the FCAM Service Transactions, the FMB Transactions and the Investment Business Transactions constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules, and are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen, Mr. Wang Huacheng and Ms. Song Fangxiu (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial

terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Bank and the Shareholders as a whole and are in the ordinary and usual course of business of Bank and its subsidiaries (the “**Group**”); and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

We were not aware of (i) any relationships or interests between Gram Capital and the Bank; or (ii) any services provided by Gram Capital to the Bank (in particular, we did not act as financial adviser or independent financial adviser to the Bank for its transactions), during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital’s independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors and the management of the Bank (the “**Management**”), for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Bank and/or the Directors, which have been provided to us. Our opinion is based on the Directors’ representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Bank, the CITIC Group and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders

as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Bank.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

### **A. BACKGROUND AND REASONS FOR THE TRANSACTIONS**

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

#### **Information on the Bank**

With reference to the Board Letter, the Bank aspires to become a responsible, caring, unique and valuable provider of the best comprehensive financial services. The Bank fully leverages the advantages of CITIC Group's comprehensive platform featuring "Finance + Real Economy", and at the same time holds firm to its business concept of "customer orientation, reform driven, science & technology, asset-light development, compliant operation and strengthening the Bank through talents". For corporate customers and institutional customers, the Bank offers integrated financial solutions in corporate banking business, international business, financial markets business, institutional banking business, investment banking business, transaction banking business and custody business. For individual customers, the Bank provides diversified financial products and services in retail banking, credit card, consumer finance, wealth management, private banking, going abroad finance and e-banking. As such, the Bank satisfies the needs of corporate, institutional and individual customers for comprehensive financial services on all fronts.

Set out below are the Bank's audited consolidated financial information for the two years ended 31 December 2022 as extracted from the Bank's annual report for the year ended 31 December 2022 (the "2022 Annual Report"):

	<b>For the year ended 31 December 2022 ("FY2022") RMB 'million</b>	<b>For the year ended 31 December 2021 ("FY2021") RMB 'million</b>	<b>Change %</b>
Operating income	211,109	204,554	3.20
– Corporate banking	94,436	94,056	0.40
– Retail banking	84,677	82,567	2.56
– Financial markets business	30,312	26,512	14.33
– Others and unallocated	1,684	1,419	18.68
Profit for the year	62,950	56,377	11.66
	<b>As at 31 December 2022 RMB 'million</b>	<b>As at 31 December 2021 RMB 'million</b>	<b>Change %</b>
Total assets	8,547,543	8,042,884	6.27
Total liabilities	7,861,713	7,400,258	6.24
Net assets	685,830	642,626	6.72

As depicted from the above table, the Group's operating income was approximately RMB211 billion and profit was approximately RMB63 billion for FY2022, representing increases of approximately 3.20% and 11.66% respectively as compared to those for FY2021. The Group's net assets also increased by approximately 6.72% from approximately RMB643 billion as at 31 December 2021 to approximately RMB686 billion as at 31 December 2022.

Set out below are the Bank's consolidated financial information for the six months ended 30 June 2023 ("1H2023") (with comparative figures for the six months ended 30 June 2022 ("1H2022")) as extracted from the Bank's interim report for the six months ended 30 June 2023 (the "2023 Interim Report"):

	<b>For the six months ended 30 June 2023 RMB 'million</b>	<b>For the six months ended 30 June 2022 RMB 'million</b>	<b>Change %</b>
Operating income	105,885	108,218	(2.16)
– Corporate banking	46,023	47,725	(3.57)
– Retail banking	44,004	42,025	4.71
– Financial markets business	14,640	17,441	(16.06)
– Others and unallocated	1,218	1,027	18.60
Profit for the period	36,707	32,935	11.45

	As at 30 June 2023 <i>RMB 'million</i>	As at 31 December 2022 <i>RMB 'million</i>	Change %
Total assets	8,833,297	8,547,543	3.34
Total liabilities	8,122,284	7,861,713	3.31
Net assets	711,013	685,830	3.67

As depicted from the above table, the Group's operating income was approximately RMB106 billion and profit was approximately RMB37 billion for 1H2023, representing decrease of approximately 2.16% and increase of approximately 11.45% respectively as compared to those for 1H2022. The Group's net assets increased by approximately 3.34% from approximately RMB686 billion as at 31 December 2022 to approximately RMB711 billion as at 30 June 2023.

With reference to the 2023 Interim Report:

- (i) The Bank made great headway in boosting the building of a modern enterprise with Chinese characteristics. It adhered to market-oriented operation, and constantly improved its modern corporate governance structure and business operation systems and mechanisms, forming an organizational structure characterized by efficient management and professional division of duties.
- (ii) Following the development principle of "One CITIC, One Customer", the Bank upheld the synergy philosophy of "Altruism and Win-win Cooperation", and consistently fortified the main platform of collaboration across the Group. The Bank established customer service systems centering on government, enterprises and individuals by adhering to the customer-centric principle. Focusing on development, the Bank delved into finance and finance cooperation, industry and finance cooperation, regional cooperation, parent company and subsidiary cooperation, cross-border cooperation and other multi-layered integrated ecosystems. With a mission centered around serving real economy, the Bank concentrated on key areas such as the capital market, technological innovation, green development and rural revitalization. The Bank achieved continuous enhancement of collaborative quality and efficiency by promoting market-oriented mechanisms, leveraging resources from "CITIC Think Tank", integrating and exchanging talent pools, iterating and upgrading digital systems, and conducting collaborative brand promotion. These efforts injected new momentum into the Bank's high-quality development.
- (iii) The Bank further boosted innovation in products and services, and gained unique competitive advantages in business fields such as investment banking, cross-border business, institutional banking, transaction banking, auto finance, going abroad finance, credit card, forex market making and custody of mutual funds.

**Information on CITIC Group**

With reference to the Board Letter, CITIC Group is a Chinese state-owned enterprise under the Ministry of Finance. Since its incorporation, CITIC Group has been a pilot unit for national economic reform and an important window for China's opening up to the world. With fruitful explorations and innovation in many areas, CITIC Group has built itself a robust image and reputation both domestically and abroad. At present, CITIC Group has developed into a large state-owned multinational conglomerate with both financial and non-financial businesses. Its financial business covers a full range of services including banking, securities, trust, insurance, fund and asset management; and its non-financial business includes real estate, engineering contracting, energy and resources, infrastructure construction, machinery manufacturing and information industry, demonstrating strong competitive advantages and great momentum of growth.

**Reasons for and benefit of the continuing connected transactions between the Bank and CITIC Group**

With reference to the Board Letter, CITIC Group has developed into a large state-owned multinational conglomerate with both financial and non-financial businesses. Its financial business covers a full range of services including banking, securities, trust, insurance, fund and asset management; and its non-financial business includes real estate, engineering, contracting, energy and resources, infrastructure construction, machinery manufacturing and information industry, demonstrating strong competitive advantages and great momentum of growth. Through cooperation with CITIC Group and its associates, the Bank is conducive to giving full play to the synergies of the group's integrated platform, reducing the Bank's operating costs, increasing the Bank's comprehensive income, and creating high return on investment for Shareholders. The Board believes that cooperation with CITIC Group and its associates could optimize the allocation of resources, effectively control the operating costs, and enhance the Bank's comprehensive service capabilities to customers.

As advised by the Management, the Bank has been conducting the Transactions with CITIC Group for years. According to the Board Letter, through cooperation with CITIC Group and its associates, the Bank is conducive to giving full play to the synergies of the group's integrated platform, reducing the Bank's operating costs, increasing the Bank's comprehensive income, and creating high return on investment for Shareholders. The Board believes that cooperation with CITIC Group and its associates could optimize the allocation of resources, effectively control the operating costs, and enhance the Bank's comprehensive service capabilities to customers.

In view of the above, we consider that the Transactions are in the ordinary and usual course of business of the Group and are in the interests of the Bank and the Shareholders as a whole.



**B. PRINCIPAL TERMS OF THE TRANSACTIONS****(i) The Asset Transfer Transactions**

Set out below are principal terms of Asset Transfer Transactions contemplated under the new Asset Transfer Framework Agreement as extracted from the Board Letter:

**Date:** 8 November 2023

**Parties:** The Bank and CITIC Group

**Term:** Three years from 1 January 2024 to 31 December 2026

**Subject matters:**

- The Bank in the ordinary and usual course of business buys from or sells to CITIC Group and its associates own movable and immovable properties, credit and other relevant assets, including but not limited to: purchase and sale of own movable and immovable properties; sell/buy corporate and retail credit loan and non-credit loan assets and their (collection) beneficiary rights, receivables and other asset transfers directly or through asset management plan, asset securitization or through factoring, forfeiting or other forms; purchase and sale of interbank assets and claims, receipt and disposal of repossessed assets; commercial acceptance bonding business, bill discounting business that does not involve the credit risk of the discounting applicant; and other asset transfer business.

Details of the Asset Transfer Transactions are set out under the sub-section headed “2.1.2.1 General information of the transaction” of the Board Letter.

- Both parties of the agreement shall carry out business under the agreement.
- The course of business under the agreement shall be made on terms no less favorable to the Bank than terms available with independent third parties to the Bank.

**Pricing:** Detailed pricing principles of the Asset Transfer Transactions are set out under the sub-section headed “2.1.2.3 Pricing” of the Board Letter.

We consider the pricing principles of the Asset Transfer Transactions to be fair and reasonable after taking into account the following:

- (i) For normal asset transfer, in the transfer of credit assets by the transferor to the transferee, the principals under the loan shall be taken as the consideration of the transaction, while transferring at par (i.e. the ratio of transaction price to loan principal is 100%), without discount and premium.
- (ii) For securitization asset transfer, when transferring credit assets from the Bank to connected persons, the Bank adopts the loan principal as the consideration of the transaction, while transferring at par (i.e. the ratio of transaction price to loan principal is 100%), except for the securitization of non-performing asset. Determination of issuance rate also involved open and market oriented mechanisms.
- (iii) For transfer of non-performing assets, the price shall be determined in accordance with the principles of compliance with the laws and regulations, openness and transparency, competition and selection of the best, authenticity and cleanliness, and by comprehensively considering the factors such as asset conditions, disposal costs, risks and returns, market conditions and professional opinions issued by third-party evaluation institutions, and the transfer shall be conducted in an open way.
- (iv) For forfeiting business, the interest income received within the actual holding period shall be determined according to the fair value of the forfeiting market.
- (v) For our due diligence purpose, we obtained from the Bank certain records regarding asset transfer transactions (a) between the Group and connected persons; and (b) between the Group and independent third parties, for FY2021, FY2022 and the nine months ended 30 September 2023. We noted that the pricing basis of such transfers were the same and the rates offered to the Group by connected persons were not less than the rates offered by independent third parties.

With reference to the 2022 Annual Report, the Bank's auditor, after completing relevant work in accordance with Hong Kong Standard on Assurance Engagements 3000 (amended) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by Hong Kong Institute of Certified Public Accountants and the Practice Note 740 (amended) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", the auditor did not find any of the following issues regarding the Bank's continuing connected transactions (including the Asset Transfer Transactions): (1) not approved by the Board; (2) pricing of connected transactions involving the provision of goods or services not compliant with the Group's pricing policy in all material aspects; (3) execution of connected transactions not compliant with the terms and conditions of the concerned connected transaction agreements in all material aspects; and (4) aggregate value of various continuing connected transactions exceeding their respective annual caps (the "**Auditor's Confirmation**").

With reference to the 2022 Annual Report, upon review of the Bank's continuing connected transactions (including the Asset Transfer Transactions) under the Hong Kong Listing Rules, the independent non-executive Directors confirmed (the "INEDs' Confirmation") that these transactions: (1) were entered into during the Bank's ordinary and usual course of business; (2) followed normal commercial terms; and (3) abided by the terms and conditions of the concerned transaction contracts that were fair, reasonable and consistent with the overall interests of the Shareholders.

***Proposed annual caps***

Set out below are (i) historical transaction amount; (ii) existing annual caps; and (iii) proposed annual caps for the three years ending 31 December 2026, in respect of the Asset Transfer Transactions (measured by transaction amount) (the "Asset Transfer Cap(s)"):

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
	<i>RMB 'million</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
<b>Historical transaction amounts</b>	42,205	21,738	52,604 <sup>(Note)</sup>
<b>Existing annual caps</b>	170,000	180,000	190,000
	<b>For the year ending 31 December 2024 ("FY2024")</b>	<b>For the year ending 31 December 2025 ("FY2025")</b>	<b>For the year ending 31 December 2026 ("FY2026")</b>
	<i>RMB 'million</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
<b>Asset Transfer Caps</b>	160,000	180,000	190,000

*Note:* This figure is for the nine months ended 30 September 2023.

With reference to the Board Letter, in arriving at the Asset Transfer Caps, the Board considered historical figures for similar transactions and took into account the factors as set out under the sub-section headed "2.1.2.5 Basis for the proposed annual caps" of the Board Letter.

We noted that the utilization rates of the historical annual caps of the transaction were low for FY2021 and FY2022. As advised by the Management, the low utilization rates were mainly due to that size and types of the Group's asset securitization were below expectation (with reference to the Board Letter, and as advised by the Management, in recent years, affected by downturn of economic condition and adjustments to real estate market, demand for retail credit was insufficient. Since February 2022, banking regulatory authorities suspended the issuance of securitization products of individual housing mortgage loans, as a result of which commercial banks including the Bank have not issued securitization products of individual housing mortgage loans (being a major asset to be securitized) since then. The Bank only issued non-performing asset securitization products with relatively small amount).

To assess the fairness and reasonableness of the Asset Transfer Caps, we obtained a breakdown of the Asset Transfer Caps for the three years ending 31 December 2026 as set out below:

	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
	<i>RMB 'billion</i>	<i>RMB 'billion</i>	<i>RMB 'billion</i>
Asset securitization	70	70	70
Forfeiting business	36	50	64
Transfer of non-performing assets	22	22	22
Acquisition of credit assets by new Hong Kong branch	10	10	10
Others	10	10	11
Top-up buffer	13	19	13
<b>Asset Transfer Caps</b>	<b>160</b>	<b>180</b>	<b>190</b>

Based on the table above: (i) approximately 84% to 87% of Asset Transfer Caps are catered for asset securitization, forfeiting business, transfer of non-performing assets and acquisition of credit assets by new Hong Kong branch; (ii) approximately 5% to 6% of Asset Transfer Caps are catered for other Asset Transfer Transactions; and (iii) approximately 7% to 10% of Asset Transfer Caps are top-up buffers.

#### *Asset securitization*

In respect of asset securitization, we obtained information regarding the scale of the Group's related loans and assets (including individual housing loans, credit card loans and other individual loans) as at 30 June 2023. We noted that the above-mentioned amounts of asset securitization represent approximately 4% of the sum of the Group's related loans and assets (including individual housing loans, credit card loans and other individual loans) as at 30 June 2023. This indicates the Group's possible demand for asset securitization.

With reference to the Board Letter and as confirmed by the Management:

- (i) Under the background of a series of policies for stabilizing economy, economic growth may possibly recover and credit demand may increase in future. The policies of banking regulatory authorities on issuance of securitization products of individual housing mortgage loans may change. In view of the situation that the Group's loan scale and risk assets may become tight as a result of the Banks' tightening of refinancing standards, increasing demands for credit loans and implementation of new capital rules, the Bank may issue securitization products in respect of, amongst others, individual housing mortgage loans, individual consumption loans and credit card full accounts, to release risk capital and reduce refinancing costs.

- (ii) In the future, the Bank will continue to increase the strength of asset securitization, and to push forward the development of the credit card full accounts, individual consumption loans, individual housing mortgage loans, etc., so as to drive the development asset securitization.

*Forfeiting business*

In respect of forfeiting business, the Bank advised us that the Group purchased forfeiting of approximately RMB356.4 billion and disposed approximately RMB315.9 billion forfeiting during FY2022. The amounts of forfeiting business under the above Asset Transfer Caps breakdown represent approximately 5% to 9% of the aggregated amount of the Group's purchase and disposal of forfeiting during FY2022.

With reference to the Board Letter, the Bank has been carrying out the business of secondary market forfeiting for a relatively short period of time, and there is substantial development potential in the future. With reference to the 2022 Annual Report, the Group's proceeds from the resale of forfeiting increased from approximately RMB294 million for FY2021 to approximately RMB836 million for FY2022.

*Transfer of non-performing assets*

In respect of transfer of non-performing assets, we noted from the 2022 Annual Report and the 2023 Interim Report that the Group's non-performing loans decreased from approximately RMB67.46 billion as at 31 December 2021 to approximately RMB65.21 billion as at 31 December 2022, and further decreased to approximately RMB64.85 billion as at 30 June 2023. The amount of transfer of non-performing assets under the Asset Transfer Caps breakdown represents approximately 34% of the Group's non-performing loans as at 30 June 2023. The Management advised us that the Group intends to further control its non-performing loans position in future. With reference to the 2023 Interim Report, the Group also focuses its efforts on "disposing existing non-performing assets" and strengthens comprehensive asset quality control, implements refined management requirements in terms of total amount, process, provision and disposal.

*Acquisition of credit assets by new Hong Kong branch*

The Bank advised us that the Bank established a Hong Kong branch in July 2023. The Management expects this branch to acquire credit assets under the Asset Transfer Transactions.

*Others*

We noted from the Asset Transfer Caps breakdown that other Asset Transfer Transactions include those relating to bill discounting and factoring.

*Top-up buffers*

As aforementioned, approximately 7% to 10% of Asset Transfer Caps are top-up buffers. We noted that it is common for Hong Kong listed companies to incorporate buffer of 10% in proposed annual caps according to their announcements/circulars regarding continuing connected transactions. Accordingly, we consider the aforesaid top-up buffers to be justifiable.

As aforementioned, the utilization rates of the historical annual caps of the transaction were low for FY2021 and FY2022. Nevertheless, taken into account the Asset Transfer Caps breakdown as detailed above, which indicates the Group's demand (and growth potential, if applicable) for the Asset Transfer Transactions for the three years ending 31 December 2026, we consider that the Asset Transfer Caps are fair and reasonable.

Having considered the principal terms of the Asset Transfer Transactions as set out above (including the Asset Transfer Caps), we consider that the terms of the Asset Transfer Transactions are on normal commercial terms and are fair and reasonable.

**(ii) The FCAM Service Transactions**

Set out below are principal terms of FCAM Service Transactions contemplated under the new Financial Consulting and Asset Management Service Framework Agreement as extracted from the Board Letter:

**Date:** 8 November 2023

**Parties:** The Bank and CITIC Group

**Term:** Three years from 1 January 2024 to 31 December 2026

**Subject matters:**

- The Bank agrees, in its ordinary and usual course of business, to conduct the following services for CITIC Group and its associates including, but not limited to, bond underwriting; financing and financial consulting services; financial products agency sales; asset securitization services; entrusted loans; underwriting of investment and financing projects; consulting; and management of factoring receivables, collection of receivables and guarantee for bad debts; asset management services; other financial consulting services and asset management services.

Details of the FCAM Service Transactions are set out under the sub-section headed "2.1.4.1 General information of the transaction" of the Board Letter.

- Both parties of the agreement shall provide the services prescribed in the agreement.

- The services providers and their related parties are legally entitled to payment for the services.
- The course of business under the agreement shall be made on terms no less favorable to the Bank than terms available with independent third parties to the Bank.

**Pricing:** Detailed pricing principles of the FCAM Service Transactions are set out under the sub-section headed “2.1.4.3 Pricing” of the Board Letter.

We consider the pricing principles of the FCAM Service Transactions to be fair and reasonable after taking into account the following:

- (i) The pricing standards of the FCAM Service Transactions are applicable to both independent third parties and connected persons.
- (ii) For our due diligence purpose, we obtained from the Bank certain records regarding relevant financial services provided (a) by the Group to connected persons; (b) by the Group to independent third parties; (c) by connected persons to the Group; and (d) by independent third parties to the Group, for FY2021, FY2022 and the nine months ended 30 September 2023. We noted that (a) the fee rates of financial services paid by connected persons to the Group were the same with those paid by independent third parties; and (b) the fee rates of financial services paid by the Group to connected persons were the same with those paid to independent third parties.

With reference to the 2022 Annual Report, the Bank’s auditor, after completing relevant work on the Bank’s continuing connected transactions (including the FCAM Service Transactions), provided the Auditor’s Confirmation and upon review of the Bank’s continuing connected transactions (including the FCAM Service Transactions) under the Hong Kong Listing Rules, the independent non-executive Directors provided the INEDs’ Confirmation.

*Proposed annual caps*

Set out below are (i) historical transaction amount, (ii) existing annual caps; and (iii) proposed annual caps for the three years ending 31 December 2026 in respect of the FCAM Service Transactions (measured by amount of service fee income/expenditure) (the “**FCAM Service Cap(s)**”):

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
	<i>RMB 'million</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
<b>Historical transaction amounts</b>	220	221	333 <sup>(Note)</sup>
<b>Existing annual caps</b>	4,000	4,500	5,000
	<b>For the year ending 31 December 2024</b>	<b>For the year ending 31 December 2025</b>	<b>For the year ending 31 December 2026</b>
	<i>RMB 'million</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
<b>FCAM Service Caps</b>	15,000	18,000	20,000

*Note:* This figure is for the nine months ended 30 September 2023.

With reference to the Board Letter, in arriving at the FCAM Service Caps, the Board considered historical figures for similar transactions and took into account the factors as set out under the section headed “2.1.4.5 Basis of the proposed annual caps” of the Board Letter.

We noted that the utilization rates of the historical annual caps of the transaction were low for FY2021 and FY2022. With reference to the Board Letter, the FCAM Service Transactions are strongly related to the securitization businesses of credit assets. In the securitization businesses of credit assets, trust management fees charged for provision of securitization transfer and service in duration, underwriting fees charged for provision of underwriting services for securitization, and promoter service fees charged for provision of service in duration for securitization are generated. As advised by the Management, substantial amounts of the historical annual caps were catered for services provided for the Group’s asset securitization and the aforesaid low utilization rates were due to lower than expected service charges in relation to credit asset securitization as less than expected credit asset securitization took place.



To assess the fairness and reasonableness of the FCAM Service Caps, we obtained a breakdown of the FCAM Service Caps for the three years ending 31 December 2026 as set out below:

	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
	<i>RMB 'billion</i>	<i>RMB 'billion</i>	<i>RMB 'billion</i>
Financial products agency sales (the Group provides services)	8,300	9,700	11,260
Services relating to the Group's asset securitization (the Group/CITIC Group and its associates provide services)	2,000	2,000	2,000
Engagement of the Bank to manage non- performing assets (the Group provides services)	1,896	3,259	3,429
Others (the Group/CITIC Group and its associates provide services)	1,691	1,666	1,631
Top-up buffer	<u>1,113</u>	<u>1,375</u>	<u>1,680</u>
<b>FCAM Service Caps</b>	<b><u>15,000</u></b>	<b><u>18,000</u></b>	<b><u>20,000</u></b>

Based on the table above: (i) approximately 81% to 83% of FCAM Service Caps are catered for financial products agency sales, services relating to the Group's asset securitization and engagement of the Bank to manage non-performing assets; (ii) approximately 8% to 11% of FCAM Service Caps are catered for other FCAM Service Transactions; and (iii) approximately 7% to 8% of FCAM Service Caps are top-up buffers.

*Financial products agency sales*

In respect of financial products agency sales services provided by the Group, with reference to the Board Letter, the financial products agency sales services will be included in the management of financial consulting and asset management services. With the in-depth business collaboration between the Bank and CITIC Group, the scope of cooperation between the Bank and CITIC Group will be further expanded, the volume of agency sales will increase continuously, and the agency fee will increase along the way.

With reference to the Board Letter and advised by the Directors, the amounts of financial products agency sales services provided by the Group were approximately RMB1,157 million for FY2021, RMB3,261 million for FY2022 and RMB3,194 million for the nine months ended 30 September 2023. With the historical growing trend and the Group's business development, the Management expects the amount of financial products agency sales services provided by the Group to be approximately RMB5,000 million for FY2023. Considering the focus on launching medium and low volatility wealth management products in 2024 (which the

Management expects to be well-received by the market under current volatile market condition), the Management expects the wealth management products scale to increase. Together with the business development of the Group, RMB8.3 billion for FY2024, RMB9.7 billion for FY2025 and RMB11.26 billion for FY2026 of the FCAM Service Caps are catered for financial products agency sales services provided by the Group.

*Services relating to the Group's asset securitization*

In respect of services relating to the Group's asset securitization provided by the Group/CITIC Group and its associates, trust management fees charged for provision of securitization transfer and service, underwriting fees charged for provision of underwriting services for securitization, and promoter service fees charged for provision of service in duration for securitization were estimated based on the possible size of the Group's asset securitization (i.e. RMB70 billion per annum under the Asset Transfer Caps for the three years ending 31 December 2026) and corresponding fee rates which are in-line with the pricing policies of the FCAM Service Transactions.

*Engagement of the Bank to manage non-performing assets*

In respect of engagement of the Bank to manage non-performing assets, with reference to the Board Letter, after the issuance of the Guiding Opinions by the General Office of the China Banking and Insurance Regulatory Commission on Guiding Financial Asset Management Companies to Focus on Their Main Businesses and Actively Participate in the Reform and Risk Mitigation of Small and Medium-sized Financial Institutions (《中國銀保監會辦公廳關於引導金融資產管理公司聚焦主業積極參與中小金融機構改革化險的指導意見》) in 2022, the Bank has gradually carried out the structured disposal of non-performing assets. As advised by the Management, to enhance efficiency of managing non-performing assets and leverage the Bank's advantages of personnel and operation, purchasers of the aforesaid non-performing assets may engage the Bank to manage and/or enforce such assets and pay the Bank service fee in this regard.

*Others*

We noted from the FCAM Service Caps breakdown that other FCAM Service Transactions include those relating to debt finance instrument underwriting, entrusted loans and other financial consulting services.

*Top-up buffers*

As aforementioned, approximately 7% to 8% of FCAM Service Caps are top-up buffers. We noted that it is common for Hong Kong listed companies to incorporate buffer of 10% in proposed annual caps according to their announcements/circulars regarding continuing connected transactions. Accordingly, we consider the aforesaid top-up buffers to be justifiable.

Taking into account above, we consider that the FCAM Service Caps are fair and reasonable.

Having considered the principal terms of the FCAM Service Transactions as set out above (including the FCAM Service Caps), we consider that the terms of the FCAM Service Transactions are on normal commercial terms and are fair and reasonable.

**(iii) The FMB Transactions**

Set out below are principal terms of FMB Transactions contemplated under the new Financial Market Business Framework Agreement as extracted from the Board Letter:

**Date:** 8 November 2023

**Parties:** The Bank and CITIC Group

**Term:** Three years from 1 January 2024 to 31 December 2026

**Subject matters:**

- Both parties agree, in its ordinary and usual course of business, to conduct the following financial market business including, but not limited to, interbank lending; bond repurchase; bond lending and borrowing; precious metals trading; bill repurchase; proprietary foreign exchange (including foreign exchange settlement and sale) spot; precious metals spot; derivatives; bonds; purchase and sale of bills of transfer discount; interbank loan; bill discounting (in which the acceptor is a connected person); or other treasury transaction between the Bank or a subsidiary of the Bank on the one hand and CITIC Group or a subsidiary or associate of CITIC Group on the other hand.

Details of the FMB Transactions are set out under the sub-section headed “2.1.8.1 General information of the transaction” of the Board Letter.

- Both parties of the agreement shall carry out business under the agreement.
- The course of business under the agreement shall be made on terms no less favorable to the Bank than terms available with independent third parties to the Bank.

**Pricing:** Detailed pricing principles of the FMB Transactions are set out under the sub-section headed “2.1.8.3 Pricing” of the Board Letter.

We consider the pricing principles of the FMB Transactions to be fair and reasonable after taking into account the following:

- (i) FMB Transactions will be conducted at prevailing market price and with reference to the fee rates generally applicable to independent third party transactions.

- (ii) For our due diligence purpose, we obtained from the Bank certain records regarding financial market business transactions (a) between the Group and connected persons; and (b) between the Group and independent third parties, for FY2021, FY2022 and the nine months ended 30 September 2023. We noted that the pricing of such transactions were the same.

With reference to the 2022 Annual Report, the Bank's auditor, after completing relevant work on the Bank's continuing connected transactions (including the FMB Transactions), provided the Auditor's Confirmation and upon review of the Bank's continuing connected transactions (including the FMB Transactions) under the Hong Kong Listing Rules, the independent non-executive Directors provided the INEDs' Confirmation.

***Proposed annual caps***

Set out below are the proposed annual caps for the three years ending 31 December 2026 in respect of the FMB Transactions (measured by credit line/transaction principals/gains and losses of transactions) (the "**FMB Cap(s)**"):

	<b>For the year ending 31 December 2024</b>	<b>For the year ending 31 December 2025</b>	<b>For the year ending 31 December 2026</b>
	<i>RMB 'million</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
<b>FMB Caps</b>	3,500,000	4,100,000	4,700,000

*Note:* With reference to the Board Letter, pursuant to the relevant regulatory provisions of the banking regulatory authorities of the State Council, the Bank adjusted the calculation criteria from gains and losses of transactions, fair value recorded as assets/liabilities, to credit line/transaction principals/gains and losses of transactions (the "**Criteria Change**").

With reference to the Board Letter, in arriving at the FMB Caps, the Board considered historical figures for similar transactions and took into account the factors as set out under the section headed "2.1.8.5 Basis of the proposed annual caps" of the Board Letter.

With reference to the Board Letter, the amount of related-party transactions calculated according to new criteria is far greater than that calculated according to the original criteria before the Criteria Change. Taking the interbank lending business of a connected person as an example, before the adjustment of the calculation criteria, the profit and loss of the interbank lending business of the connected person was RMB3 million as of the end of June 2023, and the amount accounted for as the liability at fair value was zero (the balance of the interbank lending business of the connected person was zero as of the end of June 2023); after the adjustment of the calculation criteria, the amount of the principal of transactions accumulated was RMB148 billion from January to June 2023, far greater than the amount of related-party transactions calculated according to the original criteria before the Criteria Change.

To assess the fairness and reasonableness of the FMB Caps, we obtained a breakdown of the FMB Caps for the three years ending 31 December 2026 as set out below:

	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
	<i>RMB 'billion</i>	<i>RMB 'billion</i>	<i>RMB 'billion</i>
The Bank	2,697	3,145	3,657
Other members of the Group	653	806	947
Top-up buffer	150	148	96
<b>FMB Caps</b>	<u>3,500</u>	<u>4,100</u>	<u>4,700</u>

With reference to the Board Letter, financial market business is a general term for the investment in and transactions of financial instruments carried out by banks in domestic and foreign financial markets, including inter-bank lending, bond repurchase, bond investment, precious metal leasing, bond lending, foreign exchange and precious metal spot trading, interest rate derivatives, exchange rate derivatives, credit derivatives, precious metal derivatives, etc. These services, as one of the core businesses of commercial banks, are related to capital financing, risk management and profit acquisition. As advised by the Management, given the nature, frequency and number of the FMB Transactions, it is impractical and burdensome to categorise the FMB Transactions by specific transaction type. It is more practical and appropriate to determine the FMB Caps by estimating the demand of the Bank and other members of the Group.

Based on the table above: (i) approximately 77% to 78% of FMB Caps are catered for FMB Transactions to be conducted by the Bank; (ii) approximately 19% to 20% of FMB Caps are catered for FMB Transactions to be conducted by other members of the Group; and (iii) approximately 2% to 4% of FMB Caps are top-up buffers.

#### *The Bank*

Upon our request, the Management provided us (i) historical total amount of financial market business transactions conducted by the Bank (with connected persons and independent third parties) for FY2021, FY2022 and the nine months ended 30 September 2023; and (ii) historical amount of FMB Transactions conducted by the Bank (with connected persons) for FY2021, FY2022 and the nine months ended 30 September 2023. We noted that the proportions of (ii) to (i) above were approximately 3%.

The Management also provided us (i) the expected total amount of financial market business transactions to be conducted by the Bank (with connected persons and independent third parties) for the year ending 31 December 2023 (“**FY2023**”) and FY2024 based on the historical amounts and expected growth rate; and (ii) the expected amount of FMB Transactions to be conducted by the Bank (with connected persons) for FY2024.

We noted that (i) historical total amount of financial market business transactions conducted by the Bank (with connected persons and independent third parties) increased by approximately 17% from FY2021 to FY2022; (ii) the expected total amount of financial market business transactions to be conducted by the Bank (with connected persons and independent third parties) for FY2023 increased by approximately 17% as compared to the historical amount for FY2022; (iii) the aforesaid expected amount for FY2023 will further increase by approximately 20% in FY2024; and (iv) the expected amount of FMB Transactions to be conducted by the Bank (with connected persons) for FY2024 represents approximately 4% of the expected total amount of financial market business transactions to be conducted by the Bank (with connected persons and independent third parties) for FY2024.

Based on the FMB Caps breakdown, the expected amount of FMB Transactions to be conducted by the Bank (with connected persons) will also increase by approximately 17% for FY2025 and approximately 16% for FY2026. Having considered that the historical total amount of financial market business transactions conducted by the Bank (with connected persons and independent third parties) increased by approximately 17% from FY2021 to FY2022, we consider the above increases to be justifiable.

With reference to the Board Letter, (i) with the business development philosophy of asset-light transformation, the Bank plans to vigorously expand the business of the financial market. In the circumstance that the financial market businesses of the Bank are developing vigorously, the scale of transactions with connected persons will grow correspondingly; and (ii) adhering to the development concept of customer-orientation, benefiting others and win-win results, the Bank will continue to expand its business scope and provide various financial market business services for more entities within CITIC Group.

*Other members of the Group*

We noted from the FMB Caps breakdown that other members of the Group may also participate in the FMB Transactions.

*Top-up buffers*

As aforementioned, approximately 2% to 4% of FMB Caps are top-up buffers. We noted that it is common for Hong Kong listed companies to incorporate buffer of 10% in proposed annual caps according to their announcements/circulars regarding continuing connected transactions. Accordingly, we consider the aforesaid top-up buffers to be justifiable.

Taking into account above, we consider that the FMB Caps are fair and reasonable.

Having considered the principal terms of the FMB Transactions as set out above (including the FMB Caps), we consider that the terms of the FMB Transactions are on normal commercial terms and are fair and reasonable.

**(iv) The Investment Business Transactions**

Set out below are principal terms of Investment Business Transactions contemplated under the Investment Business Framework Agreement as extracted from the Board Letter:

**Date:** 8 November 2023

**Parties:** The Bank and CITIC Group

**Term:** Three years from 1 January 2024 to 31 December 2026

**Subject matters:**

- The Bank agrees, in its ordinary and usual course of business, to conduct the following investment business including, but not limited to, investment in securities, funds (including fund subsidiaries), insurance, trust and other financial institutions or (financial) products issued or established by competent persons (including, but not limited to, broker asset management plan, fund special plan, trust plan, trust beneficiary right, asset-backed securities, asset-backed notes, etc.); entrusted investment; bonds, non-standard creditor's rights, equities and interbank deposits in which the wealth management funds are invested in by connected persons as the financing entities; other investment transactions.

Details of the Investment Business Transactions are set out under the sub-section headed "2.1.9.1 General information of the transaction" of the Board Letter.

- Both parties of the agreement shall carry out business under the agreement.
- The course of business under the agreement shall be made on terms no less favorable to the Bank than terms available with independent third parties to the Bank.

**Pricing:** Detailed pricing principles of the Investment Business Transactions are set out under the sub-section headed "2.1.9.3 Pricing" of the Board Letter.

We consider the pricing principles of the Investment Business Transactions to be fair and reasonable after taking into account the following:

- (i) Pricing principles of the Investment Business Transactions are generally market-oriented and/or applicable to other investors/market buyers.

- (ii) For our due diligence purpose, we obtained from the Bank certain records regarding certain Investment Business Transactions conducted for FY2021, FY2022 and the nine months ended 30 September 2023. We noted that the underlying investments are publicly-offered fund products according to Wind Financial Terminal. Accordingly, the management fee and investment income would be uniformly allocated by the fund manager according to the fund shares with open and consistent standards for all investors.

With reference to the 2022 Annual Report, the Bank's auditor, after completing relevant work on the Bank's continuing connected transactions (including the Investment Business Transactions, provided the Auditor's Confirmation and upon review of the Bank's continuing connected transactions (including the Investment Business Transactions) under the Hong Kong Listing Rules, the independent non-executive Directors provided the INEDs' Confirmation.

***Proposed annual caps***

Set out below are the proposed annual caps for the three years ending 31 December 2026 in respect of the Investment Business Transactions (measured by investment amount (balance at any time)) (the "**Investment Business Cap(s)**"):

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
	<i>RMB 'million</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
<b>Historical transaction amounts</b>	30,086	64,755	80,627 <sup>(Note)</sup>
<b>Existing annual caps</b>	190,000	210,000	240,000
	<b>For the year ending 31 December 2024</b>	<b>For the year ending 31 December 2025</b>	<b>For the year ending 31 December 2026</b>
	<i>RMB 'million</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
<b>Investment Business Caps</b>	380,000	440,000	500,000

*Note:* This figure is for the nine months ended 30 September 2023.

With reference to the Board Letter, in arriving at the Investment Business Caps, the Board considered historical figures for similar transactions and took into account the factors as set out under the section headed "2.1.9.5 Basis of the proposed annual caps" of the Board Letter.

We noted that the utilization rates of the historical annual caps of the transaction were low for FY2021 and FY2022. As advised by the Management, the low utilization rates were mainly due to less than expected investment activities conducted caused by various factors such as the Group adopted a more conservative approach for its investment activities in view of financial market fluctuation and deteriorated market returns.



To assess the fairness and reasonableness of the Investment Business Caps, we obtained a breakdown of the Investment Business Caps for the three years ending 31 December 2026 as set out below:

	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
	<i>RMB 'billion</i>	<i>RMB 'billion</i>	<i>RMB 'billion</i>
CITIC Wealth Management's investment	186	221	251
Subscription of products issued by fund operated by CITIC Group and its associates	160	185	210
Others	19	25	33
Top-up buffer	<u>15</u>	<u>9</u>	<u>6</u>
<b>Investment Business Caps</b>	<b><u>380</u></b>	<b><u>440</u></b>	<b><u>500</u></b>

Based on the table above: (i) approximately 91% to 92% of Investment Business Caps are catered for CITIC Wealth's investment and subscription of products issued by fund operated by CITIC Group and its associates; (ii) approximately 5% to 7% of Investment Business Caps are catered for other Investment Business Transactions; and (iii) approximately 1% to 4% of Investment Business Caps are top-up buffers.

*CITIC Wealth Management's investment*

In respect of CITIC Wealth Management's investment, with reference to the Board Letter, since the establishment of CITIC Wealth Management (a subsidiary of the Bank), scale of wealth management products issued or managed by it grew steadily (based on the figures provided by the Bank, the scale grew from approximately RMB1,110 billion as at 31 December 2020 to approximately RMB1,570 billion as at 31 December 2022 and is expected to grow to approximately RMB1,900 billion as at 31 December 2023) and the related transactions tend to increase. As advised by the Management, there are investments underlying the wealth management products issued or managed by CITIC Wealth Management. The amounts of CITIC Wealth Management's investment under the Investment Business Caps represent approximately 10% to 13% (the "**CITIC Wealth Management's Investment Proportions**") of the expected scale of wealth management products issued or managed by CITIC Wealth Management as at 31 December 2023. In addition, with reference to the Board Letter, as deposit interest rates fell, the substitution effect of time deposits for wealth management products weakens, the scale of products issued by wealth management companies keeps growing, and the scale of wealth management investment and the scale of investment in financial products issued by related persons also grow correspondingly.

*Subscription of products issued by fund operated by CITIC Group and its associates*

In respect of subscription of products issued by fund operated by CITIC Group and its associates, with reference to the Board Letter, (i) the Bank's own funds are invested in mutual funds and asset management products issued by CITIC Group and its associates, and the proportion of which to the Bank's total fund and asset management products investment is increasing year by year. By the end of 2021, 2022 and September 2023, the aforesaid proportion was approximately 6%, 13% and 15% respectively. Such proportion is expected to increase significantly for the three years ending 31 December 2026; and (ii) the Bank sets amounts referring to the authorization limit of a single publicly offered fund company after considering various factors such as risk and expected return. The Group may subscribe such products when the Group conducts its investment activities, after considering expected return of such products.

*Others*

We noted from the Investment Business Caps breakdown that other members of the Group are expected to invest in financial products managed/issued by connected persons.

*Top-up buffers*

As aforementioned, approximately 1% to 4% of Investment Business Caps are top-up buffers. We noted that it is common for Hong Kong listed companies to incorporate buffer of 10% in proposed annual caps according to their announcements/circulars regarding continuing connected transactions. Accordingly, we consider the aforesaid top-up buffers to be justifiable.

To further understand the Group's investment demand, we noted from the 2022 Annual Report and the 2023 Interim Report that the Group had total financial investments of approximately RMB2,334 billion as at 31 December 2021, approximately RMB2,515 billion as at 31 December 2022 and approximately RMB2,504 billion as at 30 June 2023. The Investment Business Caps represent approximately 15% to 20% of the Group's total financial investments as at 30 June 2023 (the "**Group's Investment Proportions**").

Taking into account above, in particular, the CITIC Wealth Management's Investment Proportions and the Group's Investment Proportions which indicated demand for the Investment Business Transactions, we consider that the Investment Business Caps are fair and reasonable.

Having considered the principal terms of the Investment Business Transactions as set out above (including the Investment Business Caps), we consider that the terms of the Investment Business Transactions are on normal commercial terms and are fair and reasonable.

**C. HONG KONG LISTING RULES IMPLICATION**

The Management confirmed that the Bank shall comply with the requirements of Rules 14A.53 to 14A.59 of the Hong Kong Listing Rules pursuant to which (i) the values of the Transactions must be restricted by their respective proposed annual caps; (ii) the terms of the Transactions (including the proposed annual caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Bank's subsequent published annual reports. Furthermore, it is also required by the Hong Kong Listing Rules that the auditors of the Bank must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and (iv) have exceeded the proposed annual caps. In the event that the values of the Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Management, the Bank shall comply with the applicable provisions of the Hong Kong Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Hong Kong Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

**RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Bank and the Shareholders as a whole and are in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

### 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

### 2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK

The table below sets out the interests in the shares of the Bank held by Directors, supervisors and chief executives of the Bank as at the Latest Practicable Date as recorded in the register that the Bank maintained pursuant to Section 336 of the Securities and Futures Ordinance and as far as the Bank is aware:

Name	Position	Class of shares	Identity	Number of shares held	Shareholding percentage of the issued shares of the same class (%)	Shareholding percentage of the total issued ordinary shares (%)
Fang Heying	Chairman, Executive Director	H Share	Beneficial owner	915,000(L)	0.0061	0.0019
Liu Cheng	Executive Director, President	H Share	Beneficial owner	624,000(L)	0.0042	0.0013
Li Rong	Shareholder Representative Supervisor	H Share	Beneficial owner	364,000(L)	0.0024	0.0007
Cheng Pusheng	Employee Representative Supervisor	H Share	Beneficial owner	354,000(L)	0.0024	0.0007
Chen Panwu	Employee Representative Supervisor	H Share	Beneficial owner	334,000(L)	0.0022	0.0007
Zeng Yufang	Employee Representative Supervisor	H Share	Beneficial owner	188,000(L)	0.0013	0.0004

### 3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors is interested in any business, which competes or is likely to compete, either directly or indirectly, with the Bank's business.

#### 4. INTERESTS HELD BY DIRECTORS IN THE BANK'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE BANK

So far as the Bank and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors or Supervisors had any interest, either directly or indirectly, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited accounts of the Bank were made up), acquired or disposed of or leased by the Bank and any member of its subsidiaries, or are proposed to be acquired or disposed of or leased by the Bank and any member of its subsidiaries.

So far as the Bank and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors or Supervisors was materially interested, either directly or indirectly, in any significant contract or arrangement entered into by the Bank that is relevant to the business of the Bank and is still valid as at the Latest Practicable Date.

#### 5. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors has or is proposed to have any service contract with the Bank and any member of its subsidiaries that is not determinable within one year without payment of compensation (other than statutory compensation).

#### 6. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the shares or underlying shares of the Bank which are required to be notified to the Bank pursuant to Divisions 2 and 3 of Part XV of the SFO:

<b>Name</b>	<b>Positions held in specific companies</b>
Mr. Fang Heying	Deputy general manager and Party committee member of CITIC Group, deputy general manager and executive committee member of CITIC Limited, deputy general manager of CITIC Corporation Limited
Mr. Cao Guoqiang	Director and general manager (in charge of finance) of CITIC Financial Holdings Co., Ltd
Ms. Huang Fang	Director, vice president and chief financial officer of Zhejiang Xinqu Group Co., Ltd.

#### 7. EXPERT

The qualification of the expert who has been named in this circular or has given advice or opinions contained in this circular is as follows:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which it is included.

Gram Capital has no shareholding in any group member of the Bank or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any group member of the Bank.

Gram Capital issued a letter dated 13 December 2023 for the purpose of inclusion in this circular in connection with its advice to the Independent Board Committee and the Independent Shareholders.

Gram Capital has no direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited accounts of the Bank were made up), acquired or disposed of by or leased to the Bank, or which are proposed to be acquired or disposed of by or leased to any group member of the Bank.

#### **8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Bank and its subsidiaries since 31 December 2022 (being the date to which the latest published audited accounts of the Bank were made up).

#### **9. GENERAL MATTERS**

- (a) In case of any discrepancy between the English version and the Chinese version of this circular, the Chinese version shall prevail.
- (b) The H Share Registrar of the Bank is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) from the date of this circular up to and including the date of the 2023 Second EGM:

- (a) the Asset Transfer Framework Agreement;
- (b) the Financial Consulting and Asset Management Service Framework Agreement;
- (c) the Financial Market Business Framework Agreement; and
- (d) the Investment Business Framework Agreement.



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)**

**NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023**

**Notice is hereby given** that the Second Extraordinary General Meeting of 2023 (the “**2023 Second EGM**”) of China CITIC Bank Corporation Limited (the “**Bank**”) will be held at 9:30 a.m., on Thursday, 28 December 2023 at Conference Room 818, 8th Floor, CITIC Plaza, Building No. 1, 10 Guanghai Road, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”) to consider and, if thought fit, to approve the following resolutions:

**BY ORDINARY RESOLUTIONS**

- 1.00 Proposal regarding the Application for the Caps of Continuing Related Party Transactions
- 1.01 The Caps of Credit Extension Business with CITIC Group and its Associates for the Years 2024-2026
- 1.02 The Caps of Asset Transfer with CITIC Group and its Associates for the Years 2024-2026
- 1.03 The Caps of Comprehensive Service with CITIC Group and its Associates for the Years 2024-2026
- 1.04 The Caps of Financial Consulting and Asset Management Service with CITIC Group and its Associates for the Years 2024-2026
- 1.05 The Caps of Custody and Account Management Service with CITIC Group and its Associates for the Years 2024-2026
- 1.06 The Caps of Other Financial Service with CITIC Group and its Associates for the Years 2024-2026
- 1.07 The Caps of Deposit Business with CITIC Group and its Associates for the Years 2024-2026
- 1.08 The Caps of Financial Market Business with CITIC Group and its Associates for the Years 2024-2026
- 1.09 The Caps of Investment Business with CITIC Group and its Associates for the Years 2024-2026
- 1.10 The Caps of Credit Extension Business with Cinda Securities for the Years 2024-2026

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## NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023

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- 1.11 The Caps of Custody and Account Management Service with Cinda Securities for the Years 2024-2026
- 1.12 The Caps of Deposit Business with Cinda Securities for the Years 2024-2026
- 1.13 The Caps of Financial Market Business with Cinda Securities for the Years 2024-2026
- 1.14 The Caps of Investment Business with Cinda Securities for the Years 2024-2026

By Order of the Board of Directors  
**China CITIC Bank Corporation Limited**  
**Fang Heying**  
*Chairman*

Beijing, the PRC  
9 November 2023

*As at the date of this notice, the executive directors of the Bank are Mr. Fang Heying (Chairman) and Mr. Liu Cheng (President); the non-executive directors are Mr. Cao Guoqiang, Ms. Huang Fang and Mr. Wang Yankang; and the independent non-executive directors are Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen, Mr. Wang Huacheng and Ms. Song Fangxiu.*

*Notes:*

### **1. CLOSURE OF REGISTER OF MEMBERS; ELIGIBILITY FOR ATTENDING THE 2023 SECOND EGM**

Holders of A shares and H shares are regarded as the same class of shareholders in voting. Holders of H shares should note that the register of members of the Bank will be closed from Tuesday, 28 November 2023 to Thursday, 28 December 2023 (both days inclusive) during which period no H share transfer will be registered. All shareholders appearing on the register of members of the Bank on Thursday, 28 December 2023 are entitled to attend and vote at the 2023 Second EGM. Holders of H shares of the Bank who intend to attend the 2023 Second EGM but have not registered their share transfer documents shall lodge their transfer documents, together with relevant share certificates, with the office of the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 27 November 2023.

### **2. APPOINTMENT OF PROXY**

Any shareholder entitled to attend and vote at the 2023 Second EGM is entitled to appoint one or more proxies to attend and vote at the meeting instead of him/her. A proxy need not be a shareholder of the Bank. The proxy form shall be in writing and signed by the shareholder or of his/her attorney duly authorized in writing or, if the shareholder is a corporate body, either executed under its common seal or signed by its legal representative, director or duly authorized attorney. If the proxy form is signed by the attorney of the shareholder, the power of attorney or other authorization document authorizing the attorney to sign the proxy form must be notarized.



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## NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023

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In order to be valid, H share shareholders shall lodge the proxy form, together with the power of attorney or other authorization document (if any), by hand or post, to the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time appointed for holding the 2023 Second EGM or its adjourned meeting (as the case may be) (i.e. not later than 9:30 a.m. on Wednesday, 27 December 2023). Completion and return of the proxy form shall not preclude shareholders from attending and voting in person at the 2023 Second EGM.

### 3. REPLY SLIP

H share shareholders who intend to attend in person or by proxy the 2023 Second EGM shall deliver the reply slip to the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Friday, 8 December 2023.

### 4. CONTACT INFORMATION OF THE BANK

Address: CITIC Plaza, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing, the PRC  
Postal Code: 100020  
Contact persons: Deng Zhihan, Zhao Yuan  
Tel: (8610) 6663 8188  
Fax: (8610) 6555 9255  
Email: ir@citicbank.com

### 5. PROCEDURE OF VOTING AT THE 2023 SECOND EGM

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at the 2023 Second EGM must be taken by poll.

### 6. OTHER BUSINESS

Shareholders attending the 2023 Second EGM in person or by proxy shall bear their own transportation and accommodation expenses. Shareholders or their proxies attending the 2023 Second EGM shall provide their identity documents.

### 7. DATES AND TIME

References to dates and time on this notice are to Hong Kong dates and time.