

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 中信銀行

CHINA CITIC BANK

## 中信銀行股份有限公司

### China CITIC Bank Corporation Limited

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

**(Stock Code: 998)**

#### **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS DELAY IN DESPATCH OF CIRCULAR**

##### **SUMMARY**

The Board hereby announces that, on 8 November 2023, the Bank entered into the Asset Transfer Framework Agreement, the Comprehensive Service Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Custody and Account Management Services Framework Agreement, the Other Financial Services Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement with CITIC Group, all with a term of three years from 1 January 2024 to 31 December 2026 and which are renewable subject to agreement between both parties and compliance with the Hong Kong Listing Rules.

As the highest applicable percentage ratios in respect of the respective annual caps under the Comprehensive Service Framework Agreement, the Custody and Account Management Services Framework Agreement and Other Financial Services Framework Agreement exceed 0.1% but do not exceed 5%, the Comprehensive Service Framework Agreement, the Custody and Account Management Services Framework Agreement and Other Financial Services Framework Agreement contemplated thereunder constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement and annual review requirements but are exempted from Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios in respect of the annual caps under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business

Framework Agreement exceed 5%, the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

## **BOARD CONFIRMATION**

The Board (including the independent non-executive Directors) considers that the abovementioned continuing connected transactions and their respective proposed annual caps are conducted in the ordinary and usual course of business of the Bank and on normal commercial terms. As a consequence, the Board (including the independent non-executive Directors) is of the view that the continuing connected transactions contemplated under the abovementioned agreements are fair and reasonable and are in the interests of the Bank and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee on the continuing connected transactions contemplated under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement and their respective proposed annual caps.

As Chairman Mr. Fang Heying and Director Mr. Cao Guoqiang are connected to the proposed continuing connected transactions to be entered into between the Bank and CITIC Group, they have abstained from voting on the Board resolutions dated 8 November 2023 approving the proposed continuing connected transactions between the Bank and CITIC Group. Save as disclosed above, none of the Directors has any material interest in the continuing connected transactions and has abstained from voting on the Board resolutions approving the abovementioned agreements and the proposed continuing connected transactions thereunder.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (1) details of the continuing connected transactions under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement; (2) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the continuing connected transactions and their respective annual caps under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement; (3) the recommendation of the Independent Board Committee in respect of the continuing connected transactions and their respective proposed annual caps under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service

Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement; and (4) a notice to convene the EGM will be despatched to the Shareholders in accordance with the Hong Kong Listing Rules no later than 13 December 2023. The Bank may not be able to despatch the circular within 15 business days after publication of this announcement as additional time is required for preparing the circular and other relevant documents for the EGM.

## **1. CONTINUING CONNECTED TRANSACTIONS WITH CITIC GROUP AND ITS ASSOCIATES**

### **1.1 Background and General Information on the Bank and CITIC Group**

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

As CITIC Group is a *de facto* controller of the Bank, CITIC Group and its associates constitute connected persons of the Bank under Chapter 14A of the Hong Kong Listing Rules. The Bank conducts connected transactions with CITIC Group and its associates in the ordinary and usual course of its business and on normal commercial terms. Information of CITIC Group is as below:

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

## 1.2 Continuing Connected Transactions

### *1.2.1 Asset Transfer Framework Agreement*

#### *General information of the transaction*

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

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

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

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

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

## *Pricing*

The price payable by the transferee to the transferor shall be determined on the basis of the following principles: if there is a state or government statutory or designated price, it is based on the state or government statutory or designated price (i.e. the price stipulated by the state or government authorities in accordance with the relevant laws and other regulatory documents); if there is no state or government statutory or designated price, it is based on the market price; and if there is no state or government statutory, designated price or market price, the transfer price is based on the book value of the relevant assets, less appropriate discounts to reflect the appropriate risk of such assets.

## *Historical amounts and proposed annual caps*

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

## *Basis for the proposed caps*

In arriving at the above caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) the interbank credit asset securitization business is an important method to improve the ability of commercial banks to actively manage assets and liabilities and to extend credit. It can effectively activate existing assets, establish a virtuous cycle between asset allocation and asset circulation, and assist commercial banks to transform and upgrade to asset-light and transactional banking; (2) regulators continue to support commercial banks to carry out credit asset securitization business, and the domestic securitization market has been developing steadily in recent years, with increasingly rich coverage of varieties, continuous improvement of system construction, and the development mode evolving steadily from “policy-driven” to “market-initiated”. Under the dual promotion of regulators and market demand, the credit asset securitization business of commercial banks has been developing rapidly; (3) the Bank continues to improve the asset securitization policies, set up the asset securitization business system, and constructed a full-coverage of basic assets, so that the foundation for the development of the asset securitization business has been effectively consolidated; (4) in the past two years, the Bank has only issued non-performing asset securitization products, and the amount of the issuance has been relatively small. Considering that in the future, if banks’ refinancing channels are tightened, the demand for credit investment increases, and the implementation of the

new capital regulations leads to the tightening of the Bank's loan scale and risky assets, the Bank may issue securitization products for personal housing mortgage loans, personal consumption loans, and credit card full accounts in order to release risky capital, and to lower refinancing cost; (5) in the future, the Bank will continue to increase the strength of asset securitization, and to push forward the development of the credit card full accounts, personal consumption loans, housing mortgage loans, non-performing loans, etc., so as to drive the development of asset transfer business of asset securitization; (6) the Bank has carried out the business of secondary market forfeiting for a relatively short period of time, and there is still a large space for development in the future; and (7) China Huarong and CITIC Qingdao Asset, as licensed asset management companies, will achieve growth in its subsequent businesses such as the transfer of non-performing assets and the transfer of repossessed assets.

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

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

### ***1.2.2 Comprehensive Service Framework Agreement***

#### *General information of the transaction*

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

In light of the impending expiration of the existing Comprehensive Service Framework Agreement, the Bank entered into a new Comprehensive Service Framework Agreement with CITIC Group on 8 November 2023. The new Comprehensive Service Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the Hong Kong Listing Rules.

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

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

- Services conducted between the Bank and CITIC Group and its associates include, but not limited to, insurance services and medical fund management; merchandise service procurement (including conference hosting services); outsourcing services; value-added services (including points redemption services for clients of bank cards); advertising services; technology services; call center services; housing rental and property management; engineering contracting; other general services.
- Both parties of the agreement shall provide the services prescribed in the agreement.
- The services providers and their associates are legally entitled to payment for the services.
- The terms of transactions between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

## *Pricing*

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

## *Historical amounts and proposed annual caps*

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

### *Basis for the proposed caps*

In arriving at the above annual caps, the Board has considered the similar historical figures for such transactions and the following factors: along with the business development and innovation, the Bank's demand for technology services, outsourcing services, joint promotion and marketing, product procurement services, advertisement services, value-added services, property leasing, property management, training service persistently increases. For example, in the next three years, the scale of call center, telemarketing, collection and other service between the Bank and Guangdong Honglian and Beijing Honglian are expected to increase, and the amount of connected transactions will continue to grow; the Bank gradually diversified its business with Shenzhen Xinyin Enterprise Service Co., Ltd., and launched new businesses such as merchant expansion and collection.

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

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

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

#### *General information of the transaction*

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

In light of the impending expiration of the existing Financial Consulting Service and Asset Management Service Framework Agreement, the Bank entered into a new Financial Consulting and Asset Management Service Framework Agreement with CITIC Group on 8 November 2023, which has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to the consent of the parties and compliance with the Hong Kong Listing Rules.



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

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

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

*Pricing*

The service fees under the Financial Consulting and Asset Management Service Framework Agreement shall be determined by negotiation between the parties on an arm's length basis, and shall be no more favorable than the prices and rates provided by the independent third parties, or shall be determined by the prices and rates applicable by independent counterparties to the same transactions for certain types of services.

*Historical amounts and proposed annual caps*

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

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

### *Basis of the proposed caps*

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) In accordance with the strategic transformation goals, the Bank will continue to promote and develop light businesses, including securities underwriting, asset management, financial consulting, financial products agency sales and other businesses. Among which, cooperation with CITIC Group and its associates will be extensively involved; (2) As a mainstream underwriting agency in the market, the Bank's debt financing instrument underwriting business has long been at the forefront of the market. At the same time, considering regulatory tendency, the function of bond market as the main channel of market-oriented financing becomes more stable. It is expected that the scale of bond issuance by CITIC Group and its associates will increase in the future. At present, several connected persons have cooperation plans with the Bank for bond issuance with rich project reserve. The scale of corresponding service fees paid to the Bank are expected to increase continuously. (3) With the gradually increasing importance of bond financing in the overall social financing structure, the Bank will focus on establishing a "licensed + non-licensed" underwriting service system, and further strengthen the cooperation in this field with leading companies in related industries such as CITIC Securities and CSC, combining strong forces to create a full license financing services system for the debt capital market, expanding customer financing channels and reducing customer financing costs; (4) The agency sale of financial products will be included in the management of financial consulting and asset management services. With the in-depth business collaboration between the Bank and CITIC Group, the scope of cooperation between the Bank and CITIC Group will be further expanded, the volume of agency sales will increase continuously, and the agency fee will increase along the way; (5) The financial consulting and asset management services are strongly related to the securitization businesses of credit assets. In the securitization businesses of credit assets, trust management fees charged for provision of securitization transfer and service in duration, underwriting fees charged for provision of underwriting services for securitization, and promoter service fees charged for provision of service in duration for securitization are generated. Due to the relatively small scale issuance of credit asset securitization in the past two years, the above-mentioned service charges are small in amount. However, the financial consulting and asset management service charges will also increase correspondingly with the increase of issuance scale of securitization of credit assets in the future; and (6) After the issuance of the *Guiding Opinions by the General Office of the China Banking and Insurance Regulatory Commission on Guiding Financial Asset*

*Management Companies to Focus on Their Main Businesses and Actively Participate in the Reform and Risk Mitigation of Small and Medium-sized Financial Institutions* (《中國銀保監會辦公廳關於引導金融資產管理公司聚焦主業積極參與中小金融機構改革化險的指導意見》) in 2022, the Bank has gradually carried out the structured disposal of non-performing assets, and is expected to record growth in this business in the future.

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

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

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

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

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

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

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

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

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

### *Pricing*

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

- The service fees paid by both parties in connection with the agreement are subject to relevant market prices and periodic reviews.
- For asset custody service and account management service related to service providers' financial assets or funds, 0% and 2% of the assets or funds under management are charged based on the type of assets/accounts under management and subject to the implementation of relevant national and regulatory regulations. Custody fee standards for account management service and special types of asset custody products such as company pension funds are based on market competition and are charged at a rate that is no better than that applicable to the independent third party.
- For third-party regulatory services for financing goods of credit-granting enterprises provided, the current service fee standards for regulatory service vary according to the type of goods. Among them, the regulatory service fee

for automobile goods is charged at a standard of RMB50,000 to RMB100,000 per person per year for a single store, and the regulatory service fee for bulk goods is charged between 0.5% and 0.8% of the bank's credit exposure limit.

- For third-party custody service provided to the recipient, the current standard of service fees charged for third-party custody service is usually based on the total balance base of the management account of the customer's funds at the end of each quarter multiplied by the annual rate between 0‰ and 1‰ (converted into a daily rate).

*Historical amounts and proposed annual caps*

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

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

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

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

### *Basis of setting the proposed caps*

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

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

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

### ***1.2.5 Other Financial Services Framework Agreement***

#### *General information of the transaction*

The Bank entered into the Other Financial Services Framework Agreement with CITIC Group on 8 November 2023, which has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to the consent of the parties and compliance with the Hong Kong Listing Rules.

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

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

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

### *Pricing*

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

### *Proposed annual caps*

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

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

#### *Basis for setting the annual caps*

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

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

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

### ***1.2.6 Financial Market Business Framework Agreement***

#### *General information of the transaction*

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

In light of the impending expiration of the existing Capital Transactions Framework Agreement, taking into account the regulatory requirements of the banking regulatory authorities of the State Council and other parties as well as strengthening the unity of management, the categorisation of annual cap has been



partially adjusted to increase some of the business varieties, adjusting the calculation criteria from profit and loss/time-point balance to the sum of the principal occurred within the year. The Bank entered into the Financial Market Business Framework Agreement with CITIC Group on 8 November 2023. The Financial Market Business Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the Hong Kong Listing Rules.

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

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

- Both parties agree, in its ordinary and usual course of business, to conduct the following financial market business including, but not limited to, interbank lending; bond repurchase; bond lending and borrowing; precious metals lending; bill repurchase; proprietary foreign exchange (including foreign exchange settlement and sale) spot business; precious metals spot business; derivative business; bond business; purchase and sale of bills of transfer discount; interbank loan; bill discounting (in which the acceptor is a connected person); or other capital transaction with the Bank or a subsidiary of the Bank as one party and CITIC Group or a subsidiary or associate of CITIC Group as the other party.
- Both parties of the agreement shall carry out business under the agreement.
- The terms of transactions between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

#### *Pricing*

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

- The transaction pricing is similar to the market prices and prices from peer banks, and there is no significant deviation from the price of similar transactions made by the independent third parties on the market.
- The prices charged for the foreign exchange derivatives business on behalf of the clients in the derivatives business shall be determined by both parties through negotiations on an arm's length and reciprocal basis. The price and fee

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

*Historical amounts and the Proposed annual caps*

Historical amounts of the existing Capital Transactions Framework Agreement:

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

Proposed annual caps of the Financial Market Business Framework Agreement:

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

*Note:* Pursuant to the relevant regulatory provisions of the banking regulatory authorities of the State Council, the calculation method of the annual caps of the Financial Market Business Framework Agreement are adjusted and the calculation criteria has been changed from gains and losses of transactions, fair value recorded as assets, fair value recorded as liabilities to credit line/transaction principals/gains and losses of transactions. The historical amount for the nine months ended 30 September 2023 calculated under the new calculation criteria is RMB2,065,407 million.

*Basis of the proposed caps*

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) With the business development philosophy of asset-light transformation, the Bank plans to

vigorously expand the business of the financial market. In the circumstance that the financial market businesses of the Bank are developing vigorously, the scale of transactions with connected persons will grow correspondingly; (2) Adhering to the development concept of customer-orientation, benefiting others and win-win results, the Bank will continue to expand its business scope and provide various financial market business services for more entities within CITIC Group; and (3) According to the relevant regulatory provisions of the banking regulatory authorities of the State Council, the calculation standards for interbank lending, bond repurchase, bond lending and other businesses are adjusted from profit and loss of time-point balance to happened amount of principal, thus significantly increasing the scale of trading cap.

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

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

#### **1.2.7 Investment Business Framework Agreement**

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

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

In light of the impending expiration of the existing Wealth Management and Investment Service Framework Agreement, the Bank entered into the Investment Business Framework Agreement with CITIC Group on 8 November 2023. The Investment Business Framework Agreement has a term of three years from 1 January 2024 to 31 December 2026, and is renewable subject to agreement between both parties and compliance with the Hong Kong Listing Rules.

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

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

- The Bank agrees, in its ordinary and usual course of business, to conduct the following investment business including, but not limited to, investment in securities, funds (including fund subsidiaries), insurance, trust and other financial institutions or (financial) products issued or established by competent persons (including, but not limited to, broker asset management plan, fund special plan, trust plan, trust beneficiary right, asset-backed securities, asset-backed notes, etc.); entrusted investment; bonds, non-standard creditor's rights, equities and interbank deposits in which the wealth management funds are invested in and with connected persons as the financing entities; other investment transactions.
- Both parties of the agreement shall carry out business under the agreement.
- The terms of transactions between a connected person and the Bank shall not be more favorable than those of same transactions between an independent third party and the Bank.

### *Pricing*

Each investment under the Investment Business Framework Agreement will be determined by the parties through arms-length negotiation and with reference to market prices of similar transactions.

### *Historical amounts and proposed annual caps*

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

	Actual historical amount for the year ended 31 December (RMB millions)		Actual historical amount for the nine months ended 30 September (RMB millions)	Approved annual cap for the year ending 31 December (RMB millions)
	2021	2022	2023	2023
<b>Non-principal-guaranteed wealth management and agency services</b>				
Service fees	1,157	3,261	3,194	8,500

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

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

Proposed annual caps of the Investment Business Framework Agreement:

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

*Note:* Taking full account of business characteristics and day-to-day management, the Bank has partially adjusted the categorisation of annual caps, moving the non-principal-guaranteed wealth management and agency services under the existing Wealth Management and Investment Service Framework Agreement into the Financial Consulting and Asset Management Service Framework Agreement, and the return and fee expenses calculation criteria is no longer applicable.

#### *Basis of the proposed caps*

In arriving at the above annual caps, the Board has considered the historical figures for similar transactions and has taken into account the following factors: (1) For the purpose of strengthening the cooperation with quality enterprises within CITIC Group and giving full play to the synergistic advantages, the Bank expands its business, and the cap for connected transactions in the category of investment is expected to be expanded; (2) since the establishment of CITIC Wealth Management, a subsidiary of the Bank, the scale of wealth management products issued or managed has grown steadily and the related transactions tend to increase; (3) as

deposit interest rates fell, the substitution effect of time deposits for wealth management products weakens, the scale of products issued by wealth management companies keeps growing, and the scale of wealth management investment and the scale of investment in financial products issued by related persons also grow correspondingly; (4) The Bank sets the amount of caps of connected transactions by referring to the authorization limit of a single mutual fund company.

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

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

## **2. REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS BETWEEN THE BANK AND CITIC GROUP**

CITIC Group is an international conglomerate enterprise group. It has different financial subsidiaries engaged in banking, securities, trust, insurance, fund, asset management and futures, and industrial companies engaged in machinery manufacturing, resources and energy, engineering contracting, infrastructure, information industry, etc. With the diversified industries it engages, CITIC Group enjoys comprehensive advantage and strength.

Through cooperation with CITIC Group and its associates, the Bank is conducive to giving full play to the synergies of the CITIC Group's integrated platform, reducing the Bank's operating costs, increasing the Bank's comprehensive income, and creating high return on investment for Shareholders. The Board believes that cooperation with CITIC Group and its associates could optimize the allocation of resources, effectively control the operating costs, and enhance the Bank's comprehensive service capabilities to customers.

## **3. BOARD CONFIRMATION**

The Board (including the independent non-executive Directors) considers that the abovementioned continuing connected transactions and their respective proposed annual caps have been conducted in the ordinary and usual course of business of the Bank and on normal commercial terms. As a consequence, the Board (including the independent non-executive Directors) is of the view that these continuing connected transactions contemplated under the abovementioned agreements are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

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

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee on the continuing connected transactions contemplated under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement, the Investment Business Framework Agreement, and their respective proposed annual caps.

#### **4. DESPATCH OF CIRCULAR**

A circular containing, among other things: (1) details of the continuing connected transactions under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement; (2) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the continuing connected transactions and their respective annual caps under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement; and (3) the recommendation of the Independent Board Committee in respect of the continuing connected transactions and their respective proposed annual caps under the Asset Transfer Framework Agreement, the Financial Consulting and the Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement, together with (4) a notice to convene the EGM will be despatched to the Shareholders in accordance with the Hong Kong Listing Rules no later than 13 December 2023. The Bank may not be able to despatch the circular within 15 business days after publication of this announcement as additional time is required for preparing the circular and other relevant documents for the EGM.

#### **5. DEFINITIONS**

Unless the context requires otherwise, the following expressions in this announcement shall have the meanings set out below:

“associate(s)” has the meaning ascribed to it under the Hong Kong Listing Rules

“Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange (stock code: 998) and the Shanghai Stock Exchange (stock code: 601998), respectively, and, unless the context requires otherwise, including all its subsidiaries
“Beijing Honglian”	Beijing Honglian Nine Five Information Industry Corp. (北京鴻聯九五信息產業股份有限公司), a subsidiary of CITIC Group
“Board”	the board of directors of the Bank
“China Huarong”	China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司), the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 2799)
“CITIC Group”	CITIC Group Corporation Limited (中國中信集團有限公司), formerly known as CITIC Group Corporation (中國中信集團公司)
“CITIC Qingdao Asset”	CITIC Qingdao Asset Management Co., Ltd. (中信青島資產管理有限公司), a subsidiary of the Bank
“CITIC Securities”	CITIC Securities Company Limited (中信證券股份有限公司), the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange (stock code: 6030) and the Shanghai Stock Exchange (stock code: 600030), respectively
“CITIC Wealth Management”	CITIC Wealth Management Corporation Limited (信銀理財有限責任公司), a subsidiary of the Bank
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSC”	CSC Financial Co., Ltd. (中信建投證券股份有限公司), the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange (stock code: 6066) and the Shanghai Stock Exchange (stock code: 601066), respectively
“Director(s)”	director(s) of the Bank



“EGM”	the second extraordinary general meeting of 2023 to be held by the Bank
“Guangdong Honglian”	Guangdong Honglian Nine Five Information Industry Corp. (廣東鴻聯九五信息產業有限公司), a subsidiary of CITIC Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction contemplated under the Asset Transfer Framework Agreement, the Financial Consulting and Asset Management Service Framework Agreement, the Financial Market Business Framework Agreement and the Investment Business Framework Agreement and their respective proposed annual caps
“Independent Shareholder(s)”	Shareholders of the Bank excluding CITIC Group and its associates
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shareholder(s)”	the holders of the Bank’s Share(s)

“Shares”

the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Bank

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

Beijing, the PRC  
8 November 2023

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