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中国中信金融资产
China CITIC Financial AMC

中 國 中 信 金 融 資 產 管 理 股 份 有 限 公 司

China CITIC Financial Asset Management Co., Ltd.

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

(Stock Code: 2799)

(i) CONTINUING CONNECTED TRANSACTIONS — RENEWAL OF THE COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT AND ITS 2025–2027 ANNUAL CAPS; AND (ii) CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS — RENEWAL OF THE FINANCING AND ASSET TRANSACTIONS FRAMEWORK AGREEMENT AND ITS 2025–2027 ANNUAL CAPS

Comprehensive Services Framework Agreement

According to the announcement of the Company dated 1 August 2022, the current comprehensive services framework agreement entered into by the Company and CITIC Group on 1 August 2022 and its 2022–2024 annual caps will expire on 31 December 2024. The Board announced that the Company and CITIC Group renewed the Comprehensive Services Framework Agreement and its 2025–2027 annual caps on 15 November 2024. Accordingly, CITIC Group and/or its subsidiaries and/or its associates intend to purchase entrusted asset management services, entrusted asset disposal services, asset promotion services, brokerage services, consulting and advisory services and other comprehensive services from the Company and/or its subsidiaries in the ordinary course of business; meanwhile, the Company and/or its subsidiaries intend to purchase underwriting and sponsorship services, entrusted asset management services, agency services, information technology and network services, consulting and advisory services, entrusted loan services, transaction trust services, brokerage services, entrusted construction services and other comprehensive services from CITIC Group and/or its subsidiaries and/or its associates in the ordinary course of business. The Comprehensive Services Framework Agreement and its 2025–2027 annual caps will be valid from 1 January 2025 to 31 December 2027.

Financing and Asset Transactions Framework Agreement

Pursuant to the announcements dated 16 August 2022 and 30 September 2022, and the circular dated 16 September 2022 of the Company, the current financing and asset transactions framework agreement and its 2022–2024 annual caps entered into between the Company and CITIC Group on 16 August 2022 will expire on 31 December 2024. The Board announced that the Company and CITIC Group renewed the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps on 15 November 2024. Accordingly, the Company and/or its subsidiaries and/or its associates and CITIC Group and/or its subsidiaries and/or its associates will conduct financing and asset transactions with each other in the ordinary course of business. The Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps will be valid from 1 January 2025 to 31 December 2027, subject to the approval by the Independent Shareholders at the shareholders' general meeting.

Reasons for and Benefits of the Transactions

CITIC Group makes efforts in the five business segments of comprehensive finance, advanced manufacturing, advanced materials, new consumption and new urbanization. Its member companies, such as China CITIC Bank, CITIC Securities, CITIC Trust and other institutions are leading enterprises in their respective industries, and boast strong comprehensive strengths. After CITIC Group became the substantial shareholder of the Company, the Company entered into the initial comprehensive services framework agreement and the financing and asset transactions framework agreement with CITIC Group, achieving significant synergic and cooperative results. The Company accelerates its core business transformation, substantially improves its operating performance and consolidates its positive momentum. The transactions under the renewal of the Comprehensive Services Framework Agreement and the Financing and Asset Transactions Framework Agreement with CITIC Group are based on the demand of the ordinary business of the Company, and may further integrate strengths and resources of the Company and CITIC Group, effectively improve the Company's economic benefits and promote the Company's business development. Such transactions can also constantly deepen the cooperation between the Company and CITIC Group in terms of project development, business innovation and investment and financing, strengthen information linkage and win-win cooperation, so as to increase the Company's comprehensive competitiveness in its core business of distressed asset operation.

In the first half of 2024, the Company adhered to the general principle of "consolidating foundation, seeking progress while maintaining stability, and improving quality and efficiency", accelerated its transformation and development, and gave full play to the synergy effect of CITIC Group as an integrated financial platform, with the operating performance, core business development and asset quality continuing a positive momentum.

The Directors (including the independent non-executive Directors) consider that the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and their 2025–2027 annual caps are entered into in the ordinary course of business of the Group on normal commercial terms, and are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. As (1) Mr. Liu Zhengjun and Mr. Xu Wei hold positions in CITIC Group; and (2) Mr. Li Zimin has been recommended by CITIC Group as a Director, Mr. Liu Zhengjun, Mr. Li Zimin and Mr. Xu Wei are deemed to be interested in the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and the transactions contemplated thereunder, and have abstained from voting on the Board resolution approving the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and their 2025-2027 annual caps. Save for the above, none of the Directors has a material interest in the Comprehensive Services Framework Agreement and the Financing and Asset Transactions Framework Agreement.

Listing Rules Implications

As at the date of this announcement, CITIC Group holds 21,230,929,783 Domestic Shares of the Company (representing 26.46% of the total issued Shares of the Company), being a substantial shareholder of the Company, and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and the transactions thereunder constitute the continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

(1) Comprehensive Services Framework Agreement

The applicable percentage ratios of the highest annual caps for the comprehensive services purchased by CITIC Group from the Company in accordance with the Comprehensive Services Framework Agreement exceed 0.1% but are less than 5%, which is subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules, and exempt from the requirements of independent shareholders' approval.

The applicable percentage ratios of the highest annual caps for the comprehensive services purchased by the Company from CITIC Group in accordance with the Comprehensive Services Framework Agreement exceed 0.1% but are less than 5%, which is subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules, and exempt from the requirements of independent shareholders' approval.

(2) Financing and Asset Transactions Framework Agreement

In accordance with the Financing and Asset Transactions Framework Agreement, the proposed finance transactions between the Company and CITIC Group constitute the financial assistance under Rule 14A.24(4) of the Listing Rules. Among them, in accordance with the Financing and Asset Transactions Framework Agreement, part of the financial assistance provided by CITIC Group to the Company is on normal commercial terms, and no security over the assets of the Company will be granted in respect of such financial assistance, it therefore can be fully exempt pursuant to Rule 14A.90 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the non-exempt financial assistance to be provided by CITIC Group to the Company exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio calculated for the non-exempt financial assistance to be provided by CITIC Group to the Company under the Financing and Asset Transactions Framework Agreement exceeds 25% and the transaction does not involve acquisition or disposal of assets pursuant to Chapter 14 of the Listing Rules, the transaction also constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the non-exempt financial assistance to be provided by the Company to CITIC Group exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio calculated for the non-exempt financial assistance to be provided by the Company to CITIC Group under the Financing and Asset Transactions Framework Agreement exceeds 25% and the transaction does not involve acquisition or disposal of assets pursuant to Chapter 14 of the Listing Rules, the transaction also constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the deposit services to be provided by CITIC Group to the Company exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio calculated for the deposit services to be provided by CITIC Group to the Company under the Financing and Asset Transactions Framework Agreement exceeds 25% and the transaction does not involve acquisition or disposal of assets pursuant to Chapter 14 of the Listing Rules, the transaction also constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for CITIC Group's purchase of assets from the Company exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the Company's purchase of assets from CITIC Group exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

General

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps.

Maxa Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps.

An extraordinary general meeting of shareholders will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps. A circular containing, among other things, (i) details of the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Maxa Capital to the Independent Board Committee and Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of shareholders' general meeting, will be published on or before 6 December 2024.

1. Comprehensive Services Framework Agreement

According to the announcement of the Company dated 1 August 2022, the current comprehensive services framework agreement entered into by the Company and CITIC Group on 1 August 2022 and its 2022–2024 annual caps will expire on 31 December 2024. The Board announced that the Company and CITIC Group renewed the Comprehensive Services Framework Agreement and its 2025–2027 annual caps on 15 November 2024. Accordingly, CITIC Group and/or its subsidiaries and/or its associates intend to purchase entrusted asset management services, entrusted asset disposal services, asset promotion services, brokerage services, consulting and advisory services and other comprehensive services from the Company and/or its subsidiaries in the ordinary course of business; meanwhile, the Company and/or its subsidiaries intend to purchase underwriting and sponsorship services, entrusted asset management services, agency services, information technology and network services, consulting and advisory services, entrusted loan services, transaction trust services, brokerage services, entrusted construction services and other comprehensive services from CITIC Group and/or its subsidiaries and/or its associates in the ordinary course of business. The Comprehensive Services Framework Agreement and its 2025–2027 annual caps will be valid from 1 January 2025 to 31 December 2027.

Parties

CITIC Group; and

The Company.

Where applicable or unless otherwise specified, reference to CITIC Group in the Comprehensive Services Framework Agreement means CITIC Group and its subsidiaries and/or its associates, and reference to the Company in the Comprehensive Services Framework Agreement means the Company and/or its subsidiaries.

Date

15 November 2024

Scope of Services

The scope of comprehensive services provided by CITIC Group to the Company under the Comprehensive Services Framework Agreement includes, but is not limited to:

(1) Underwriting and sponsorship services: including, but not limited to, sponsorship for issuance, underwriting and continuous supervision and guidance services for equity securities, fixed income products, structured products and other derivative products;

(2) Entrusted asset management services: including, but not limited to, provision of management services for assets entrusted by customers, and investment in financial products issued by one party, which is not involved in respect of the underlying assets;

(3) Agency services: including, but not limited to, dealing with the designated economic business on behalf of customers;

(4) Information technology and network services: including, but not limited to, network lines rental, equipment rooms leasing, information systems development construction and renovation, telecommunications services;

(5) Consulting and advisory services: including, but not limited to, provision of consultation, analysis and solution design in respect of investment and financing, capital operations, corporate reorganization and mergers and acquisitions, financial management, project development, development strategy, etc.;

(6) Entrusted loan services: including, but not limited to, issuing loans on behalf of the trustors;

(7) Transaction trust services: including, but not limited to, management and punishment of trusted properties as ordered by the trustors;

(8) Brokerage services: including, but not limited to, securities brokerage and related financial products services as well as futures brokerage services such as treasury bond futures;

(9) Entrusted construction services: including, but not limited to, product design, planning, application for approval and construction as well as project construction and other work entrusted by customers;

(10) Other comprehensive services: including, but not limited to, books and DVDs, printing and publishing, tendering agency, medical insurance and enterprise annuity, business travel management, training, conference services, properties and other services.

The scope of comprehensive services provided by the Company to CITIC Group under the Comprehensive Services Framework Agreement includes, but is not limited to:

(1) Entrusted asset management services: including, but not limited to, provision of management services for assets entrusted by customers, and investment in financial products issued by one party, which is not involved in respect of the underlying assets;

(2) Entrusted asset disposal services: including, but not limited to, operation, disposal, liquidation and other work for assets entrusted by customers;

(3) Asset promotion services: including, but not limited to, provision of asset presentation, promotion, marketing and other services by online and offline ways to customers;

(4) Brokerage services: including, but not limited to, securities brokerage and related financial products services as well as futures brokerage services such as treasury bond futures;

(5) Consulting and advisory services: including, but not limited to, provision of consultation, analysis and solution design in respect of investment and financing, capital operations, corporate reorganization and mergers and acquisitions, financial management, project development, development strategy, etc.;

(6) Other comprehensive services.

CITIC Group shall take measures to ensure that its subsidiaries and/or associates comply with the relevant covenants of the Comprehensive Services Framework Agreement in the provision or acceptance of comprehensive services, and the Company shall take measures to ensure that its subsidiaries comply with the relevant covenants of the Comprehensive Services Framework Agreement in the acceptance or provision of comprehensive services.

Transaction Principles

Both parties agree that entering into the Comprehensive Services Framework Agreement shall not preclude the parties thereto from choosing counterparties at their discretion or conducting transactions with third parties.

Under the Comprehensive Services Framework Agreement, if one party is unable to satisfy the other party's requirements on services, or if the conditions of services offered by independent third parties are more favorable than those of the other party, the other party shall be entitled to obtain services from independent third parties.

It is expected that CITIC Group will from time to time and as required enter into specific service contracts with the Company within the scope agreed in the Comprehensive Services Framework Agreement.

Pricing Principles

The pricing principles for the services provided by CITIC Group to the Company under the Comprehensive Services Framework Agreement are: the price shall be determined after arm's length negotiations between the parties in accordance with the requirements of relevant applicable laws and regulations and with reference to the then market rates and the nature of transactions, but it shall not be more favorable than the agent commissions or service fees standards charged by CITIC Group for providing the same categories of services to independent third parties and the general fee standards in the market for the same categories of services.

The pricing principles for the services provided by the Company to CITIC Group under the Comprehensive Services Framework Agreement are: the price shall be determined after arm's length negotiations between the parties in accordance with the requirements of relevant applicable laws and regulations and with reference to the then market rates and the nature of transactions, but it shall not be more favorable than the agent commissions or service fees standards charged by the Company for providing the same categories of services to independent third parties and the general fee standards in the market for the same categories of services.

Operation Method

For all transactions under the Comprehensive Services Framework Agreement, each transaction party shall separately enter into specific service contracts in accordance with the principles agreed in the Comprehensive Services Framework Agreement. Such specific service contracts shall comply with the provisions under the Comprehensive Services Framework Agreement.

During the implementation process of the Comprehensive Services Framework Agreement, specific service contracts may be amended if necessary and as agreed by both parties, which will then be separately and normatively operated in accordance with the normal business practice and the provisions under the Comprehensive Services Framework Agreement on a case-by-case basis, so as to comply with the principles of the Comprehensive Services Framework Agreement and the relevant applicable laws and regulations (including but not limited to the relevant provisions of regulatory measures and the Listing Rules).

Term and Termination

The Comprehensive Services Framework Agreement shall come into effect upon approval by the Board, with company seals affixed by both parties in accordance with the requirements of laws and regulations, the Listing Rules and the Articles of Association. If any transactions under the Comprehensive Services Framework Agreement constitute connected transactions under the Listing Rules, and such transactions are subject to a waiver by the stock exchange or the prior approval by the Independent Shareholders of the Company or compliance with any other provisions of the Listing Rules in relation to connected transactions, obtaining the prior approval of the Board and Independent Shareholders of the Company at the shareholders' meeting and/or compliance with any other requirements of the Listing Rules in relation to connected transactions in accordance with the conditions of the waiver granted by the stock exchange and/or the requirements of the Listing Rules are as the prerequisites of the performance of the Comprehensive Services Framework Agreement and such transactions.

Save as otherwise required by regulatory authorities and the laws, regulations and the Listing Rules, the Comprehensive Services Framework Agreement will be valid from 1 January 2025 to 31 December 2027 (both dates inclusive). The Comprehensive Services Framework Agreement, upon expiry, may be extended or renewed for three years with mutual consent in compliance with relevant laws, regulations and the Listing Rules.

If either party is in violation of any terms of the Comprehensive Services Framework Agreement (the "**Defaulting Party of the Comprehensive Services Framework Agreement**"), the other party (the "**Observant Party of the Comprehensive Services Framework Agreement**") may notify such party in writing of its breach of contract, and require the Defaulting Party of the Comprehensive Services Framework Agreement to make remedies within a specified reasonable period of time. If the Defaulting Party of the Comprehensive Services Framework Agreement fails to remedy such breach of contract within the aforesaid period of time, the Observant Party of the Comprehensive Services Framework Agreement may immediately terminate the Comprehensive Services Framework Agreement and reserve the right to claim compensation and any other legally permitted claims against the Defaulting Party of the Comprehensive Services Framework Agreement.

The termination of the Comprehensive Services Framework Agreement shall not affect any rights, obligations or liabilities of either party already incurred under the Comprehensive Services Framework Agreement.

Liability for Breach of Contract

Unless otherwise agreed upon by the Comprehensive Services Framework Agreement, if either party violates the Comprehensive Services Framework Agreement, the other party may request or adopt the remedies permitted by the Comprehensive Services Framework Agreement and laws, including but not limited to actual performance and compensation for economic losses.

Annual Caps and Basis of Determination

Comprehensive services	**Total transaction amount caps** *(in millions of RMB)*		
	2025	**2026**	**2027**
Service fees paid by CITIC Group to the Company	500	500	500
Service fees paid by the Company to CITIC Group	1,100	1,000	1,100

These caps were taken into account:

(1) The previous transaction amounts between the Company and CITIC Group in respect of the above transaction categories, details of which are as follows:

Comprehensive services	**Total historical transaction amount** *(in millions of RMB)*		
	2022	**2023**	**For the six months ended 30 June 2024**
Service fees paid by CITIC Group to the Company	0.35	7.71	—
Service fees paid by the Company to CITIC Group	106	439	442

Note: for the six months ended 30 June 2024, no actual amount of the service fees paid by CITIC Group to the Company under the current comprehensive services framework agreement was incurred.

The actual transaction amounts for the year ended 31 December 2024 are not expected to exceed the 2024 annual caps of the current comprehensive services framework agreement.

(2) The expected future transaction demand between the Company and CITIC Group, details of which are as follows:

The 2025–2027 annual caps for the transactions under the Comprehensive Services Framework Agreement, which are mainly determined on the basis of the historical transaction amounts between the Company and CITIC Group and after taking into account the business cooperation space for mutual provision of comprehensive services between the Company and the institutions under CITIC Group in the Company's ordinary course of business, are adjusted as compared with the 2022–2024 annual caps for the transactions under the current comprehensive services framework agreement. Besides, the mutual provision of comprehensive services between the Company and CITIC Group is subject to market conditions. In determining annual caps, the Company has included the appropriate buffer amounts set to address any market fluctuations and changes, so as to tackle unpredictable market fluctuations and avoid affecting the Company's ordinary course of business.

The Company has primarily considered the following factors with respect to determining the caps of service fees paid by CITIC Group to the Company:

i. The Company plans to leverage its professional advantages in distressed asset management to provide distressed asset management-related services to CITIC Group. The Company expects to provide CITIC Group with entrusted disposal services for distressed assets and charge entrusted disposal fees. The Company may provide asset promotion services to CITIC Group. Through "CITIC FAMC Rong Yi Tao (中信金融資產融易淘)", the Company's self-developed distressed asset promotion and marketing platform, the Company is able to provide asset promotion and marketing services to CITIC Group and accurately match the revitalization and restructuring of assets; and

ii. In recent years, the regulators have intensified the policy guidance on the disposal of distressed assets. The NFRA issued the Notice on Promoting the Cooperation between Trust Companies and Professional Institutions on the Disposal of Risk Assets in 2021, which supports financial asset management companies to participate in disposals of risk assets of trust industry through entrusted disposal, and issued the Guidance Opinions 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 in 2022 and the Notice on Implementing Relevant Matters of the Guidance Opinions of the General Office of the CBIRC 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 in 2024, which encourage financial asset management companies to conduct entrusted management and disposal in a standardized manner, help enterprises optimize their asset-liability structures, and play greater role in the reform and risk mitigation of small and medium-sized financial institutions. As the leading force in the distressed assets industry, the Company can seize the opportunity to provide services such as entrusted management and disposal of distressed assets to CITIC Group and its subsidiaries in the future.

The Company has primarily considered the following factors with respect to determining the caps of service fees paid by the Company to CITIC Group:

i. The Company has planned to entrust a securities subsidiary of CITIC Group to manage some of the listed company shares held by the Company. The Company is expected to pay management fees and custodian fees, and has planned to set an assessment base to pay a portion of sharing (if any) to the service providers;

ii. Based on principles of marketization, (a) the Company may accept underwriting services provided by subsidiaries of CITIC Group for the issuance of various bonds, as well as sponsorship and underwriting services provided by subsidiaries of CITIC Group for equity financing; (b) the Company entrusts subsidiaries of CITIC Group to provide asset management and other services; (c) the Company is expected to have certain business demands for customized industry research services, research reports, valuation reports, etc.;

iii. The Company is expected to deepen business cooperation with companies in the real estate sector of CITIC Group in terms of collaborative development of projects, agent construction and management, feasibility consulting reports and other aspects; and

iv. With the diversification of CITIC Group's business areas and the growing business volume, the Company is expected to generate more collaborations with subsidiaries of CITIC Group.

2. Financing and Asset Transactions Framework Agreement

Pursuant to the announcements dated 16 August 2022 and 30 September 2022, and the circular dated 16 September 2022 of the Company, the current financing and asset transactions framework agreement entered into between the Company and CITIC Group on 16 August 2022 and its 2022–2024 annual caps will expire on 31 December 2024. The Board announced that the Company and CITIC Group renewed the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps on 15 November 2024. Accordingly, the Company and/or its subsidiaries and/or its associates and CITIC Group and/or its subsidiaries and/or its associates will conduct financing and asset transactions with each other in the ordinary course of business. The Financing and Asset Transactions Framework Agreement and its 2025-2027 annual caps will be valid from 1 January 2025 to 31 December 2027, subject to the approval by the Independent Shareholders at the shareholders' general meeting.

Parties

CITIC Group; and

The Company.

Where applicable or unless otherwise specified, reference to CITIC Group in the Financing and Asset Transactions Framework Agreement means CITIC Group and its subsidiaries and/or its associates, and reference to the Company in the Financing and Asset Transactions Framework Agreement means the Company and/or its subsidiaries.

Date

15 November 2024

Scope of Transactions

The scope of financing transactions between the parties under the Financing and Asset Transactions Framework Agreement includes, but is not limited to:

(1) Finance transactions: i.e. capital financing activities provided by one party to the other party with or without guarantee measures, including but not limited to credit, loans, capital funding, interbank borrowing, inter-bank borrowing and lending, interbank deposits, interbank certificates of deposit, guarantee, letters of credit, pledged repurchase, bill discounting, investment in bonds issued by the other party and other financing transactions;

(2) Deposit transactions: i.e. deposit services provided by CITIC Group to the Company, including but not limited to (a) deposits of cash balances arising from the Company's business operations, including cash from daily operations, proceeds from equity and bonds issuances; (b) cash deposits from the Company's customers; (c) funds in other currencies converted by the Company using deposit funds; and (d) cash equivalents with quasi-savings nature similar to demand deposits and other deposit services;

The scope of asset transactions between the parties under the Financing and Asset Transactions Framework Agreement includes, but is not limited to:

(1) Financial product transactions: i.e. a party purchases financial assets from the other party, including but not limited to bonds, derivatives, funds, wealth management products, asset management plans, trust products and other financial products issued by independent third parties that are underwritten or held by the other party;

(2) Distressed asset transactions and other asset transactions related to distressed asset management: i.e. a party purchases the assets or interests related to distressed assets, inefficient assets, and other assets as regulated by authorities from the other party, including but not limited to debt assets, equity assets, real assets, income rights and other related asset interests (including the aforementioned assets formed directly or indirectly through asset management plans, trust plans, asset securitization methods, factoring or other forms), and reversely entrusts the other party to dispose of the aforementioned assets or interests.

CITIC Group shall take measures to ensure that its subsidiaries and/or its associates comply with the relevant covenants of the Financing and Asset Transactions Framework Agreement when carrying out financing transactions or asset transactions, and the Company shall take measures to ensure that its subsidiaries comply with the relevant covenants of the Financing and Asset Transactions Framework Agreement when carrying out financing transactions or asset transactions.

The further explanation on the scope of transactions under the Financing and Asset Transactions Framework Agreement is as follows:

- **Finance transactions:** credit refers to the credit lines of capital support provided by the banks and other financial institutions to the Company; loans mainly refer to monetary capital lent by the banks and other financial institutions at certain interest rates and under the conditions such as compulsory repayment; interbank borrowing refers to the capital borrowed from other financial institutions due to the needs of business capital; interbank borrowing and lending mainly refers to the borrowing and lending of the capital conducted in the inter-bank borrowing and lending market with financial institutions due to the needs of capital turnover; pledged repurchase refers to the capital financing activity in which bonds are pledged as rights; interbank certificates of deposit refer to subscribing for interbank certificates of deposit issued by deposit financial institutions; guarantee refers to the act of urging the Company and CITIC Group to fulfil debt obligations; letters of credit refer to the payment commitments obtained from the banks by applying for the issuance of sight letter of credit, usance letter of credit, etc.; bonds refer to the business in which a party issues bonds in accordance with the legal procedures for raising funds and agrees to repay the principal and interest to investors within a certain period of time; financing transactions such as capital funding, interbank deposits and bill discounting are mainly financing methods for the Company to apply for financial support from banks and other financial institutions due to capital needs. The finance transactions proposed by the Company and CITIC Group pursuant to the Financing and Asset Transactions Framework Agreement constitute financial assistance under Rule 14A.24(4) of the Listing Rules.

- **Deposit transactions:** the Company intends to deposit funds in the banking institutions of CITIC Group under the Financing and Asset Transactions Framework Agreement, mainly including (according to the source of funds): (a) deposits of cash balances arising from the Company's business operations, such as project payment collection, proceeds from equity and bonds issuances, financing borrowings, etc.; (b) funds deposits from customers, namely, deposit the guaranteed funds of the Company's customers in the depository bank for deposits; (c) funds in other currencies converted by the Company using deposit funds, namely, the Company exchanges the funds in the deposit account for the target currency at the bank exchange rate; and (d) cash equivalents with quasi-savings nature similar to demand deposits.

- **Financial product transactions:** the bonds mainly include government bonds, policy-based financial bonds, enterprise bonds, etc., and the derivatives mainly include foreign exchange forwards, swaps and options, etc.; funds refer to the public issuance of public funds controlled or managed by an investment party to public non-specific investors as well as non-public issuance of private funds etc.; wealth management products, asset management plans and trust products are mainly wealth management, asset management and trust products issued or managed by one party and subscribed by the other party.

- **Distressed asset transactions and other asset transactions related to distressed asset management:** distressed assets are assets that no longer provide economic benefits, or provide economic benefits below their carrying value, having suffered a depreciation, and other distressed assets as regulated by authorities, and other relevant ancillary assets or interests involved in the acquisition or disposal of such assets, including but not limited to, the distressed assets identified in accordance with the "five-level classification criteria[1]" or other risk classification criteria and methods prevailing in the industry. Inefficient assets are inefficient assets, ineffective assets, or non-major assets separated during the reform of state-owned enterprises. Other assets as regulated by authorities are other assets permitted for acquisition by regulatory authorities. The asset types include debt assets (e.g. non-performing loans and corresponding interest), equity assets (e.g. financial investment equity interests held on a transitional basis), real assets (e.g. foreclosed physical assets), etc. Income rights include the income rights in respect of distressed asset creditor's rights, equities, trust, etc. Reversely entrusting the other party to dispose of the aforementioned assets or interests refers to reversely entrusting the asset seller on a simultaneous basis to be responsible for the management, disposal and liquidation of the assets on behalf of the Company during the process of conducting distressed asset transactions and other asset transactions related to distressed asset management.

1 The loan classification system generally adopted by banks and other financial institutions in the PRC pursuant to relevant guidelines, classifies loans into five categories as "normal", "special mention", "substandard", "doubtful" and "loss" based on the assessment of various factors affecting obligors' repayment ability.

The proposed transactions regarding provision/acceptance of financial assistance, acquisition/disposal of financial assets, distressed assets and other assets related to distressed asset management between the Company and CITIC Group in accordance with the Financing and Asset Transactions Framework Agreement are conducted by the Company pursuant to business needs, which are part of the Company's daily business. The Company mainly engages in such businesses as distressed asset management, financial services, and asset management and investment business, with distressed asset management being its core business. Pursuant to the Reply regarding the Restructuring of China Huarong Asset Management Corporation for the Establishment of China Huarong Asset Management Co., Ltd. (Yin Jian Fu [2012] No.577) (《關於中國華融資產管理公司改制設立中國華融資產管理股份有限公司的批覆》(銀監覆 [2012]577 號)) issued by the NFRA on 27 September 2012, the Company was approved to engage in the following businesses: acquiring and entrusting to manage, invest and dispose of both financial and non-financial institution distressed assets, including debt-to-equity swap assets; bankruptcy management; investment; securities dealing; financial bonds issuance, inter-bank borrowing and lending, commercial financing for other financial institutions; approved asset securitisation business, financial institutions custody, closing and liquidation of business; consulting and advisory business on finance, investment, legal and risk management; assets and project evaluation; and other businesses approved by the banking regulatory bodies of the State Council. The scope of the Company's principal businesses has been clearly disclosed in the Company's prospectus and previous annual reports, details of which are set forth in "Our Principal Businesses" in "Business" of the Company's prospectus and "8.3 Business Overview" of the Company's 2023 annual report. In particular:

- Financial assistance provided by CITIC Group to the Company mainly refers to the financing provided by the banks, insurance companies and other financial institutions of CITIC Group for the Company. For example, China CITIC Bank provides interbank borrowing and loans for the Company, and subscribes for bonds and asset-backed securities (ABS), etc., issued by the Company, which are the normal business activities of the Company to raise funds, expand financing channels and enhance liquidity reserves from financial institutions. The Company is a financial asset management company and a non-banking financial institution, and the financial assistances provided by the Company to CITIC Group are mainly: (a) the inter-bank borrowing and lending conducted with members of CITIC Group (the Company as a member of the inter-bank borrowing and lending market) due to the Company's liquidity management needs, which helped the Company to enhance capital management and achieve higher returns; and (b) the Company's subscription for interbank certificates of deposit and bonds issued by subsidiaries of CITIC Group for enriching the asset allocation and improving capital use efficiency, so as to achieve stable revenue. As approved by the People's Bank of China, the Company has engaged in the national inter-bank borrowing and lending market since 2012 to obtain the qualification to carry out the inter-bank borrowing and lending business. The lending can be carried out to banks and non-bank financial institutions through the electronic trading system of the National Interbank Funding Center. According to the regulations of the People's Bank of China, the investment and transaction entities of interbank certificates of deposit are members of the national inter-bank borrowing and lending market, and the Company is qualified for the interbank certificates of deposit business. The Company's external inter-bank lending business and the subscription of interbank certificates of deposit belong to the lending activities and will be subject to credit risk exposure. The Company formulates the amount of inter-bank lending and interbank certificates of deposit, which are controlled by means of whitelist and cap management.

- The distressed assets acquired by the Company from CITIC Group are mainly assets classified as "substandard", "doubtful", and "loss" categories due to debtor default generated in the ordinary course of business of China CITIC Bank and other institutions under CITIC Group. The Company acquires and disposes of such distressed assets through public bidding or negotiated transfers, and partially adopts the reverse entrustment method, i.e. entrusting CITIC Group to be responsible for the management, disposal and liquidation of the assets on behalf of the Company. The Company's sale of distressed assets to CITIC Group are mainly used in its distressed asset management business to revitalize the assets through resource integration by leveraging the strengths of the members of CITIC Group and the Company in order to maximize the return on the assets of both parties. For example, the distressed assets acquired by the Company involve unfinished construction in progress, and property development companies are established under CITIC Group, both of which can cooperate to realize the asset value enhancement by additional investment and completed projects, in order to benefit both parties.

Based on the above, the Company provides/receives financial assistance when entering into specific transactions under the Financing and Asset Transactions Framework Agreement, and the acquisition/disposal of assets is conducted with different subsidiaries of CITIC Group instead of the same institution. Therefore, at CITIC Group level, the Financing and Asset Transactions Framework Agreement entered into between the Company and it contains two-way transaction categories.

Transaction Principles

Both parties agree that entering into the Financing and Asset Transactions Framework Agreement shall not preclude the parties thereto from choosing counterparties at their discretion or conducting transactions with third parties.

Under the Financing and Asset Transactions Framework Agreement, if one party is unable to satisfy the other party's requirements on financing or asset transactions, or if the conditions offered by independent third parties are more favorable, the other party shall be entitled to conduct transactions with independent third parties.

It is expected that CITIC Group will from time to time and as required enter into specific transaction contracts with the Company within the scope agreed in the Financing and Asset Transactions Framework Agreement.

Pricing Principles

The pricing principles for financing transactions are:

(1) Finance transactions: carried out on normal commercial terms and at the interest rates and prices of the same type during the same period and the market rates and price standards of the same type during the same period provided to independent third parties. The interest rates of loan or capital funding are determined by mutual negotiation based on the then applicable market rates of independent transaction parties of that type; the bond investment prices are determined by reference to the then applicable market prices of independent transaction parties of that type of bond; the interest rates and repurchase transaction of interbank business are determined by mutual negotiation based on the then applicable market rates and prices of independent transaction parties of that type;

(2) Deposit interest rates: not less than the deposit interest rates of commercial banks in the same period as published by the People's Bank of China, and the terms of the Company's deposits in the banking subsidiaries of CITIC Group are no less favorable than those available from independent third parties.

The pricing principles for asset transactions are:

(1) Financial product transactions: carried out on normal commercial terms and at the prices and rates of the same type during the same period offered to independent third-party customers, the market prices and rate standards of the same type during the same period and the subscription price and conditions for that type of product; on-market transactions of financial products shall be carried out at the then applicable market prices or market rates of that type of financial product; off-market and other transactions of financial products shall be carried out by mutual negotiation based on the then applicable market prices or market rates for that type of financial product; if there is no such then applicable market price or market rate for that type of financial product, the price or rate for that transaction shall be the price or rate negotiated by both parties in accordance with the arm's length principle;

(2) Distressed asset transactions and other asset transactions related to distressed asset management: if the transaction is carried out by public bidding, the transaction price shall be determined on the basis of the auction transaction price; if the transaction is carried out by way of negotiated transfer, the transaction price is based on the market price or the valuation results set out in the valuation report issued by a valuation institution with corresponding business qualifications after valuation, and in accordance with the internal valuation methods of both parties, both parties shall give due consideration to the discount rate in combination with the actual situation of assets, and determine the transaction price by arm's length negotiation; for reversely entrusted disposal transactions, the entrusted fees will be negotiated by both parties in accordance with the arm's length principle.

The further explanation on the pricing basis for the Financing and Asset Transactions under the Financing and Asset Transactions Framework Agreement is as follows:

(1) **Finance transactions:** the Company intends to receive/provide financial assistance mainly through conducting inter-financial institution borrowings and lending and lending transactions in the PRC inter-bank borrowing and lending market. The inter-financial institution borrowings conducted between the Company and the financial institutions under CITIC Group shall be carried out at the market interest rate quoted by the financial institutions with reference to the Shanghai Interbank Offered Rate. As for receiving financial assistance by the Company, the Company will make inquiries with three (inclusive) or more institutions before carrying out the transactions. The Company carries out financing business with each financial institution with lower interest rate in the light of, among others, the current needs for funds of the Company, the quotations and available credits of banks and on the premise of meeting the current needs for funds of the Company. Financial institutions under CITIC Group have equal trading opportunities with other independent third parties. As for providing financial assistance by the Company, the Company will make inquiries with three (inclusive) or more institutions before carrying out the transactions. The Company will carry out such business with the financial institution with a higher interest rate under the same conditions and will take into account the capital position and market conditions. The provision of financial assistance to CITIC Group by the Company in the ordinary course of business applies the interest rates applicable to independent third-party financial institution clients or is on normal commercial terms.

    The Company can trade in the inter-bank bond market through the China Foreign Exchange Trade System & National Interbank Funding Center ("**NIFC**") and China Central Depository & Clearing Co., Ltd. ("**CCDC**") systems. The Company can review the bond market information published by NIFC, CCDC and other agents, and NIFC also prepares repurchase rates (one of the main indicators of repurchase transactions in the financial market in the PRC). In addition, the Company has subscribed to information service providers (e.g. Wind Information) and has access to information channels and websites such as the Asset Management Association of China (www.amac.org.cn), ChinaMoney (www.chinamoney.com.cn) and ChinaBond (www.chinabond.com.cn), to view official and voluntary industry statistics/information. The Company can look up the interest rates on deposits and loans published from time to time on the official websites of the People's Bank of China and other major commercial banks in the PRC. By checking and collecting such industry information, the Company can compare and make judgements on the reasonability of the pricing of the connected transactions. The Company will determine the counterpart in terms of the inquiry and price comparison criteria as described above.

(2) **Deposit transactions:** the deposit transactions of the Company are mainly conducted with the banking institutions under CITIC Group. In accordance with the demands for fund deposit of the day, deposit interest rates of banks, the amount of deposits that can be absorbed by banks and other situations, the Company will carry out the deposit business with each bank with higher deposit interest rates, capped at the demands for fund deposit of the day. Banking institutions under CITIC Group have equal trading opportunities with

other independent third-party banks. The deposit interest rates shall not be lower than the deposit interest rates of commercial banks for the corresponding period as published by the People's Bank of China. The final deposit interest rates are determined with reference to the then applicable market rates for that type of independent transaction parties. Before carrying out the deposit transactions, the Company will make inquiries with three or more institutions.

(3) **Financial product transactions:** the financial products transactions of the Company are mainly conducted through the PRC interbank bond market and the PRC exchange bond market. Such transactions will be conducted at the prevailing market prices or market rates in the ordinary course of the Company's business. For financial products traded on the PRC interbank bond market, the quotations of the transactions are mainly determined with reference to the valuation of the relevant securities and financial products published by CCDC, as well as the yield curves and the trading volume published by NIFC. For transactions carried out in the PRC exchange bond market, the prices in the transaction process shall be determined mainly in accordance with the prevailing market prices on the relevant stock exchanges. For financial product transactions outside the PRC, the prices of the transactions shall be determined mainly with reference to the market inquiry of market makers, and the inquiry of derivative transactions shall be completed with the best price quoted by three or more institutions. Financial product transactions also include subscriptions of funds, wealth management products, asset management plans, trust products, etc. The pricing of such transactions is based on the unit net value of such products on the date of the transaction. The calculation method for the unit net value of such products shall be uniformly applied to all their investors.

(4) **Distressed asset transactions and other asset transactions related to distressed asset management:** the Company will conduct the acquisition and disposal of distressed assets, inefficient assets and other assets in compliance with regulatory requirements in accordance with the principles of fairness, openness and justice. For the acquisition or disposal conducted in a public manner, the transaction price will be determined based on bidding rules and principles of marketization; for the acquisition or disposal conducted through negotiated transfer, the asset value will be determined based on the assessment and valuation results, and the process of assessment and valuation will be carried out in accordance with the industry standards. Of which:

- For debt assets, the Company will evaluate the recovery value of such assets on the basis of the value of the debtor's credit claim assets, the collateral claim assets and the guarantee claim assets on a consolidated basis. In analyzing the value of credit claims and guarantee claims, the Company will analyze the actual solvency of the enterprise based on the audited financial statements of the debtor and guarantor. If financial statements are not available or the financial statements are unaudited, the Company will assess and evaluate the net realizable value of the effective assets actually available to the enterprise for debt repayment and the actual liabilities of the debtor and guarantor with debt repayment obligations on the basis of due diligence or subsequent management. In analyzing the value of the collateral assets, the Company will use the appraised value of the assets issued by the third-party appraisal company as the basis and consider factors such as the surrounding market conditions, the time and cost of disposing of the collateral.

- For physical assets, the Company will engage a third-party valuation institution to carry out asset valuation, and determine the minimum disposal price of assets with reference to the appraised value, or determine the asset value based on the nature of assets by valuation methods of, among others, internal valuation, price inquiry and market comparison.

- For equity assets, the Company may adopt a variety of valuation methods for asset valuations. For equity of unlisted companies, the carrying amount method, market comparison method and income method are mainly used. For listed companies, the equity valuation can be determined by means of historical stock price fluctuation method, PE ratio valuation method, PB ratio valuation method, etc., on the basis of the transaction prices on stock exchanges.

- In case of the disposal of the aforesaid assets or interests by CITIC Group on an anti-entrustment basis, the terms of such transactions will be determined after arm's length negotiations between the parties in accordance with the requirements of relevant applicable laws and regulations and with reference to the then market rates and the nature of transactions, provided that the consideration of the disposal to be paid by the Company to CITIC Group shall not be more favourable than the consideration of the disposal payable by the Company to independent third parties for the provision of the same type of disposal of assets and the general fee standards in the market for the same type of business.

To ensure that financing transactions and asset transactions under the Financing and Asset Transactions Framework Agreement are entered into on normal commercial terms and to protect the overall interests of Shareholders, the Company has adopted internal approval and monitoring procedures for continuing connected transactions, details of which are set out in "3. Internal Management Measures for Continuing Connected Transactions" below.

Operation Method

For all transactions under the Financing and Asset Transactions Framework Agreement, each transaction party shall separately enter into specific transaction contracts in accordance with the principles agreed in the Financing and Asset Transactions Framework Agreement. Such specific contracts shall comply with the provisions under the Financing and Asset Transactions Framework Agreement.

During the implementation process of the Financing and Asset Transactions Framework Agreement, specific transaction contracts may be amended if necessary and as agreed by both parties, which will then be separately and normatively operated in accordance with the normal business practice and the provisions under the Financing and Asset Transactions Framework Agreement on a case-by-case basis, so as to comply with the principles of the Financing and Asset Transactions Framework Agreement and the relevant applicable laws and regulations (including but not limited to the relevant provisions of regulatory measures and the Listing Rules).

Term and Termination of the Agreement

The Financing and Asset Transactions Framework Agreement shall come into effect upon approval of the Board, the shareholders' general meeting, etc., with company seals affixed by both parties in accordance with the requirements of laws and regulations, the Listing Rules and the Articles of Association. If any transactions under the Financing and Asset Transactions Framework Agreement constitute connected transactions under the Listing Rules, and such transactions are subject to a waiver by the stock exchange or the prior approval by the Independent Shareholders of the Company or compliance with any other provisions of the Listing Rules in relation to connected transactions, obtaining the prior approval of the Board and Independent Shareholders of the Company at the shareholders' general meeting and/or compliance with any other requirements of the Listing Rules in relation to connected transactions in accordance with the conditions of the waiver granted by the stock exchange and/or the requirements of the Listing Rules are as the prerequisites of the performance of the Financing and Asset Transactions Framework Agreement and such transactions.

Save as otherwise required by regulatory authorities and the laws, regulations and the Listing Rules, the Financing and Asset Transactions Framework Agreement will be valid from 1 January 2025 to 31 December 2027 (both dates inclusive). The Financing and Asset Transactions Framework Agreement, upon expiry, may be extended or renewed for three years with mutual consent in compliance with relevant laws, regulations and the Listing Rules.

If either party is in violation of any terms of the Financing and Asset Transactions Framework Agreement (the "**Defaulting Party of the Financing and Asset Transactions Framework Agreement**"), the other party (the "**Observant Party of the Financing and Asset Transactions Framework Agreement**") may notify such party in writing of its breach of contract, and require the Defaulting Party of the Financing and Asset Transactions Framework Agreement to make remedies within a specified reasonable period of time. If the Defaulting Party of the Financing and Asset Transactions Framework Agreement fails to remedy such breach of contract within the aforesaid period of time, the Observant Party of the Financing and Asset Transactions Framework Agreement may immediately terminate the Financing and Asset Transactions Framework Agreement and reserve the right to claim compensation and any other legally permitted claims against the Defaulting Party of the Financing and Asset Transactions Framework Agreement.

The termination of the Financing and Asset Transactions Framework Agreement shall not affect any rights, obligations or liabilities of either party already incurred under the Financing and Asset Transactions Framework Agreement.

Liability for Breach of Contract

Unless otherwise agreed upon by the Financing and Asset Transactions Framework Agreement, if either party violates the Financing and Asset Transactions Framework Agreement, the other party may request or adopt the remedies permitted by the Financing and Asset Transactions Framework Agreement and laws, including but not limited to actual performance and compensation for economic losses.

Proposed Annual Caps and Basis of Determination

Finance transactions	Maximum daily balance caps *(in millions of RMB)*		
	2025	**2026**	**2027**
The maximum daily balance (including interests) of non-exempt financial assistance provided by CITIC Group to the Company	69,680	69,780	69,580
The maximum daily balance (including interests) of non-exempt financial assistance provided by the Company to CITIC Group	20,000	20,000	20,000

Deposit	Maximum daily balance *(in millions of RMB)*		
	2025	**2026**	**2027**
The maximum daily balance of the Company's deposits in CITIC Group	80,000	80,000	80,000

Asset transactions	Total transaction amount caps *(in millions of RMB)*		
	2025	**2026**	**2027**
Total amount of consideration paid by CITIC Group to the Company	16,320	15,280	15,280
Total amount of consideration paid by the Company to CITIC Group	88,500	47,160	46,000

These caps were taken into account:

(1) The previous transaction amounts between the Company and CITIC Group in respect of the above transaction categories, details of which are as follows:

Finance transactions	**Historical maximum daily balance** *(in millions of RMB)*		
	2022	**2023**	**For the six months ended 30 June 2024**
The maximum daily balance (including interests) of non-exempt financial assistance provided by CITIC Group to the Company	961	7,935	—
The maximum daily balance (including interests) of non-exempt financial assistance provided by the Company to CITIC Group	208	54	125

Note: for the six months ended 30 June 2024, no actual amount of the maximum daily balance (including interests) of non-exempt financial assistance provided by CITIC Group to the Company under the current financing and asset transactions framework agreement was incurred.

Deposit	**Historical maximum daily balance** *(in millions of RMB)*		
	2022	**2023**	**For the six months ended 30 June 2024**
The maximum daily balance of the Company's deposits in CITIC Group	31,657	25,833	3,358

Asset transactions	**Total historical transaction amount** *(in millions of RMB)*		
	2022	**2023**	**For the six months ended 30 June 2024**
Total amount of consideration paid by CITIC Group to the Company	1,516	1,110	46
Total amount of consideration paid by the Company to CITIC Group	5,283	11,450	31,308

The actual transaction amounts for the year ended 31 December 2024 are not expected to exceed the 2024 annual caps of the current financing and asset transactions framework agreement.

(2) The expected future transaction demand between the Company and CITIC Group, details of which are as follows:

a. Finance transactions

In terms of the non-exempt financial assistance provided by CITIC Group to the Company under the Financing and Asset Transactions Framework Agreement, the Company mainly considered the following factors in determining the caps:

i. The Company obtained a total credit line of RMB125.3 billion from the subsidiary banking institutions of CITIC Group. The Company expects to further strengthen the financing cooperation with such banking institutions to expand financing channels and enhance liquidity reserves. Such credit may be not required (such as interbank borrowing) or may be required (such as pledged repurchases) to provide guarantee measures in actual use. Based on finance cost, the Company will choose to conduct interbank borrowing, inter-bank borrowing and lending, pledged repurchases and other businesses with CITIC Group from time to time. For prudent consideration, the Company takes the total credit expected to be obtained from affiliated banking institutions of CITIC Group (including financial assistance involving and not involving pledged assets/guarantee) as a factor for considering the annual caps of the non-exempt financial assistance provided by CITIC Group to the Company.

ii. The Company can obtain a pledged repurchase business amount of approximately RMB30.0 billion from the subsidiaries of CITIC Group (being bank institutions, insurance institutions and fund institutions). In 2023, the Company and third-party banks and other institutions conducted pledge repurchase business of RMB16.0 billion in total. Considering the Company's continuous expansion of business and increasing financing needs, the Company uses the maximum credit line available as the cap of the expected non-exempt financial assistance, so that the Company can flexibly carry out finance business.

iii. The Company's subsidiary, China CITIC Financial AMC International Holdings Limited ("**International Company**"), is expected to obtain a bond buy-out repurchase financing amount of RMB300 million from the Hong Kong banking institution under CITIC Group to increase the source of liquidity for the liquidity reserve. In determining the caps, the Company has taken into account the historical financing amount that International Company received from other independent third-party banks in the past, as well as the amount of bonds, repurchase agreements, derivative transactions, intermediary services, etc. that it intends to carry out with the Hong Kong banking institution of CITIC Group. Both parties will strengthen financing cooperation, and the Hong Kong banking institution will provide credit capital support to International Company.

iv. The Company cooperates with China CITIC Bank to develop business and revitalizes problematic enterprises by accepting M&A loans from China CITIC Bank. Currently, the transactions that the Company has carried out or has held business leads for amount to approximately RMB10.0 billion. Considering that the amount of a single M&A loan is relatively large and the duration of the loan is long, it is expected that the Company will gradually increase such business in the next three years, the scale of which is expected to be approximately RMB30.0 billion.

v. From 2022 to the end of June 2024, the maximum balance of the interbank borrowing of the Company (parent company) ranged from approximately RMB500.0 billion to RMB600.0 billion, of which approximately 6% to 14% was provided by subsidiaries of CITIC Group (being bank institutions) to the Company (parent company) during such period. Maintaining a stable balance of borrowings with subsidiaries of CITIC Group (being bank institutions) is essential to meet the Company's financing needs and ensure the Company's liquidity safety. At present, the bank credit of the Company (parent company) remains more than RMB1 trillion, and there is still room to further strengthen the cooperation in the Company's borrowing scale in subsidiaries of CITIC Group (being bank institutions) as compared to the Company's borrowing scale in other similar joint stock commercial banks.

vi. Borrowings from large state-owned commercial banks and joint stock commercial banks are the most important financing channels of the Company. Subsidiaries of CITIC Group (being bank institutions) are in the first tier of joint stock commercial banks with large borrowings available and interest rate levels falling within the average market interest rate range for a long time, which maintains good and long-term cooperative relationship with the Company.

vii. The Company will strengthen the financing cooperation with the banks and other financial institutions under CITIC Group in the future, according to which, the Company expects the amount of financial assistance to be increased, which will also help to improve the overall operation of the Company's capital and enhance the liquidity reserve.

In terms of the non-exempt financial assistance provided by the Company to CITIC Group under the Financing and Asset Transactions Framework Agreement, the Company mainly considered the following factors in determining the caps:

i. Since the Company engaged in the inter-bank borrowing and lending market at the end of 2012, the inter-bank borrowing and lending business, as an important tool for the Company's liquidity management, has played an important role in improving the return on provision assets, reducing overall financing costs, mitigating liquidity pressure and optimizing asset and liability structure, etc.

ii. According to the data published by the People's Bank of China, the cumulative turnover of the national inter-bank borrowing and lending market in 2023 was RMB143 trillion, with an average daily turnover of RMB571.9 billion, representing a year-on-year decrease of 2.6%. From the perspective of maturity structure, the turnover of overnight lending accounted for 89.5% of the total lending volume, representing an increase of 0.3 percentage point over the same period last year. As the inter-bank borrowing and lending market develops steadily, the Company will continue to conduct capital financing in the inter-bank borrowing and lending market in the future to enhance liquidity management.

iii. The Company has formulated a list of inter-bank lending credit institutions and credit lines. Taking the Company's approved list for 2023 as an example, the credit lines are mainly determined based on the asset size of the institutions to be granted credit, corporate credit rating, and the daily tradable positions of the relevant companies, etc. Two institutions of CITIC Group were approved to be included in the approved list, to which the Company granted credit lines of RMB8.5 billion in aggregate.

iv. The Company has formulated a whitelist and limit program for interbank certificates of deposit. Taking the Company's approved list for 2023 as an example, the formulation of the whitelist for interbank certificates of deposit is mainly determined based on issuers' credit rating and their total assets, and also taking into account the nature of institutions and their historical cooperation with the Company, etc. One institution of CITIC Group was approved to be included in the whitelist with an approved limit of RMB3.0 billion.

v. The Company will strengthen the financing cooperation with the banks and other financial institutions under CITIC Group in the future, with additional buffer applied for unanticipated transaction needs when considering the caps.

vi. Pursuant to the equity disposal arrangement of China Huarong Financial Leasing Co., Ltd. ("**Financial Leasing Company**") (for details, please refer to the announcement of the Company dated 28 May 2024), the shareholders' deposits and inter-bank borrowing and lending provided by the Company to Financial Leasing Company will be included in the scope of the framework agreement, and the estimated financing amount will not exceed RMB8.5 billion.

b. ***Deposit***

In terms of the deposit services provided by CITIC Group to the Company under the Financing and Asset Transactions Framework Agreement, the Company mainly considered the following factors in determining the caps:

i. The scale of the Company's historical deposits (including deposits with the connected parties and independent third parties). As of the end of 2023, the maximum daily deposit balance of the Company was RMB25,833 million.

ii. There is a continuous increase in the operating income of the Company. In 2023, the Company recorded a total income of RMB75,800.1 million from continuing operations, representing an increase of 105% as compared with last year. In 2023, losses in operating results have been significantly reduced and the Company has turned losses into profits. The Company has achieved structural and trend-oriented improvements in the operation of the core business, and asset quality has continued to improve. In the next stage, the Company will focus on the "One-Three-Five" strategic objectives, accelerate reform and transformation, strive to improve quality and efficiency, and enhance its four major business capabilities of acquisition and disposal, mergers, acquisitions and restructurings, equity investment, and special bond investment. It will intensify efforts to develop innovative businesses such as the revitalization of inefficient state-owned assets, relief for real enterprises, acquisition of defaulted bonds, bankruptcy reorganization, and risk resolution of small and medium-sized financial institutions. It is expected that the Company's operating income will increase and its deposits will also increase accordingly.

iii. As the Company's deposit cap is the maximum daily balance, the cap was set taking into account the fact that a significant increase in cash due to the concentration or short-term vesting of funds such as project repayment and corporate bond issuance, resulting in an increase in deposits of the Group.

iv. China CITIC Bank, under CITIC Group, is an important joint stock commercial bank in China and a state-owned company. China CITIC Bank has a good credit record, which is able to effectively guarantee the Company's access to funds from time to time and the safety of deposits of the Company. The Company may also choose other major commercial banks to deposit funds, and the Company will choose counterparty in terms of the needs for deposit, deposit interest rates of banks and the amount of deposits that can be absorbed by banks, to ensure the safety of the Company's funds. Please refer to "3. Internal Management Measures for Continuing Connected Transactions" for details of deposit security measures.

v. The Company plans to further deepen financing transactions with subsidiaries of CITIC Group (being bank institutions). Considering the large total scale of deposits that can be formed from the Company's reserve funds, liquidity support provided to subsidiaries through the entrusted loan system, repayment of funds for overseas bond issuance, currency exchange business, etc., in order to ensure that the peak value of the daily deposit balance is not exceeded, the cap is determined to be RMB80.0 billion.

c. Asset transactions

In terms of the purchase and disposal of distressed assets and financial products under the Financing and Asset Transactions Framework Agreement between the Company and CITIC Group, the Company mainly considered the following factors in determining the caps:

The Company will purchase distressed assets from CITIC Group or dispose of them to CITIC Group during the operation of the core business of distressed assets, especially considering:

i. Currently, commercial banks and other financial institutions have a prominent demand for the disposal of distressed assets. As a financial asset management company, our Company specializes in the operation of distressed assets, and grasps the "Large Distressed" business opportunities on our own initiative, actively seeks and acquires assets with restructuring value and appreciation potential, strengthens the core business of distressed assets, and adjusts and optimizes the asset structure by increasing the investment in high-quality core businesses. Meanwhile, the Company makes full use of asset restructuring, resource integration, reverse cyclical cultivation and other profitability models based on value enhancement, promotes diversification of assets disposal and refinement of management, and plays a leading role in the national distressed assets industry.

ii. In respect of the overall market of distressed assets, the banking industry disposed of RMB3.13 trillion, RMB3.10 trillion and RMB3.00 trillion of distressed assets for the entire years from 2021 to 2023, respectively, representing all disposal scales remaining RMB3 trillion or above. The market for the distressed assets of banking institutions has been an important source of distressed assets acquisition for the Company. The banking industry has been stepping up its efforts to dispose of distressed assets, which furnished the Company with more opportunities for development.

iii. The size of the Company's existing distressed debt assets and the acquisition cost of newly added distressed debt assets. As of the end of 2023, the Company's total distressed debt assets amounted to RMB398,493.3 million; the acquisition cost of newly added distressed debt assets amounted to RMB47,275.6 million in 2023. It is expected that the Company will continue to operate the core business, carry out the acquisition of distressed assets and diversify the approaches of asset disposal.

According to the 2023 annual report published by China CITIC Bank, the balance of non-performing loans was RMB64.8 billion at the end of 2023, and the non-performing loan ratio was 1.18%, representing a slight decrease as compared with the end of 2022. Considering that CITIC Trust and CITIC Financial Leasing also have intentions to dispose of distressed assets, the Company expects that the caps of distressed asset acquisitions will be an upward trend in the context of the Group's collaborative development. In determining the caps, the Company considered the scale and disposal status of distressed assets of subsidiaries of CITIC Group, the scale and discount rate of the Company's previous assets acquisitions from subsidiaries of CITIC Group, and took into account the projects and disposal plans of both parties with a preliminary intention of cooperation. The Company estimates that the caps of consideration paid by the Company for the purchase of distressed assets in the next three years will be approximately RMB26.2 billion, RMB24.9 billion and RMB23.7 billion, respectively.

The Company estimates that the caps of consideration received by the Company from the sale of distressed assets in each of the next three years will be approximately RMB8.0 billion, RMB7.0 billion and RMB7.0 billion, respectively. In determining the caps, the Company determined the transaction caps based on the scale of existing assets and comprehensively taking into account the Company's asset disposal plan and the effectiveness of intensive disposal in the early stage.

iv. CITIC Group engages in a broad range of fields such as finance, real estate, infrastructure, energy and machinery. Since CITIC Group became a substantial shareholder of the Company, the Company has continuously strengthened its business cooperation with CITIC Group and broadened the acquisition and disposal channels of its distressed assets, and the Company will increase cooperation with CITIC Group in asset disposal, risk resolution and restructuring of problematic enterprises in the future, which is expected to increase the amount of transactions of acquisition and disposal of distressed assets with CITIC Group.

The Company will purchase or sell financial products from or to CITIC Group in the ordinary course of business, especially considering:

i. According to the data published by the People's Bank of China, a total of RMB71.0 trillion of various bonds was issued in the bond market in 2023, representing a year-on-year increase of 14.8%. Among them, bonds of RMB61.4 trillion were issued in the inter-bank bond market and bonds of RMB9.6 trillion were issued in the exchange market. In light of the continuous development of the financial market in the PRC and the continuous issuance of new financial products, it is expected that the financial market in the PRC will continue to develop and new financial products will continue to be issued. It is expected that the number and scale of mutual purchases and sales of financial products between the Company and CITIC Group will further increase.

ii. The total volume of bond transactions (including transactions with connected parties and independent third parties) of the parent company of the Company in the last two years (2022 to 2023) was RMB27.9 billion, of which the total amount of bonds purchased by the parent company of the Company in the past two years was approximately RMB16.3 billion. Considering the industry position of the banking institutions and securities institutions under CITIC Group and the increase of business cooperation between the Company and CITIC Group, the Company expects that the bond transaction volume with banking institutions and securities institutions under CITIC Group will increase. In combination with the Company's needs for assets and liabilities management and liquidity management, the Company estimates that the annual caps of the consideration to be paid for the bond purchases with institutions under CITIC Group will be approximately RMB8.0 billion in the next three years, respectively; the annual caps of the consideration to be obtained from bond disposal with institutions under CITIC Group will be approximately RMB8.0 billion in the next three years, respectively.

iii. The International Company is the most important overseas operating entity of the Company, and is also the overseas bond issuer of the Company. It is necessary to continuously carry out foreign exchange hedging work to control the risk of exchange rate fluctuations. As of the end of June 2024, the International Company's foreign currency exposures on the liability side included S$0.365 billion (SGD) and RMB68.1 billion. In order to cope with the risk of exchange rate fluctuations and control the risk exposure of foreign exchange, the International Company utilizes derivatives for exchange rate management according to exchange rate fluctuations, and some of its foreign exchange has been hedged so far. Based on the scale of the International Company's existing foreign currency exposures, considering the uncertainty of the timing of derivatives transactions, the Company estimates that the transaction caps for each of the next three years will be RMB9.0 billion.

iv. According to the Company's strategic development plan, in order to give full play to the synergistic advantages with CITIC Group, improve investment risk management and control ability, and strengthen investment professional capability support, in accordance with the principles of marketization and rules of law, the Company intends to, in the future, continue to entrust professional institutions such as CITIC Securities with the establishment of asset management plans, and set up professional asset management teams to carry out investment businesses within the scope prescribed by the regulatory authorities, with an estimated investment scale of RMB40.0 billion.

v. In determining the caps, considering the high frequency of financial product transactions, the Company's limited control over counterparties in such transactions, and the volatility and unpredictable factors of financial markets, the Company has set aside a certain cushion fund to respond to changes in market conditions.

3. Internal Management Measures for Continuing Connected Transactions

The Company has formulated certain internal guidelines and policies for comprehensive services, financing and asset transactions, as well as internal procedures and systems for approving and monitoring such services and transactions. Such guidelines and policies set out the requirements for pre-trade quotations, applicable prices, pricing procedures, approval bodies and procedures, monitoring and review procedures for relevant comprehensive services, financing and asset transactions. The Company will put forward equivalent pricing terms to all customers when providing customers (including connected parties and independent third parties) with similar comprehensive services or similar capital or conducting similar asset transactions, and will not grant preferential terms to customers who are connected persons. Before carrying out specific transactions, relevant business departments and subsidiaries will obtain market reference prices for similar transactions to confirm whether the prices with connected persons are in line with the market price range and are fair and reasonable. The pricing mechanisms and related procedures for various types of transactions are as follows:

(1) Comprehensive Services Framework Agreement

In terms of the comprehensive services provided by CITIC Group to the Company:

- Underwriting and sponsorship services: the commission rates and fees in the underwriting and sponsorship services market are generally transparent and standardized. The service fees shall be determined by arm's length negotiation between the parties, with reference to the prevailing market prices, the total amount of funds intended to be raised, and the fee rates charged for similar services provided to independent third parties;

- Entrusted asset management services: taking into account factors such as the scale of the entrusted assets, the actual conditions of the assets, the content and complexity of the entrusted services, and the effectiveness of the work, with reference to the fee rates applicable to independent third parties, the fee rates shall be determined by arm's length negotiation between the parties. For financial products issued by the investing party, the service fee rates charged shall be referenced against those applicable to independent third parties;

- Agency services: taking into account factors such as the content and complexity of the agency services, and the effectiveness of the work, with reference to the fee rates applicable to independent third parties, the fee rates shall be determined by arm's length negotiation between the parties;

- Information technology and network services: taking into account the service content and prevailing market rates, with reference to the fee rates applicable to independent third parties, the fee rates shall be determined by arm's length negotiation between the parties;

- Consulting and advisory services: the service fees shall be determined by arm's length negotiation between the parties, taking into account multiple factors such as the nature and scale of the relevant projects for which services are provided, the content and complexity of the services, the effectiveness of the work, the prevailing market rates for similar services, and the fee rates applicable to independent third parties providing similar consulting and advisory services;

- Entrusted loan services: taking into account the prevailing market rates for similar services provided by other banks and financial institutions, with reference to the fee rates applicable to independent third parties as well as the scale of funds, the fee rates shall be determined by arm's length negotiation between the parties;

- Transaction trust services: taking into account the prevailing market rates for similar services provided by other trusts and financial institutions, with reference to the fee rates applicable to independent third parties as well as the scale of funds, the fee rates shall be determined by arm's length negotiation between the parties;

- Brokerage services: the commission rates for such services in the market are generally transparent and standardized. The commission shall be determined by arm's length negotiation between the parties, with reference to the prevailing market rates, taking into account the commission rates applicable to independent third parties as well as the estimated scale of the brokerage transactions;

- Entrusted construction services: taking into account factors such as the scale of the entrusted construction project, the complexity of the work, the effectiveness of the work, and the prevailing market rates, with reference to the fee rates applicable to independent third parties, the fee rates shall be determined by arm's length negotiation between the parties;

- Other comprehensive services: such fees and commissions shall be determined in accordance with applicable laws and regulations, with reference to the prevailing market prices, based on the nature of the transactions.

In terms of the comprehensive services provided by the Company to CITIC Group:

- Entrusted asset management services: taking into account factors such as the scale of the entrusted assets, the actual conditions of the assets, the content and complexity of the entrusted services, and the effectiveness of the work, with reference to the fee rates applicable to independent third parties, the fee rates shall be determined by arm's length negotiation between the parties. For financial products issued by the investing party, the service fee rates charged shall be referenced against those applicable to independent third parties;

- Entrusted asset disposal services: taking into account factors such as the scale of the entrusted assets, the actual conditions of the assets, the content and complexity of the entrusted services, the effectiveness of the work, and the collection target, with reference to the fee rates applicable to independent third parties, the fee rates shall be determined by arm's length negotiation between the parties;

- Asset promotion services: with reference to the service fee rates applicable to independent third parties as well as the scale of promoted assets, the fee rates shall be determined by arm's length negotiation between the parties;

- Brokerage services: the commission rates for such services in the market are generally transparent and standardized. The commission shall be determined by arm's length negotiation between the parties, with reference to the prevailing market rates, taking into account the commission rates charged by the Company for providing similar brokerage services to independent third parties, as well as the estimated scale of the brokerage transactions;

- Consulting and advisory services: the service fees shall be determined by arm's length negotiation between the parties, taking into account multiple factors such as the nature and scale of the relevant projects for which services are provided, the content and complexity of the services, the effectiveness of the work, the prevailing market rates for similar services, and the fee rates applicable to independent third parties providing similar consulting and advisory services;

- Other comprehensive services: such fees and commissions shall be determined in accordance with applicable laws and regulations, with reference to the prevailing market prices, based on the nature of the transactions.

In terms of each specific comprehensive service transaction, the relevant departments of the Company will conduct due diligence to assess whether the quotations comply with the Company's relevant policies and procedures, after taking into account specific factors such as project scale, service content, and complexity. The review department will also review the fairness and reasonableness of the pricing during the pre-investment review process. The Company will select service providers through processes such as price inquiry and negotiation. The relevant departments of the Company will collect basic information about such service providers, service proposals, and quotations from them, and compare service prices and service quality to evaluate the fairness and reasonableness of their quotations.

(2) Financing and Asset Transactions Framework Agreement

i. The financing and asset transactions carried out by the Company shall be subject to strict supervision by regulatory authorities in the PRC and shall comply with applicable PRC laws and regulations. During the specific transactions carried out by the Company, the relevant business review department, risk management department, internal control department and other departments will review the business compliance pursuant to the regulatory requirements strictly.

   Conducting acquisition and disposal of distressed assets by the Company shall be based on the relevant specification requirements of the MOF and the NFRA, etc., in relation to the acquisition and disposal of distressed assets by financial asset management companies, including the Administrative Measures on the Batch Transfer of Distressed Assets of Financial Enterprises (《金融企業不良資產批

量轉讓管理辦法》), the Administrative Measures on the Engagement in Non-Financial Enterprise Distressed Assets Business for Financial Asset Management Companies (《金融資產管理公司開展非金融機構不良資產業務管理辦法》), etc. The relevant regulatory documents regulate the due diligence, feasibility studies, asset pricing, scheme design, project implementation and other work that asset management companies should carry out in conducting the acquisition and disposal business of distressed assets, including requiring asset management companies to prudently and objectively price the underlying assets to be acquired in a reasonable manner, and the pricing results should fully reflect the coverage of risks and costs; asset management companies should carefully measure the expected income and cost of acquired assets, and rationally quote according to their own risk tolerance, etc.

The financial products transactions of the Company are mainly conducted through the PRC interbank bond market and the PRC exchange bond market. The pricing of such transactions is strictly regulated by regulatory authorities in the PRC and must comply with applicable PRC laws and regulations, such as the Measures for the Administration of Bond Transactions in the National Interbank Bond Market (《全國銀行間債券市場債券交易管理辦法》).

ii. The Company's department in charge of valuation business is responsible for arranging the selection and engagement of valuation institutions, while managing, supervising and checking the implementation of valuation work. The department in charge of the valuation business is separated from the business department in terms of organizational structure and staffing, and is separated from the business review regarding review procedures. The Company has established a candidate storehouse of valuation institutions. When engaging a professional valuation institution to carry out asset valuation, the Company will determine the engagement of a valuation institution in accordance with internal procedures while considering its actual business demand, the qualifications and specialties as well as work experience and quality of candidate institutions, etc. The Company and the valuation institution will discuss and determine the value types of valuation projects, and applicable valuation methods, etc. Upon review and approval of the valuation results from the valuation institution by the relevant internal organization of the Company, the Company will determine the realizable value on the comprehensive basis of the valuation results set out in the asset valuation report issued by the intermediary, and such factors as the market value of assets, impacts of court auction and organization disposal of such assets on the price.

iii. The Company can trade in the inter-bank bond market through the NIFC and CCDC systems. The Company can review the bond market information published by NIFC, CCDC and other agents, and NIFC also prepares repurchase rates (one of the main indicators of repurchase transactions in the financial market in the PRC). In addition, the Company has subscribed to information service providers (e.g. Wind Information) and has access to information channels and websites such as the Asset Management Association of China (www.amac.org.cn), ChinaMoney (www.chinamoney.com.cn) and ChinaBond (www.chinabond.com.cn), to view official and voluntary industry statistics/information. The Company can look up the interest rates on deposits and loans published from time to time on the official websites of the People's Bank of China and other major commercial banks in the PRC. By checking and collecting such industry information, the Company can compare and make judgements on the reasonability of the pricing of the connected transactions.

iv. For the finance transactions, the Company has set up a system for approving borrowings, pledged repurchase and inter-bank funding, and the relevant positions were pre-approved to ensure that the relevant transactions are carried out at market prices, controlling the level of borrowings as well as inter-bank funding provided to CITIC Group. For the deposit transactions, the relevant management of the Company will obtain and compare similar deposits from independent commercial banks for the same period, as well as the benchmark deposit interest rate of the People's Bank of China. Transactions carried out in the inter-bank bond market and PRC exchange bond market will be submitted to the Company's internal system for approval and record keeping. The independent trading middle office of the Company will monitor and control the trading process through the system and the issued daily reports. The Company has established a strict pricing system for the acquisition and disposal of distressed assets. During the pre-investment approval of specific transactions, the review department will review together whether the pricing of the acquisition/disposal of distressed assets complies with the Company's regulations and the requirements of regulatory authorities, and whether it is fair and reasonable.

v. The cash part of the Company's standing funds is mainly deposited in the Company's fund vesting account in the form of demand deposits. The Company plans to take the account opened in subsidiaries of CITIC Group (being bank institutions) as one of the main fund collection accounts in the future, and determines the deposit transaction caps based on the cash balance in the Company's historical standing funds. Demand deposits are funds that can be withdrawn at any time. The relevant business department of the Company will formulate a capital plan and reasonably plan the arrangement of fund placement and withdrawal. The financial department of the Company will carry out fund allocation according to relevant arrangements, and will regularly monitor the fund balance in the account. The Company will also communicate with subsidiaries of CITIC Group (being bank institutions) about the fund position in a timely manner in accordance with the capital plan to ensure the smooth development of large-amount capital withdrawals.

The Company comprehensively considers fund security, liquidity management needs, fund cost, historical conditions and other factors, measures the fund position and determines the capital plan in accordance with the capital inflows and outflows. China CITIC Bank, under CITIC Group, is an important joint stock commercial bank in China and one of the 19 domestic systemically important banks recognized by the People's Bank of China and the NFRA. According to the 2023 annual report of China CITIC Bank, its total assets amounted to RMB9,052,484 million. China CITIC Bank continues to strengthen its comprehensive risk management, effectively transmits a stable risk appetite, and enhances risk control capabilities across full institutions, products, clients and processes. The Company is of the view that China CITIC Bank, as a state-owned holding enterprise with a good credit record, is able to effectively guarantee the Company's access to funds from time to time. The Company will also regularly inspect the operation and financial positions of China CITIC Bank. In case of any potential security risks to the Company's funds deposited in China CITIC Bank, the Company will take measures in a timely manner to transfer the funds out from and suspend deposits in China CITIC Bank to effectively protect the security of its deposit funds.

vi. According to the Financing and Asset Transactions Framework Agreement, entering into the Financing and Asset Transactions Framework Agreement shall not preclude the Company and CITIC Group thereto from choosing counterparties at their discretion or conducting transactions with third parties. Under the Financing and Asset Transactions Framework Agreement, if one party is unable to satisfy the other party's requirements on financing or asset transactions, or if the conditions offered by independent third parties are more favorable, the other party shall be entitled to conduct transactions with independent third parties. The Company's choosing of CITIC Group as one of the potential customers of its financial assets and distressed assets is a commercial decision. Our Directors believe that the decision is in the best interests of the Company and the Shareholders as a whole, after prudent consideration and with reference to the following factors:

(a) The nature of the Company makes it easy for the Company to seek independent third-party customers. The Company is a state-owned financial asset management company and a major participant in the primary market and an important participant and supplier in the secondary market for distressed assets. In recent years, the Company took proactive measures to adapt to changes in the market, proactively expanded business areas, focused on the core business of distressed assets, continuously enhanced its four major business capabilities of acquisition and disposal, mergers, acquisitions and restructurings, equity investment, and special bond investment, strengthen innovation in business models, and gave full play the role of the main force in the distressed assets industry.

(b) It has been the intention of the Company to strengthen its business with other independent third-party customers and therefore the Company is actively looking for opportunities to maintain a healthy balance in the diversity of its income sources and business operations. The Company strives to extend its business cooperation with existing independent customers and at the same time source new customers and optimize incremental business investment.

(c) The Company believes that CITIC Group is a state-owned enterprise with an extremely low risk of default and a good credit history accordingly. As CITIC Group is the Shareholder of the Company, it maintains a more stable, reliable and trustworthy relationship with the Company compared with any other independent third-party customers.

The Directors and senior management of the Company will closely monitor and regularly review the various continuing connected transactions of the Company. The Company will adopt a series of risk management arrangements to maintain the independence of the Company in various continuing connected transactions, the fairness of the transaction prices, the fairness of the trading conditions and the option of the Company to trade with independent third parties other than CITIC Group. Such arrangements include:

(a) The Company will collect as much information as practicable on the price and terms of the transactions from potential counterparties (particularly independent third parties) and, the Company will regularly review the public information and the online public data from agents, information service providers, the People's Bank of China and the major commercial banks to collect the transaction price range in the market. Before conducting the transaction, the Company will also collect the quotation information about independent third parties on the same transaction through price inquiry, open procedures and other methods, after comparing the market price range, quotations from different parties and terms, select and determine the final suitable counterparty strictly in accordance with the principle of best interests of the Company. For the detailed procedures for collecting data and comparing the prices of the Company, please refer to the preceding section under "Pricing Principles";

(b) The transaction process will not be influenced in any way by the participation of CITIC Group members and no preference will be given to them as members of CITIC Group in order to avoid dependence on CITIC Group members;

(c) The Company will maintain the independence of the Company's decision-making, the fairness of the transaction prices and the Company's option for continuing connected transactions through framework agreements and a series of management arrangements in accordance with regulatory requirements, thereby avoiding dependence on the controlling Shareholders. Relevant measures include, but are not limited to, the Company's right to make independent decisions on the relevant transaction prices and quantities, and to access and obtain market information through various means, so as to cause the trading conditions obtained by the Company from CITIC Group are no less favorable than those obtainable from independent third parties.

(3) Internal Control Measures for Other Continuing Connected Transactions

In addition, the Company will also adopt the following internal control measures for continuing connected transactions:

- Monitoring usage of the annual caps: Relevant business departments and subsidiaries of the Company will be responsible for initiating the application process for connected transaction authority through the Company's connected transaction system prior to entering into specific contracts according to the

Comprehensive Services Framework Agreement, and the Financing and Asset Transactions Framework Agreement, and the connected transaction management department is responsible for determining whether the transaction amount applied for exceeds the annual caps. Meanwhile, the connected transaction management department of the Company will regularly collect data on a quarterly basis or as needed from time to time, review the actual amount of various comprehensive services, financing and asset transactions, to ensure the actual amount will not exceed the annual caps and remind relevant departments and subsidiaries to control such connected transactions without exceeding the proposed annual caps.

- Conducting connected transactions trainings: Each of the business departments and subsidiaries of the Company has contact persons for connected transactions. The Company will conduct connected transactions trainings for contact persons irregularly to enable them to record and review the actual transaction amount, transaction pricing and terms of various comprehensive services, financing and asset transactions, so as to ensure compliance with all applicable limits.

- Conducting annual review: The independent non-executive Directors and the auditor of the Company will conduct the annual review on the continuing connected transactions and confirm in the annual reports in accordance with the Listing Rules.

- Prudently managing connected transactions: The Company has formulated a management system for connected transactions, which specifies the identification and determination of connected transactions, approval procedures, concentration limits, prohibitive regulations, continuing connected transaction caps and other management requirements. The Company clearly requires all business departments and affiliated institutions to prudently manage connected transactions, and effectively prevent and control possible improper interest transfer and regulatory arbitrage. When the Company conducts specific transactions with connected parties, the connected transaction management department of the Company will review the rationality and compliance of the transactions, and measure whether the concentration limit of connected parties after the relevant transactions occur is in compliance with the regulations, so as to effectively prevent the concentration risks of connected transactions.

Based on the above, the Company considers that the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and the continuing connected transactions thereunder are in the interests of the Company and all Shareholders. At the same time, the Company has a complete business system and the ability to operate independently in the market, therefore, the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and the continuing connected transactions thereunder will not affect the independence of the Company.

4. Reasons for and Benefits of the Transactions

CITIC Group makes efforts in the five business segments of comprehensive finance, advanced manufacturing, advanced materials, new consumption and new urbanization. Its member companies, such as China CITIC Bank, CITIC Securities, CITIC Trust and other institutions are leading enterprises in their respective industries, and boast strong comprehensive strengths. After CITIC Group became the substantial shareholder of the Company, the Company entered into the initial comprehensive services framework agreement and the financing and asset transactions framework agreement with CITIC Group, achieving significant synergic and cooperative results. The Company accelerates its core business transformation, substantially improves its operating performance and consolidates its positive momentum. The transactions under the renewal of the Comprehensive Services Framework Agreement and the Financing and Asset Transactions Framework Agreement with CITIC Group are based on the demand of the ordinary business of the Company, and may further integrate strengths and resources of the Company and CITIC Group, effectively improve the Company's economic benefits and promote the Company's business development. Such transactions can also constantly deepen the cooperation between the Company and CITIC Group in terms of project development, business innovation and investment and financing, strengthen information linkage and win-win cooperation, so as to increase the Company's comprehensive competitiveness in its core business of distressed asset operation.

In the first half of 2024, the Company adhered to the general principle of "consolidating foundation, seeking progress while maintaining stability, and improving quality and efficiency", accelerated its transformation and development, and gave full play to the synergy effect of CITIC Group as an integrated financial platform, with the operating performance, core business development and asset quality continuing a positive momentum.

The Directors (including the independent non-executive Directors) consider that the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and their 2025–2027 annual caps are entered into in the ordinary course of business of the Group on normal commercial terms, and are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. As (1) Mr. Liu Zhengjun and Mr. Xu Wei hold positions in CITIC Group; and (2) Mr. Li Zimin has been recommended by CITIC Group as a Director, Mr. Liu Zhengjun, Mr. Li Zimin and Mr. Xu Wei are deemed to be interested in the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and the transactions contemplated thereunder, and have abstained from voting on the Board resolution approving the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and their 2025-2027 annual caps. Save for the above, none of the Directors has a material interest in the Comprehensive Services Framework Agreement and the Financing and Asset Transactions Framework Agreement.

5. Listing Rules Implications

As at the date of this announcement, CITIC Group holds 21,230,929,783 Domestic Shares of the Company (representing 26.46% of the total issued Shares of the Company), being a substantial shareholder of the Company, and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and the transactions thereunder constitute the continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

(1) Comprehensive Services Framework Agreement

The applicable percentage ratios of the highest annual caps for the comprehensive services purchased by CITIC Group from the Company in accordance with the Comprehensive Services Framework Agreement exceed 0.1% but are less than 5%, which is subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules, and exempt from the requirements of independent shareholders' approval.

The applicable percentage ratios of the highest annual caps for the comprehensive services purchased by the Company from CITIC Group in accordance with the Comprehensive Services Framework Agreement exceed 0.1% but are less than 5%, which is subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules, and exempt from the requirements of independent shareholders' approval.

(2) Financing and Asset Transactions Framework Agreement

The finance transactions proposed by the Company and CITIC Group pursuant to the Financing and Asset Transactions Framework Agreement constitute financial assistance under Rule 14A.24(4) of the Listing Rules. Among them, in accordance with the Financing and Asset Transactions Framework Agreement, part of the financial assistance provided by CITIC Group to the Company is on normal commercial terms, and no security over the assets of the Company will be granted in respect of such financial assistance, it therefore can be fully exempt pursuant to Rule 14A.90 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the non-exempt financial assistance to be provided by CITIC Group to the Company exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio calculated for the non-exempt financial assistance to be provided by CITIC Group to the Company under the Financing and Asset Transactions Framework Agreement exceeds 25% and the transaction does not involve acquisition or disposal of assets pursuant to Chapter 14 of the Listing Rules, the transaction also constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the non-exempt financial assistance to be provided by the Company to CITIC Group exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio calculated for the non-exempt financial assistance to be provided by the Company to CITIC Group under the Financing and Asset Transactions Framework Agreement exceeds 25% and the transaction does not involve acquisition or disposal of assets pursuant to Chapter 14 of the Listing Rules, the transaction also constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the deposit services to be provided by CITIC Group to the Company exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio calculated for the deposit services to be provided by CITIC Group to the Company under the Financing and Asset Transactions Framework Agreement exceeds 25% and the transaction does not involve acquisition or disposal of assets pursuant to Chapter 14 of the Listing Rules, the transaction also constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for CITIC Group's purchase of assets from the Company exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In accordance with the Financing and Asset Transactions Framework Agreement, the applicable percentage ratios of the highest annual caps for the Company's purchase of assets from CITIC Group exceed 5%, which is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. NFRA Regulations Implications

As at the date of this announcement, CITIC Group holds 21,230,929,783 Domestic Shares of the Company (representing 26.46% of the total issued Shares of the Company), being a substantial shareholder of the Company, and constitutes a related party of the Company as defined by the NFRA. Therefore, according to the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions, the renewal of the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and their 2025–2027 annual caps between the Company and CITIC Group constitutes the entering into of a unified transaction agreement between the Company and the related party, which is subject to internal review, reporting and information disclosure in accordance with the requirements of material related party transactions.

7. General Information

The Company mainly engages in such businesses as distressed asset management, financial services, and asset management and investment business in China.

CITIC Group, a limited liability company incorporated in China, is a state-owned large comprehensive multi-national enterprise group deeply engaged in five business sectors, namely comprehensive finance, advanced intellectual manufacture, advanced material, new consumption and modern urbanization. The MOF is the ultimate beneficial owner of CITIC Group.

8. General

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps.

Maxa Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps.

An extraordinary general meeting of shareholders will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps. A circular containing, among other things, (i) details of the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Maxa Capital to the Independent Board Committee and Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of shareholders' general meeting, will be published on or before 6 December 2024.

9. Definitions

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

"Articles of Association"	Articles of Association of China CITIC Financial Asset Management Co., Ltd., as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of directors of the Company
"China" or "the PRC"	the People's Republic of China

"China CITIC Bank"	China CITIC Bank Corporation Limited, a joint stock limited company incorporated in the PRC, the H shares (stock code: 0998) and A shares (stock code: 601998) of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. China CITIC Bank is an associate of CITIC Group
"CITIC Group"	CITIC Group Corporation (where applicable or unless otherwise specified, references to CITIC Group in the Comprehensive Services Framework Agreement and the Financing and Asset Transactions Framework Agreement means CITIC Group and its subsidiaries and/or its associates), CITIC Group is the substantial shareholder of the Company, and the MOF is the ultimate beneficial owner of CITIC Group
"CITIC Securities"	CITIC Securities Company Limited, a joint stock limited company incorporated in the PRC, the H shares (stock code: 6030) and A shares (stock code: 600030) of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. CITIC Securities is an associate of CITIC Group
"CITIC Trust"	CITIC Trust Co., Ltd., a joint stock limited company incorporated in the PRC. CITIC Trust is an associate of CITIC Group
"Company"	China CITIC Financial Asset Management Co., Ltd., a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
"Comprehensive Services Framework Agreement"	the comprehensive services framework agreement renewed by the Company and CITIC Group on 15 November 2024
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB
"Financing and Asset Transactions Framework Agreement"	the financing and asset transactions framework agreement renewed by the Company and CITIC Group on 15 November 2024, which shall be conditional upon the approval of Independent Shareholders

"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK$ and listed on the Main Board of Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	the independent board committee established by the Company, comprising Mr. Shao Jingchun, Mr. Zhu Ning, Ms. Chen Yuanling and Mr. Lo Mun Lam, Raymond (all being the independent non-executive Directors), to advise the Independent Shareholders on the Comprehensive Services Framework Agreement, the Financing and Asset Transactions Framework Agreement and their 2025–2027 annual caps
"Independent Financial Adviser" or "Maxa Capital"	Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Financing and Asset Transactions Framework Agreement and its 2025–2027 annual caps
"Independent Shareholder(s)"	Shareholders of the Company other than CITIC Group (who is a Shareholder of the Company) and its associates (for the Shareholders of the Company)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"MOF"	the Ministry of Finance of the PRC
"NFRA"	the National Financial Regulatory Administration
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time

"Share(s)"	the share(s) of the Company, including Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Shares of the Company
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder"	has the meaning ascribed thereto under the Listing Rules and/or under the regulatory rules of the NFRA
"%"	percent

By order of the Board
China CITIC Financial Asset Management Co., Ltd.
LIU Zhengjun
Chairman

Beijing, the PRC
15 November 2024

As at the date of this announcement, the Board comprises Mr. LIU Zhengjun and Mr. LI Zimin as executive Directors; Ms. ZHAO Jiangping, Mr. XU Wei and Mr. TANG Hongtao as non-executive Directors; Mr. SHAO Jingchun, Mr. ZHU Ning, Ms. CHEN Yuanling and Mr. LO Mun Lam, Raymond as independent non-executive Directors.