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中 信 銀 行 股 份 有 限 公 司

China CITIC Bank Corporation Limited

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

(Stock Code: 998)

**CONNECTED TRANSACTION
ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT**

INTRODUCTION

CNCB Investment, a subsidiary of the Bank, entered into the limited partnership agreement (“**Limited Partnership Agreement**”) with Xingcheng Special Steel and other parties through Shenzhen Dingxin and Xinyin Hengtai on 29 July 2020, establishing Jiaxing Goldstone Pengheng Equity Investment Partnership (L.P.) (“**Partnership**”) to make equity investment (“**Transaction**”) in Target Company.

HONG KONG LISTING RULES IMPLICATION

As Xingcheng Special Steel is a subsidiary of CITIC Group, which is the *de facto* controller of the Bank, Xingcheng Special Steel is a connected person to the Bank under the Hong Kong Listing Rules. Therefore, the Transaction constitutes a connected transaction of the Bank under Chapter 14A of the Hong Kong Listing Rules. As Shenzhen Dingxin is fully funded by the Bank’s own funds, and that Xinyin Hengtai’s general partner is the Bank’s subsidiary, the contribution of Shenzhen Dingxin and Xinyin Hengtai shall be aggregated. After aggregation, as the highest applicable percentage ratio of this connected transaction is more than 0.1% but lower than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders’ approval requirement according to Chapter 14A of the Hong Kong Listing Rules.

CONFIRMATION FROM THE BOARD

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

Except that the Chairperson Li Qingping and the Director Cao Guoqiang avoid to provide confirmation opinion due to the material interests in the Transaction, none of the other Directors has any material interests in the Transaction or expresses any objection to the fairness and rightfulness of the terms of the Transaction.

INTRODUCTION

CNCB Investment, a subsidiary of the Bank, entered into the Limited Partnership Agreement with Xingcheng Special Steel and other parties through Shenzhen Dingxin and Xinyin Hengtai on 29 July 2020, establishing the Partnership to make equity investment in Target Company.

THE LIMITED PARTNERSHIP AGREEMENT

Parties	<ol style="list-style-type: none">1. Goldstone Investment Limited (as a General Partner)2. Sanxia GoldStone (Wuhan) Equity Investment Fund Partnership (L.P.) (as a Limited Partner)3. CITIC Securities Investment Limited (as a Limited Partner)4. Xingcheng Special Steel (as a Limited Partner)5. Shenzhen Dingxin (as a Limited Partner)6. Ningbo Hanhai Qianyuan Equity Investment Fund Partnership (L.P.) (as a Limited Partner)7. Xinyin Hengtai (as a Limited Partner)
Name of the Partnership	Jiaxing Goldstone Pengheng Equity Investment Partnership (L.P.)
Term of the Partnership	Calculated from the date of the establishment of the Partnership and expires five years from the Initial Completion Date. Upon expiry of the term of the Partnership, the executive partner shall have the right to independently decide to extend the term for two times, each time by one year.

Manager/Executive partner Goldstone Investment Limited

Purpose and business scope of the Partnership Make equity investment in the Target Company in accordance with the agreement of the Partnership, and obtain investment returns for partners by acquiring, holding and disposing of the target equity and/or other interests of the Target Company. Without the unanimous consent of partners, the Partnership shall only make equity investment in the Target Company.

Capital contribution The total capital contribution by all partners to the Partnership shall be RMB1,484,656,876.28. The capital contribution to be made by each of the partners is as follows:

Partner	Type	Capital contribution (RMB Yuan)	Percentage (%)
Goldstone Investment Limited	General Partner	10,000.00	0.0007
Sanxia GoldStone (Wuhan) Equity Investment Fund Partnership (L.P.)	Limited Partner	101,136,242.83	6.8121
CITIC Securities Investment Limited	Limited Partner	276,693,176.51	18.6368
Xingcheng Special Steel	Limited Partner	499,999,999.99	33.6778
Shenzhen Dingxin	Limited Partner	202,272,485.65	13.6242
Ningbo Hanhai Qianyuan Equity Investment Fund Partnership (L.P.)	Limited Partner	202,272,485.65	13.6242
Xinyin Hengtai	Limited Partner	202,272,485.65	13.6242

The respective capital contribution to the Partnership is determined through arm's length negotiations between the partners with reference to the proposed capital requirements of the Partnership and the parties' proportionate interests therein.

The general partner will not make capital contribution to the Partnership simultaneously with the limited partners, and shall not share the investment cost and partnership expenses of the target project. After the Limited Partnership Agreement comes into effect, all limited partners shall make the first capital contribution to the Partnership in accordance with the payment notice issued by the executive partner, and the contribution proportion shall be 10% of the investment cost of the target project shared by each limited partner. After the Partnership passes the bidding evaluation procedure of the target project, the limited partners shall pay the remaining capital contribution in full to the Partnership in accordance with the payment notice issued by the executive partner in accordance with the payment schedule of the investment cost agreed in the investment transaction document of the target project.

The capital contribution of Shenzhen Dingxin shall be allocated from the internal resources of CITIC Group.

The capital contribution of Xinyin Hengtai shall be allocated from the funds raised from qualified investors by CNCB (Beijing) Equity Investment Fund Management Co., Ltd. (as defined below).

Management and operation

The Partnership employs an executive partner as its manager to provide daily operation and investment management services to the Partnership. Limited partners shall not perform partnership affairs and shall not represent the Partnership externally. Limited partners may participate in the decision of the admission and withdrawal of general partners, make suggestions on the operation and management of the Partnership, participate in the selection of the accounting firm undertaking the auditing of the Partnership and obtain the audited financial and accounting reports of the Partnership.

The Partnership shall establish an Investment Decision Committee, which shall be mainly responsible for making decisions with respect to (including) the investment of the Partnership to the Target Company, relevant matters that need to be decided by the shareholders of the Target Company, and the candidates to be appointed or nominated as directors and/or supervisors and/or senior management of the Target Company.

The Investment Decision Committee shall consist of five members, among which, the executive partner shall have the right to appoint four members and the limited partner Xingcheng Special Steel shall have the right to appoint one member. All resolutions shall be made or carried out unanimously by the members of the committee.

Following the investment by the Partnership to the Target Company, in addition to the matters decided by the Investment Decision Committee, the executive partner shall be responsible for the post-investment management of the Target Company, including but not limited to continuously monitoring the Target Company, setting up investment risk prevention, and etc.

Management fee

In respect of each limited partner, the amount of management fee to be borne is the amount M calculated in accordance with the following formula:

Amount M = the total amount of investment cost of the Partnership to the target project × the investment cost sharing ratio of the limited partner × 1%

Revenue sharing and loss sharing

Any revenue obtained by the Partnership from the target project shall become the distributable revenue of the Partnership after the deduction of the relevant taxes, debts and partnership expenses. The distributable revenue shall not be used for reinvestment, and shall be distributed to each partner in accordance with the investment cost sharing ratio within 60 days after the acquisition.

The losses of the Partnership shall be borne by all partners according to their respective investment cost sharing ratio. The accumulated amount of losses of the Partnership undertaken by each limited partner shall be restricted to the amount of capital contribution subscribed by the limited partner, and the excessive part shall be borne by the general partner.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Target Company is leading in engineering equipment industry of the PRC, with obvious advantages in industry status and core competitiveness. At present, the Target Company is carrying out mixed-ownership reform to introduce external investors. The establishment of the Partnership to invest in the Target Company has a bright prospect. The investment timing coincides with the upsurge of the industry. This round of industry recovery cycle is continuing. After the epidemic, the hyperscale infrastructure plan to be carried out by the country will directly drive the growth of industries such as rail transit and public facilities, and will indirectly promote the development of

industries such as the construction machinery and cement and other building materials. In addition, Xuzhou Construction Machinery Group Co., Ltd., which the Target Company belongs to, is a strategic client of the Bank and has a deep business cooperation foundation with the Bank and CITIC Group. The Transaction is conducive to reflecting the Bank's core role in providing comprehensive financial services and enhancing the Bank's market influence.

BACKGROUND AND GENERAL INFORMATION OF THE BANK AND PARTIES¹

The Bank is a comprehensively competitive national commercial bank that has established mature branch network and stable market position in the PRC. With the Bank's leading marketing capabilities, the Bank provide a full range of financial products and services to its customers nationwide, with corporate banking, private banking and financial market operations as its principal businesses. Its ultimate beneficial owner is CITIC Group.

Goldstone Investment Limited is a limited liability company and a professional private equity investment fund subsidiary of CITIC Securities Co., Ltd. (whose H shares and A shares are respectively listed on the Hong Kong Stock Exchange (stock code: 6030) and Shanghai Stock Exchange (stock code: 600030)). It is mainly engaged in industrial investment, investment advisory, management and other businesses. The single largest shareholder of CITIC Securities Co., Ltd. is CITIC Group, whose shareholding is 15.47%.

Sanxia GoldStone (Wuhan) Equity Investment Fund Partnership (L.P.) is a limited partnership registered and established in Wuhan, the PRC and mainly engaged in non-securities equity investment activities and related advisory services.

CITIC Securities Investment Limited is a limited liability company, mainly engaged in businesses including financial product investment, securities investment and equity investment. Its parent company is CITIC Securities Co., Ltd., (whose H shares and A shares are respectively listed on the Hong Kong Stock Exchange (stock code: 6030) and Shanghai Stock Exchange (stock code: 600030)). The single largest shareholder of CITIC Securities Co., Ltd. is CITIC Group, whose shareholding is 15.47%.

Xingcheng Special Steel is a limited liability company, mainly engaged in the production of bearing steel, gear steel, spring steel and other materials. The products are widely used in petrochemical, engineering machinery, automobile steel, high-speed railway, marine engineering, wind power generation, new energy and other industries. Its ultimate beneficial owner is CITIC Group.

Shenzhen Dingxin is a limited partnership, mainly engaged in business including entrusted asset management, investment management, equity investment, etc. It was established by CNCB Growth (Shenzhen) Equity Investment Fund (L.P.) as limited partner with RMB1.99999 billion subscribed capital contribution, a QFLP fund which was established by CNCB (Shenzhen) Equity Investment Fund Management Co., Ltd., a wholly-owned subsidiary of CNCB Investment. Its ultimate beneficial owner is CITIC Group.

¹ *the information of the parties is originated from the publicly disclosed information.*

Ningbo Hanhai Qianyuan Equity Investment Fund Partnership (L.P.) is a limited partnership registered in Ningbo, the PRC, mainly engaged in businesses including project investment, asset operation and etc.

Xinyin Hengtai is a limited partnership, mainly engaged in businesses including project investment, investment management, equity investment, etc. It was established by CNCB (Beijing) Equity Investment Fund Management Co., Ltd., a wholly-owned subsidiary of CNCB Investment, as a general partner, an executive partner and manager with capital contribution of RMB10,000 and through the subscription of RMB200 million from qualified investors.

CNCB Investment is a company incorporated in Hong Kong with limited liability and is a subsidiary of the Bank, mainly engaged in businesses including lending (it holds a Hong Kong money lender license), investment (mainly including debt securities investment, fund investment, stock investment and long-term equity investment, etc.), and the conduct of overseas licensed investment banking business and domestic equity investment fund management business via its own subsidiaries. Its ultimate beneficial owner is CITIC Group.

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DEFINITIONS

“Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 998) and the Shanghai Stock Exchange (stock code: 601998), respectively, and unless the text requires otherwise, including all its subsidiaries
“Board” or “Board of Directors”	the board of Directors of the Bank
“CITIC Group”	CITIC Group Corporation Limited (中國中信集團有限公司), formerly known as CITIC Group Corporation (中國中信集團公司)
“CNCB Investment”	CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Bank.
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Initial Completion Date”	the last date for capital contribution set out in the capital contribution notice delivered by the executive partner after the Limited Partnership Agreement comes into effect
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Dingxin”	Shenzhen Dingxin Private Equity Investment Partnership (L.P.) (深圳鼎信私募股權投資合夥企業(有限合夥))
“Target Company”	Xuzhou Construction Machinery Group Co., Ltd. (徐工集團工程機械有限公司)
“Xingcheng Special Steel”	Jiangyin Xingcheng Special Steel Works Co., Ltd. (江陰興澄特種鋼鐵有限公司)

“Xinyin Hengtai”

Beijing Xinyin Hengtai Equity Investment Partnership (L.P.) (北京信銀恒泰股權投資合夥企業(有限合夥))

By Order of the Board of Directors
China CITIC Bank Corporation Limited
Li Qingping
Chairperson

Beijing, the PRC
29 July 2020

As at the date of this announcement, the executive directors of the Bank are Ms. Li Qingping (Chairperson), Mr. Fang Heying (President), and Mr. Guo Danghui; the non-executive directors are Mr. Cao Guoqiang, Ms. Huang Fang and Mr. Wan Liming; and the independent non-executive directors are Mr. He Cao, Ms. Chen Lihua, Mr. Qian Jun and Mr. Yan Lap Kei Isaac.