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CITIC Limited
中國中信股份有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

CONNECTED TRANSACTION
COOPERATION AGREEMENT IN RESPECT OF
THERMAL POWER PLANT COMPLEX PROJECT

On 2 April 2020, ZDAS entered into the EPC Contract with MMK pursuant to which ZDAS will act as the general contractor for the implementation of the Thermal Power Plant Complex Project in Russia. In order to better perform the EPC Contract, on 23 November 2020, CITIC Construction, a wholly-owned subsidiary of CITIC Limited, entered into the Cooperation Agreement with ZDAS, pursuant to which CITIC Construction agreed to supply and provide, and ZDAS agreed to purchase, products including electrical equipment, electrical materials and water system, and on-site services in relation to such supplied products at a consideration of EUR31,291,000 (approximately HK\$288 million), for the implementation of part of the Thermal Power Plant Complex Project.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ZDAS is a wholly-owned subsidiary of CITIC Group, which is a controlling shareholder of CITIC Limited. Accordingly, ZDAS is an associate of CITIC Group and a connected person of CITIC Limited, thus the Transaction constitutes a connected transaction of CITIC Limited under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 2 April 2020, ZDAS entered into the EPC Contract with MMK pursuant to which ZDAS will act as the general contractor for the implementation of the Thermal Power Plant Complex Project in Russia. In order to better perform the EPC Contract, on 23 November 2020, CITIC Construction, a wholly-owned subsidiary of CITIC Limited, entered into the Cooperation Agreement with ZDAS, pursuant to which CITIC Construction agreed to supply and provide, and ZDAS agreed to purchase, products including electrical equipment, electrical materials and water system, and on-site services in relation to such supplied products at a consideration of EUR31,291,000 (approximately HK\$288 million) (the "**Consideration**"), for the implementation of part of the Thermal Power Plant Complex Project.

The principal terms of the Cooperation Agreement are set out below.

THE COOPERATION AGREEMENT

Date

23 November 2020

Parties

- (1) CITIC Construction; and
- (2) ZDAS

Supply of products and services

Pursuant to the Cooperation Agreement, CITIC Construction agreed to supply and provide, and ZDAS agreed to purchase, products including electrical equipment, electrical materials and water system for the Thermal Power Plant Complex Project and on-site services in relation to the supplied products. CITIC Construction will also participate in part of the EPC management work of the Thermal Power Plant Complex Project and provide relevant services based on actual needs.

Consideration and payment terms

The consideration for the products and services (inclusive of any EPC management work) to be provided by CITIC Construction under the Transaction is EUR31,291,000 (equivalent to approximately HK\$288 million), which shall be paid by ZDAS to CITIC Construction in installments, within five days from the date on which each corresponding MMK Payment is received by ZDAS, but not later than 10 days after the date when MMK effects the corresponding MMK Payment.

MMK will effect the corresponding MMK Payments in instalments in accordance with the following terms and conditions of the EPC Contract: (a) 20.7% is payable within 10 working days after MMK receives the advance payment guarantee required under the EPC Contract; (b) 69.3% is payable within 30 working days after delivery of each lot of products and services; and (c) 10% is payable within 30 working days after the completion of the performance tests for the relevant products.

ZDAS shall bear all costs of site establishment and office costs. Subject to the foregoing, each party shall respectively bear their own taxes, duties, fees, charges, social security contributions and costs for manpower in connection with its scope of responsibility under the Cooperation Agreement.

The Consideration is determined based on arm's length negotiation between CITIC Construction and ZDAS with reference to, among others, the price payable by MMK to ZDAS as stipulated in the EPC Contract for the corresponding items of work and the corresponding proportion of management fees. Based on (i) quotations obtained by CITIC Construction from the market on the key equipment and materials in the PRC, (ii) evaluation on the terms of the Cooperation Agreement by a professional industry consultant in the PRC engaged by CITIC Construction and (iii) internal analysis of CITIC Construction, the Consideration is within a reasonable market price range.

Condition precedent

The Cooperation Agreement is conditional upon written consent from MMK, which shall be deemed given if MMK does not object within 10 working days from ZDAS's notification to MMK of the involvement of CITIC Construction.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Through the Transaction, CITIC Construction can strengthen its cooperation with ZDAS so that they can complement each other's strengths to further develop the engineering contracting market in Russia and Central and Eastern Europe and to seek further project opportunities, which will in turn benefit the future operation and performance of the Group in the relevant industries and geographic areas.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Cooperation Agreement are fair and reasonable, and that the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of CITIC Limited and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, ZDAS is a wholly-owned subsidiary of CITIC Group, which is a controlling shareholder of CITIC Limited. Accordingly, ZDAS is an associate of CITIC Group and a connected person of CITIC Limited, thus the Transaction constitutes a connected transaction of CITIC Limited under Chapter 14A of the Listing Rules.

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In order to avoid the perception of a conflict of interest, each of Mr. Zhu Hexin, Mr. Xi Guohua, Ms. Li Qingping, Mr. Song Kangle, Mr. Liu Zhuyu, Mr. Peng Yanxiang and Ms. Yu Yang had abstained from voting on the Board resolutions to approve the Cooperation Agreement and the Transaction as they are directors of CITIC Group. None of the other Directors has a material interest in the Transaction or should abstain from voting on the relevant Board resolutions.

GENERAL INFORMATION

CITIC Limited

CITIC Limited is one of China's largest conglomerates. Among its diverse global businesses, CITIC Limited focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. CITIC's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled for capturing opportunities arising in China and overseas. CITIC Limited is listed on the Stock Exchange, where it is a constituent of the Hang Seng Index.

CITIC Group

CITIC Group is a Chinese state-owned enterprise under the Ministry of Finance of the People's Republic of China. Its main asset is a 58.13% interest in CITIC Limited. Since its establishment in 1979, CITIC Group has been a pioneer of China's economic reform. It makes investments in areas with long-term potential as well as those aligned with national priorities.

CITIC Construction

CITIC Construction is a wholly-owned subsidiary of CITIC Limited providing integrated engineering construction services. Its EPC business covers general engineering contracting for infrastructure, civil construction and industrial projects. With key markets in Africa, Latin America and countries along the Belt and Road, CITIC Construction is expanding into developed overseas markets such as Great Britain and growing its business in mainland China, particularly through Public Private Partnership (PPP) projects. CITIC Construction has also been developing businesses in energy, resources and agriculture.

ZDAS

ZDAS is a major steel manufacturer in the Czech Republic and in Europe. ZDAS has 25 years of power operation and maintenance experience and mainly produces special steel for the automotive, aerospace and turbine industries. In addition, it produces machinery and equipment for rolled products. Apart from supplying the Czech market, its products are also exported to more than 50 countries including Germany, Slovakia, India, Indonesia, and China. It is a wholly-owned subsidiary of CITIC Group as at the date of this announcement.

DEFINITIONS

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

“Board”	the board of Directors
“CITIC Construction”	CITIC Construction Co., Ltd. (中信建設有限責任公司), a limited liability company established in the People’s Republic of China, an indirect wholly-owned subsidiary of CITIC Group
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), a wholly state-owned enterprise established under the laws of the People’s Republic of China
“Company” or “CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong and listed on the main board of the Stock Exchange (Stock Code: 00267)

“Cooperation Agreement”	the cooperation agreement dated 23 November 2020 for the implementation of part of the Thermal Power Plant Complex Project, entered into between CITIC Construction and ZDAS in relation to the supply of products and provision of on-site services for the purposes of performing the EPC Contract
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the contract dated 2 April 2020 between ZDAS and MMK, under which ZDAS shall act as the general contractor for the implementation of the Thermal Power Plant Complex Project
“EUR” or “Euro”	Euro, the lawful currency of the member states of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MMK”	Public Joint Stock Company Magnitogorsk Iron and Steel Works, the project owner of the Thermal Power Plant Complex Project, a third party independent from the Company and its connected persons
“MMK Payment(s)”	Payment(s) to be made by MMK to ZDAS for products and services under the EPC Contract
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Thermal Power Plant Complex Project”	the thermal power plant construction project contemplated under the EPC Contract
“Transaction”	the transactions contemplated under the Cooperation Agreement
“ZDAS”	Joint Stock Company ŽDAS, a.s., a wholly-owned subsidiary of CITIC Group as at the date of this announcement.

In addition, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “percentage ratios” and “subsidiary” shall have the meanings ascribed to them under the Listing Rules.

By order of the Board
CITIC Limited
Zhu Hexin
Chairman

Hong Kong, 23 November 2020

As at the date of this announcement, the executive directors of the Company are Mr Zhu Hexin (Chairman), Mr Xi Guohua and Ms Li Qingping; the non-executive directors of the Company are Mr Song Kangle, Mr Liu Zhuyu, Mr Peng Yanxiang, Ms Yu Yang, Mr Liu Zhongyuan and Mr Yang Xiaoping; and the independent non-executive directors of the Company are Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh, Mr Shohei Harada and Mr Gregory Lynn Curl.

In this announcement, the conversions of Euro into Hong Kong dollars have been made at a rate of to EUR1:HK\$9.1968. Such conversions are for reference only and should not be construed as representations that the Euro amount could be converted into Hong Kong dollars at that rate or vice-versa.