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

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

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中信銀行
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)

RESOLUTION ON APPLICATION FOR THE CAPS OF NON-CREDIT EXTENSION CONNECTED TRANSACTIONS WITH CONNECTED PERSON FOR THE YEARS 2015-2017

RESOLUTION ON APPLICATION FOR THE CAP OF CREDIT EXTENSION RELATED PARTY TRANSACTIONS WITH CITIC GROUP AS A RELATED PARTY FOR THE YEARS 2015-2017

AND

REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

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



TC Capital
天財資本

The First EGM of 2015 is to be held at 9:30 a.m. on Wednesday, 28 January 2015 at CITIC Bank, No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC.

A proxy form and reply slip for use at the First EGM of 2015 are enclosed and are also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Bank (<http://bank.ecitic.com>) respectively. If you intend to appoint a proxy to attend the First EGM of 2015, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the First EGM of 2015 or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the First EGM of 2015 and voting in person if you so wish. Shareholders who intend to attend the meeting in person or by proxy should complete and return the enclosed reply slip in accordance with the instructions printed thereon on or before Thursday, 8 January 2015.

2 January 2015

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Bank” or “Company”	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: 00998) and the Shanghai Stock Exchange (stock code: 601998), respectively
“Board” or “Board of Directors”	the board of Directors of the Bank
“CBI”	CITIC Bank (International) Limited
“CBRC”	China Banking Regulatory Commission
“CITIC Asset Management”	CITIC Asset Management Corporation Ltd. (中信資產管理有限公司)
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司)
“CITIC CP”	CITIC CP Asset Management Company (中信信誠資產管理有限公司)
“CITIC Funds”	CITIC Fund Management Co., Ltd (中信基金管理有限責任公司)
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), formerly known as CITIC Group (中國中信集團公司)
“CITIC Guoan”	CITIC Guoan Group Corporation (中信國安有限責任公司), formerly known as CITIC Guoan Group (中信國安集團公司)
“CITIC Holdings”	CITIC Holdings, Co., Ltd.(中信控股有限責任公司)
“CITIC Limited”	CITIC Limited (中國中信股份有限公司)
“CITIC Loyalty”	CITIC Loyalty Business Technology Co., Ltd (中信樂益通商務科技有限公司)
“CITIC Networks”	CITIC Networks Co., Ltd (中信網絡有限責任公司)
“CITIC Press”	CITIC Press Corporation (中信出版股份有限公司)
“CITIC Prudential Fund”	CITIC Prudential Fund Limited (信誠基金管理有限責任公司)
“CITIC Prudential Life”	CITIC Prudential Life Insurance Co., Ltd. (信誠人壽保險有限責任公司)

DEFINITIONS

“CITIC Securities”	CITIC Securities Company Limited (中信證券股份有限責任公司)
“CITIC Travel”	CITIC Tourism Group Co., Ltd. (中信旅遊集團有限公司)
“CITIC Trust”	CITIC Trust & Investment Co., Ltd (中信信托投資有限責任公司)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Bank
“First EGM of 2015”	the first extraordinary general meeting of 2015 of the Bank to be held at 9:30 a.m. on 28 January 2015 at CITIC Bank, No. 9 Chaoyangmen Beidajie, Dongcheng District Beijing, PRC
“Guangdong Honglian”	Guangdong Honglian Jiuwu Information Industry Co., Ltd. (廣東鴻聯九五信息產業有限公司)
“H Share(s)”	ordinary share(s) of the Bank, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 Shareholder(s)”	Shareholders of the Bank excluding CITIC Group and its associates
“Latest Practicable Date”	Wednesday, 24 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shanghai Listing Rules”	the Listing Rules of Shanghai Stock Exchange
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shares”	the ordinary share(s) of RMB1.00 each in the share capital of the Bank
“Shareholder(s)”	the holders of the Bank’s Share(s)

LETTER FROM THE BOARD



中信銀行

CHINA CITIC BANK

中信銀行股份有限公司

China CITIC Bank Corporation Limited

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

(Stock code: 998)

Executive Directors:

Ms. Li Qingping (*President*)

Mr. Sun Deshun (*Standing Vice President*)

Non-executive Directors:

Mr. Chang Zhenming (*Chairman*)

Dr. Zhu Xiaohuang

Mr. Dou Jianzhong

Mr. Zhang Xiaowei

Mr. Gonzalo José Toraño Vallina

Registered Office:

Block C, Fuhua Mansion,
No. 8 Chaoyangmen Beidajie,
Dongcheng District,
Beijing 100027, the PRC

Principal Place of Business in Hong Kong:

Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong

Independent non-executive Directors:

Mr. Li Zheping

Ms. Wu Xiaoqing

Mr. Wong Luen Cheung Andrew

Mr. Yuan Ming

2 January 2015

To the Shareholders

Dear Sir or Madam,

**RESOLUTION ON APPLICATION FOR THE CAPS OF NON-CREDIT EXTENSION
CONNECTED TRANSACTIONS WITH CONNECTED PERSON FOR THE YEARS 2015-2017**

**RESOLUTION ON APPLICATION FOR THE CAP OF CREDIT EXTENSION RELATED
PARTY TRANSACTIONS WITH CITIC GROUP AS A RELATED PARTY
FOR THE YEARS 2015-2017**

AND

REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you notice of the First EGM of 2015 and to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against certain of the resolutions to be proposed at the First EGM of 2015 as described below.

At the First EGM of 2015, ordinary resolutions will be proposed to (inter alia) (i) consider and approve the resolution on application for the caps of non-credit-extension connected transactions with connected persons for the years 2015-2017; and (ii) consider and approve the resolution on application for the caps of credit extension related party transactions with CITIC Group as a related party for the years 2015-2017.

RESOLUTION ON APPLICATION FOR THE CAPS OF NON-CREDIT EXTENSION CONNECTED TRANSACTIONS WITH CONNECTED PERSON FOR THE YEARS 2015-2017

Resolution on Application for the Caps of Non-Credit Extension Connected Transactions with Connected Person, which includes the review of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement and the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement will be submitted to the First EGM of 2015 for approval by way of ordinary resolution. Details of such resolution have been included in this circular.

Background and General Information on The Bank and CITIC Group and its Associate

The Bank is a competitive and fast growing national commercial bank in China with a strong and established branch network and market position. With our market leading capabilities, we provide a full range of financial products and services to our customers nationwide, with corporate banking, personal banking and financial market and capital market operations being our principal business activities. The Bank conducts transactions with our connected persons, including CITIC Group and its associates, in the ordinary and usual course of our business and on normal or better commercial terms. The main connected persons from CITIC Group with whom we conduct our businesses include but not limited to:

CITIC Group is a state-owned transnational holding conglomerate established in the PRC pursuant to the approval of the State Council of the PRC. Members of CITIC Group conduct businesses in banking, securities, trust, insurance, fund management and other financial service industries as well as information technology, energy, manufacturing and other industries. CITIC Group is our controlling Shareholder and therefore, is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Limited is a company incorporated in Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (stock code:267), its businesses extends globally covering financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing and other segments. CITIC Limited is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Corporation Limited was incorporated in December 2011, jointly established by CITIC Group, with most of its operational net assets as its contribution, and its wholly-owned subsidiary Beijing CITIC Enterprise Management Corporation. CITIC Corporation Limited is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

CITIC Holdings is a holding company established by CITIC Group with the approval of the State Council of the PRC and the authorization of People's Bank of China to supervise, and invest in, domestic and overseas financial enterprises. As entrusted by CITIC Group, CITIC Holdings is fully in charge of the overall management of the financial enterprises or institutions in which CITIC Group have invested, including banks, securities companies, insurance companies, trust companies, asset management companies, futures trading companies, funds and credit card companies. CITIC Holdings enhances business cooperation, information communication, resource sharing and risk management among CITIC Group's financial subsidiaries through playing its roles in organization, coordination, services, conciliation and supervision. In this way, it ensures the promotion of the integrated CITIC Group financial service brand and enhances the overall advantages of all the subsidiaries under CITIC Group, and provides a full range of services to both domestic and overseas customers. CITIC Holdings is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Securities is one of the first group of securities companies in the PRC that was approved by China Securities Regulatory Commission to conduct securities business. Its principal businesses include securities brokerage, securities trading, securities underwriting, proprietary trading, asset management and investment advisory services. The ordinary shares of CITIC Securities are listed and traded on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

CITIC Trust is a limited liability company established in the PRC. Its principal businesses include trust asset management, financial advisory and private equity investment fund management. CITIC Trust is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Prudential Life is a joint venture life insurance company established by CITIC Group and Prudential plc in the PRC. CITIC Prudential Life is the first Chinese-British joint venture life insurance company in China. Its principal businesses include the promotion and sales of various insurance products covering protection, savings, investment, pension and medical care and the provision of wealth management services. CITIC Prudential Life is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Funds is a limited liability company established in the PRC. Its principal businesses include asset management service, investment advisory and financial management service. CITIC Funds is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC CP is a joint venture asset management company established by CITIC Trust and CITIC Prudential Fund in the PRC. Its principal businesses include asset management for special clients and other services that are permitted by the Securities & Futures Commission. CITIC CP is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Prudential Fund is joint venture fund management company established by CITIC Trust, Prudential Plc and China-Singapore Suzhou Industrial Park Ventures Co., Ltd. CITIC Prudential Fund is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

CITIC Asset Management is a limited liability company established in the PRC. Its principal businesses include asset management, short-term pawning, financial leasing, commercial factoring and private equity investment. CITIC Asset Management is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Press was established in 1988 under CITIC Group. CITIC Press holds the publishing principal of “we provide knowledge to face the changing world”, and provides high quality reading materials through high-end content service and diversified presentation forms to meet the different demands in knowledge and culture of the public. Books published by CITIC Press cover areas including business and finance, autobiographies, social sciences and culture, fashion life, literature, parent-child. CITIC Press is an associate of CITIC Group, therefore constituting a connected person of the Bank pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Tourism was established in 1987 and is a wholly-owned subsidiary of CITIC Group. The main businesses of CITIC Tourism include travel agency, hotels for travel and travel resource development. CITIC Tourism is outstanding in the outbound and inbound travel markets, and has achieved breakthrough in the fields of finance and investment for travel. CITIC Tourism is an associate of CITIC Group, therefore constituting a connected person of the Bank pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Loyalty is a company with limited liability incorporated in PRC. Its principle business includes providing services for branches and subsidiaries of CITIC Group such as client loyalty management, international general integral, exchange of general accumulated points and custody of points. CITIC Loyalty is an associate of CITIC Group, therefore constituting a connected person of the Bank pursuant of Chapter 14A of the Hong Kong Listing Rules.

CITIC Networks is a limited liability company established in the PRC. Its principal businesses include development of application software, system integration, IT services and IT-related consulting services. CITIC Networks is an associate of CITIC Group, and therefore is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

Beijing Honglian is a limited liability company established in the PRC. It owns several permits for the operation of national value-added telecommunication businesses and resources of special service numbers granted by the ministry of industry and information technology (MIIT) and mainly operates value-added telecommunications business. Its business scope includes project outsourcing of call center services by providing systems, equipment, premises and staff, consultancy services, training services, digital information services, marketing consultancy services and interactive marketing services. Beijing Honglian is an associate of CITIC Group and, therefore, is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

Guangdong Honglian is a limited liability company established in the PRC. Its main business includes telephone information services, email services, development of telecommunications technology, sale of telecommunications products, connection of computerized information network to international network, domestic commerce, commodity supply and sale (excluding goods under exclusive operational rights, special control or exclusive sales agreements), production of interactive television programme ordering device (operated with approval of construction project environmental influence review), lease of self-owned premises, real estate brokerage, concurrent agency of automobile, health, and life insurance (operated with a license of concurrent insurance brokerage), labor dispatch, and call center business (operated with value-added telecommunication business operation permit). Guangdong Honglian is an associate of CITIC Group and, therefore, is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

CITIC Guoan is a sustainably developing comprehensive large-scale enterprise group, and its businesses include information industry (such as investing and operating cable television, telecommunication value-added services, satellite communication, network system integration, software development and advertising), tourism and real estate, high technology and resources development, etc. CITIC Guoan is an associate of CITIC Group and therefore, is our connected person pursuant to Chapter 14A of the Hong Kong Listing Rules.

(1) CITIC Bank and CITIC Group Asset Transfer Framework Agreement

General Information of the transaction

In light of the impending expiry of the existing CITIC Bank and CITIC Group Asset Transfer Framework Agreement and in order to satisfy business development needs, we entered into a new CITIC Bank and CITIC Group Asset Transfer Framework Agreement with CITIC Group on 8 December 2014, which governs the terms and conditions of any transactions in respect of the transfer of loan and other related assets between the Bank and CITIC Group and/or its associates. The new CITIC Bank and CITIC Group Asset Transfer Framework Agreement has a term of three years from 1 January 2015 to 31 December 2017, and is renewable subject to the agreement of the parties and the compliance with the Hong Kong Listing Rules.

The Bank sells loans and other related assets to CITIC Group and/or its associates in order to optimize the credit structure of the Bank. At the same time, the Bank can purchase the same type of assets from CITIC Group and/or its associates to adjust the credit structure and to achieve optimal assets allocation of the Bank. Asset transfer is an approach of the Bank to conduct assets and liabilities management. When the Bank's credit grows too fast, it will sell on-balance sheet loans through marketization channels to achieve its balance sheet adjustment. While the Bank is conducting businesses such as factoring, it will purchase assets such as receivables from its clients. In addition, the purchase of loans and other related assets can increase interest income of the Bank which improves the profitability of the Bank. The CITIC Bank and CITIC Group Asset Transfer Framework Agreement includes both the sale and the purchase of loans and other related assets to/from CITIC Group and/or its associates. Along with our business development, we anticipate to purchase loan and other related asset from CITIC Group and/or its associates. The annual cap will be calculated based on the gross amount for sale and purchase of loan and other related asset.

LETTER FROM THE BOARD

Principal terms of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement

The principal terms of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement are set out as follows:

- The Bank in the daily course of business buys from or sells to CITIC Group and its associates the interests in loans and other related assets (including but not limited to directly or through assets management plan, assets securitization, factoring or other forms to sell corporate and retail loan assets, and inter-bank loan receivables).
- The assets transfer transactions to be conducted by the Bank with CITIC Group and its associates pursuant to the CITIC Bank and CITIC Group Asset Transfer Framework Agreement shall be made on terms no less favourable to the Bank than terms available to or from independent third parties.
- The agreement shall specify the management rights of the loans and other related assets.
- The Bank and CITIC Group and its associates shall undertake confidentiality in respect of assets transfer transactions.

Pricing

The price payable by the transferee to the transferor shall be determined on the basis of the following principles:

- **Normal asset transfer:** in accordance with the regulatory requirements, the transfer of credit assets between connected person shall comply with the principle of integrity. In the transfer of credit assets by the transferor to the transferee, the principals under the loan should be used as the consideration, while transferring at par without discount and premium. In addition to the market supply and demand, the obligations to be assumed by the transferor and the transferee after the transfer will be taken into account as a key consideration, which mainly refers to the subsequent asset management services and collection service provided by the transferor or the transferee with respect to the transferred assets and the service fee rate generally ranges between 0~2% of the principal of the loan;
- **Securitization asset transfer:** the transfer of assets from connected person to the Bank is not included in the securitization asset transfer. The Bank adopts the loan principle as the consideration of the transaction, while transferring at par without discount and premium. In terms of the issuance rate of the assets-backed securities, the prioritized assets-backed securities (with exclusion of the sections held by the originating institutions) are determined by the approach of single spread (Netherlands Style) through the bidding system of China Government Securities Depository Trust & Clearing Co. Limited, and the secondary assets-backed securities (with exclusion of the sections held by the originating institutions) are determined by the number of tenders;

LETTER FROM THE BOARD

- No government-prescribed price is currently available for the asset transfer price. Where there is a government-prescribed price in the future, such price shall prevail.

The Bank undertakes the following internal procedures to ensure the terms of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement obtained by the Bank from CITIC Group will be no less favourable to the Bank than those available from or offered to independent third parties.

Normal asset transfer: the Bank has set up several working groups to conduct roadshows, promotion and price enquiry for the qualified potential investors and selected market-competitive offeror therefrom as counterparty. Specific price will be jointly determined by supply and demand of market, credit demand, risk-free interest rate, risk premium for underlying assets and the efficiency of asset transfer of the Bank, etc.

Securitization asset transfer: The Bank will conduct sufficient market investigation on the market mainstream service suppliers and choosing suppliers considering the financial situation, interbank business experience and distribution capacity. Big state-owned banks and joint-stock banks are the mainstream investors of the credit assets security products, representing over 80% of the investment scale. Other investment sources include city commercial banks, rural credit cooperatives, insurance institutions, fund companies and security companies. In terms of the issuance of credit assets securitization, the Bank has established a specialized roadshow team to conduct roadshows and visit mainly big state-owned banks and joint-stock banks.

The Bank will also compare the market prevailing prices for various financial products with comparable duration, interest rates, and security, while referencing the bond return rate of similar products in the PRC inter-bank market disclosed on the websites of China Bond and Chinamoney, as well as through price enquiry process (with at least three investors) to set fair and reasonable market price.

Historical amounts and proposed annual cap

	Actual Historical Amount for the nine months ended 30 September (RMB in millions)		Actual Historical Amount for the Year ended 31 December (RMB in millions)	Approved Annual Cap for the Year 2014 (RMB in millions)	Proposed Annual Cap for the Year ending 31 December (RMB in millions)		
	2012	2013	2014	2014	2015	2016	2017
Amount of Transaction	72.40	18,457.00	15,740.00	47,100.00	62,000.00	76,000.00	92,000.00

LETTER FROM THE BOARD

Basis for the proposed cap

In arriving at the above caps, the Directors have considered the historical figures for similar transactions and have taken into account the following factors: (1) the business scale of the previous year, the expectation for the market financing demand, and the annual work plan of the Bank; (2) the credit assets transfer business is impacted by various factors such as macro-control, currency policy and credit availability. Along with the structural adjustment and industrial upgrading of the domestic economy in the second half of 2014, the effective demand from enterprises' financing is insufficient, and the demand of transferring the Bank's loans to third parties is lower. With the stabilization and rising of the macro economy next year, banks shall make prompt decision towards the market change. Facing the recovery of enterprises' financing demand, there will be a certain size of demand for the transferring of the credit assets to third parties; (3) under the double drives of the regulatory institutions and market demand, the credit assets securitization business of commercial banks developed rapidly from RMB15.773 billion for the whole year of 2013 to RMB164.136 billion in the first three quarters of 2014. In November 2014, the China Banking Regulatory Commission promulgated the Notice of the Procedure of Filing and Registration of Credit Assets Securitization, according to which credit assets securitization business will change from examination and approval system to business filing system, further facilitating commercial banks to conduct credit assets securitization business. In the meantime, the PRC market interest rate has entered a downward phase, which will benefit the further increase of the scale of assets securitization, while such business serves as an important way of solving the dual pressure of a commercial bank's capital adequacy and loan-to-deposit ratio; (4) CITIC Group and its associates have a strong capacity to absorb the loan assets transferred by the Bank. Based on this, the Bank expects the volume of the loan asset transfer transactions between the Bank and CITIC Group and its associates to increase steadily in the near future; (5) In line with the innovative development of the inter-bank products on the market, the Bank anticipates that the inter-bank asset transfer business of the Bank will have a breakthrough in the coming several years. At the same time, the amount of inter-bank assets is generally large, and the scale of a single business is relatively large. In light of the several hundreds of RMB billion and even over one RMB trillion current stock of the current main joint-stock inter-banks assets scale, there will be several billion or more than ten billion for the assets transfer even calculated based on 1% business incidence rate; and (6) Since the improvement of the policies and environment of domestic financing leasing and commercial factoring, the national scale of financing leasing will make a breakthrough of RMB3 trillion, while commercial factoring companies are in face of a market of more than RMB20 trillion, the financing leasing and commercial factoring business of CITIC Group and its associates are developing rapidly, their demand toward factoring business will rise constantly in their daily operation, and the relevant business cooperation scale between the Bank and CITIC Group and its associates will also rise accordingly. Under such circumstances, the assets transfer business of the Bank are expected to achieve a rapid growth.

Requirements of the Hong Kong Listing Rules

As the highest applicable percentage ratio of the annual caps for the continuing connected transactions to be entered into by the Bank and CITIC Group pursuant to the CITIC Bank and CITIC Group Asset Transfer Framework Agreement exceeds 5% as set forth in the Hong Kong Listing Rules on an annual basis, such transactions constitute the continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and are subject to the announcement, Independent Shareholders' approval and annual reporting requirements set out in Rules 14A.35, 14A.36, 14A.49 and 14A.71 of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

(2) ***CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement***

General Information of the transaction

In light of the impending expiry of the CITIC Bank and CITIC Group Wealth Management Service Framework Agreement and in order to satisfy the investment need, we entered into a new CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement with CITIC Group on 8 December 2014, which involves (1) non principal-guaranteed wealth management & agent service, (2) principal-guaranteed wealth management, and (3) investment with the Bank's own fund. The CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement has a term of three years from 1 January 2015 to 31 December 2017, and is renewable subject to the agreement of the parties and the compliance with the Hong Kong Listing Rules.

Principal terms of the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement

The principal terms of the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement are set out as follows:

- The Bank agrees to provide wealth management and investment services to CITIC Group and its associates, including non principal- guaranteed wealth management services and agent services, principal-guaranteed wealth management, and investment with the Bank's own fund; and associates of CITIC Group will provide the Bank with financial intermediary services, including trust services and management services.
- CITIC Group shall, and shall procure its associates to, pay service fees to the Bank with respect to the wealth management and investment services that the Bank provides. The Bank shall also pay service fees to associates of CITIC Group with respect to the financial intermediary services.
- The wealth management and investment services to be provided by the Bank to CITIC Group and its associates and the wealth management intermediary services to be provided by associates of CITIC Group to us were on arm's length basis, and on terms no less favourable to the Bank than terms available to or from independent third parties.

For non principal-guaranteed wealth management & agency service, the Bank will receive service fees which comprise of sales commission for non principal-guaranteed wealth management service, commission for agency sales of investment product and commission for agency issue of bank cards from CITIC Group and/or its associates.

LETTER FROM THE BOARD

For principal-guaranteed wealth management and investment services, the Bank will receive proceeds and pay costs during the Bank's wealth management and investment business, as well as the investments in CITIC Group and/or its associates, or in financial products issued by CITIC Group and/or its associates:

- **Proceeds received:** the Bank purchases financial products issued by connected asset management institutions, namely CITIC Group and/or its associates with its own fund, including trust plan, trust beneficiary right, asset management plan of securities dealers and special plan of funds to receive proceeds out of it; and
- **Cost paid:** Institutions including trust companies and securities companies will provide us services in relation to structure design, consulting and daily management service of the wealth management products. In return, we will pay trustee fee, management fee and consulting fees matching their service and management responsibilities.

For principal-guaranteed wealth management and investment service, the investment capital refers to: (1) the wealth management assets proceeds invested in CITIC Group and its associates (as financier); and (2) the Bank's own fund invested in financial products issued by CITIC Group and its associates.

Pricing

- Non principal-guaranteed wealth management & agency service – service fees

The Bank obtains the then prevailing market prices of wealth management products through channels including financial advisor terminal (such as CNBENEFIT and Wind Information) and China Banking Wealth Management Information website of China Banking Association on a weekly basis, and calculates a competitive price of wealth management products taking into consideration the demand for financial service provided by financial products together with the cost. The final price will be ultimately determined by the pricing team of the Bank. When entering into the specific service agreement, the parties will determine the prices of the financial products on normal commercial terms, which are no less favourable to the Bank than terms available to or from independent third parties according to the type and scope of service of the financial products through arm's length negotiation between the parties, and also make real-time adjustment according to the changes of market price.

LETTER FROM THE BOARD

- Principal-guaranteed wealth management and investment service – proceeds & cost

For trustee fee, management fee and consulting fees payable by the Bank, the Bank will consider the service level of counter party, including their operation effectiveness, the level of detail of their report, control in operation, after-sales service and due diligence under the agreement based on the business negotiations with institutions with historical cooperation experience as well as providing the service needed in the current market, and choose its cooperation party with selection on merit as well as determine the price. The cooperating institution are mainly asset management institutions such as trust companies, bankers, fund companies and fund subsidiaries. Before conducting transactions with our connected person, the Bank will conduct pricing enquiry process by which the Bank will seek for price quotations from at least two independent third party service providers, and both parties will conduct price negotiations through market pricing mechanism to determine the final service fee, and will finalize the service fee for the corresponding service provided through entering into an agreement.

For investment return of the Bank, the Bank obtains the then prevailing market prices of similar wealth management products through such channels as financial advisor terminal such as Wind Information and China Banking Wealth Management Information website of China Banking Association, and chooses investment products with reference to the terms of products, previous management performance and the credibility of the counter party.

When entering into the specific service agreement, the parties will determine the prices of the financial products on normal commercial terms, which are no less favourable to the Bank than terms available to or from independent third parties according to the type and scope of service of the financial products through arm's length negotiation between the parties, and also make real-time adjustment according to the changes of market price.

- Principal-guaranteed wealth management and investment service – daily maximum balance of investment

The pricing basis is not applicable to daily maximum balance of investment.

The Bank also undertakes the following internal procedures to ensure the terms of the CITIC Group Wealth Management and Investment Service Framework Agreement obtained by the Bank from CITIC Group will be no less favorable to the Bank than those available from/ offered to independent third parties. Before conducting transactions with our connected person, the Bank will conduct pricing enquiry process by which the Bank will seek quotations from at least two independent third party service providers and then select the favourable price and terms, or reference to several other contemporaneous transactions with independent third parties for products of similar amount to determine if the price and terms offered by a connected person are fair and reasonable and comparable to those offered by independent third parties.

LETTER FROM THE BOARD

Historical amounts and proposed annual cap

	Actual Historical Amount for the nine months ended 30 September (RMB in millions)	Actual Historical Amount for the Year ended 31 December (RMB in millions)	Actual Historical Amount for the Year ended 31 December (RMB in millions)	Approved Annual Cap for the Year 2014 (RMB in millions)	Proposed Annual Caps for the Year ending 31 December (RMB in millions)		
	2012	2013	2014	2014	2015	2016	2017
Non-principal-guaranteed wealth management services & agency banking service							
Service Fees	70.28	96.49	168.90	3,600	2,500.00	3,200.00	4,800.00
Principal-guaranteed wealth management and investment services							
Proceeds & Cost ^{Note} (Bank Investment)	0.65	0.30	227	6,300	4,400.00	6,500.00	8,600.00
Daily maximum balance of Investment	0	0	1,050	80,000	44,000	56,000.00	68,000.00

Note: Proceeds & Cost is the aggregation of absolute amount of proceeds received and cost paid by the Bank without offset from each other.

Basis of the proposed caps

In arriving at the above annual caps, the Directors have considered the historical figures for similar transactions and have taken into account the following factors:

Non principal-guaranteed wealth management & agency service

- (1) along with the deepened reform of the PRC investment and financing system, the direct financing market develops prosperously, and the awareness of risk and the tolerance against risks in the securities market, financial business market, and life insurance market have been constantly improved. Wealth management business has come to an age of mature development;
- (2) the products offered or managed by CITIC Group and its associates are well reputed and rank high in the industry. For example, the scale of asset of trust is approaching RMB700 billion, which has continuously ranked the first across the whole country. CITIC Securities is a Chief Supervisory Unit in the China Securities Business Association, which has continuously ranked AAA, the highest ranking among the Chinese securities industry. It is believed that our agency sale of the wealth management products of the above mentioned institutions will bring better investment return for our clients;

LETTER FROM THE BOARD

- (3) the Bank will reinforce its agency sales business, which is expected to grow rapidly. In addition to the wealth management products, the Bank will continue to bring in products from external institutions so our customers could have more choices in selecting wealth management products.

Principal-guaranteed wealth management and investment service

- (1) along with the deepened reform of the PRC investment and financing system, the direct financing market develops prosperously, and the awareness of risk and the tolerance against risks in the securities market, financial business market, and life insurance market has constantly improved. Wealth management business has come to an age of mature development;
- (2) there are many non-banking financial enterprises inside the CITIC Group, which rank high in their own sectors. These large-scale enterprises act actively in the market, which will deepen the cooperation with non-banking financial enterprises inside the CITIC Group in the coming several years, and will definitely have a significant growth in terms of transaction volume. The scope of wealth management business will include investments in the financial products issued or formed by such financial institutions as securities companies, funds, insurance companies and trusts (including trust scheme, beneficiary right of trust, assets management scheme of securities companies and the specific scheme of funds);
- (3) investment in financial products issued or formed by financial institutions, such as securities dealers, funds, insurance, trust and other products (such as trust plan, trust beneficiary right, asset management plan of securities dealers and special plan of funds) by using the Bank's own capital is rapidly developing, whilst the maturity term of which is relatively short; the Bank anticipates a rapid expansion of such transaction scale going forward and therefore a higher cap is proposed;
- (4) in the past years, the Bank developed relatively slowly in the field of investment in financial product business with proprietary fund and had a small base. Considering the aspects of reasonable arrangement of capital, diversified investment of capital, safety of investment as well as increase of capital income, the Bank will enlarge the scale of this business in the coming several years;
- (5) the capital demands of CITIC Group and its associates are expected to keep growing steadily and the potential of cooperation with the Bank to meet such demands by issuing relevant wealth management products is expected to be huge;
- (6) the Bank has a sufficient knowledge of and confidence with the quality of the assets of connected person, and will try to have more of the existing proprietary capital invested in the wealth management products issued by institutions of good quality; and

LETTER FROM THE BOARD

- (7) the reason for the disparity between the actual amount and the approved annual cap of 2014 is that the choice of wealth management business cooperation institutions will need to take into consideration the suitability of the development orientation of the Bank's wealth management business with the risk preference, innovation orientation, key business strengths of the cooperation institutions, as well as the response measures of these institutions under the new regulatory policies. In the next few years, along with the thorough promotion of the comprehensive operation of the CITIC Group, the Bank will further strengthen the overall cooperation with CITIC Group and its associates such as CITIC Securities, and the cooperation scale of wealth management business is expected to enlarge correspondingly.

Taking into consideration the factors mentioned below, the Bank used the daily maximum balance of the investment products held by the Bank, rather than the annual aggregated transaction amount of the investment products as the basis for the annual cap.

The reasons and basis for such approach are:

- 1) Given that when the price is fair and refunding may increase the efficiency of the Bank's funds before the maturity date of such investment products, the Bank may transfer the investment products purchased from its connected persons to third parties before the maturity date and use the returned principal and returns to purchase new investment products. On such rolling basis, the actual risk exposed to the Bank for this investment business is the maximum balance of principal instead of the annual aggregate amount, which cannot reflect the actual position and risk exposure of such transaction borne by the Bank as a result. Therefore our Directors are of the view that the daily maximum balance of the principal of the investment products held by the Bank, rather than the annual aggregated transaction amount should be deemed as the basis for the annual cap. In addition, taking the daily maximum balance as the basis of connected transaction is in line with the accounting treatment approach.
- 2) It is difficult to estimate the aggregate amount of the investment plans because the transfer of the investment products is dependent on the conditions of the capital market which is beyond the control of the Bank. Any change in demand for the products in the capital market and the quick change in the market conditions, such as the changes in macroeconomic condition, official interest rate, liquidity of the market, foreign exchange rate and financial regulatory framework, will necessarily result in significant increase or decrease of the trading volume of investment products as well as the market price, duration, terms and conditions thereof.
- 3) Based on the reasons stated above, it is very likely that the actual amount of the aggregated transaction amount of the purchase of the investment products deviates from the annual caps set beforehand. In particular, in the case that the annual cap is about to be exceeded, the Bank would not be able to purchase any new investment products for several months if the highest applicable ratio calculated based on the annual caps under Chapter 14A exceeds 5%, as Shareholders' general meeting would need to be convened to revise the caps and the Bank is required under its articles of association to give at least a 45-day notice to Shareholders to convene Shareholders' general meeting. Such delay or suspension in business would have a direct adverse impact on the profitability of the Bank which in turn would be materially detrimental to the interests of the shareholders of the Bank as a whole.

LETTER FROM THE BOARD

Requirements of the Hong Kong Listing Rules

As the highest applicable percentage ratio calculated in accordance with Chapter 14A of the Hong Kong Listing Rules in respect of the annual cap concerning the proceeds & cost and daily maximum balance of investment of the principal-guaranteed wealth management and investment services under the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement exceeds 5%, the principal-guaranteed wealth management and investment services under the Wealth Management and Investment Services Framework Agreement constitute a connected transaction under Rules 14A.35, 14A.36, 14A.49 and 14A.71 of the Hong Kong Listing Rules and is subject to the announcement, Independent Shareholders' approval and annual reporting requirements.

Although the highest applicable percentage ratios calculated in respect of the respective annual caps of the non-principal-guaranteed wealth management & agency service under CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement do not exceed 5%, CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement is subject to independent shareholders' approval according to Shanghai Listing Rules.

Requirements of the Shanghai Listing Rules

According to the requirements of the Shanghai Listing Rules, the Bank shall set annual caps for daily maximum balance of principals and proceeds generated from principal guaranteed wealth management services provided by the Bank to CITIC Group and its associates under the CITIC Bank and CITIC Group Wealth Management Service and Investment Framework Agreement, and seek approval from Independent Shareholders. According to Rule 14A.87(1) of the Hong Kong Listing Rules, the purchase of wealth management products under the principal-guaranteed wealth management service is exempted from the requirements of announcement, Independent Shareholders' approval and annual reporting under Rules 14A.35, 14A.36, 14A.49 and 14A.71 of the Hong Kong Listing Rules.

	Actual Historical		Actual Amount for the nine months ended 30 September (RMB in millions)	Approved Annual Cap for the Year 2014 (RMB in millions)	Proposed Annual Cap for the Year ending 31 December (RMB in millions)		
	Actual Amount for the Year ended 31 December (RMB in millions)	Historical 2013	2014	2014	2015	2016	2017
Daily maximum balance of the principals for wealth management for the year	0	3,450	3,230	26,700	30,000.00	35,000.00	40,000.00
Return of customers	0	61.52	123.5	1,200	1,200.00	1,300.00	1,400.00

LETTER FROM THE BOARD

RESOLUTION ON APPLICATION FOR THE CAP OF CREDIT EXTENSION RELATED PARTY TRANSACTIONS WITH CITIC GROUP AS A RELATED PARTY FOR THE YEARS 2015-2017

Resolution on Application for the Cap of Credit Extension Related Party Transactions with CITIC Group as a Related Party for the Years 2015-2017 will be submitted to the First EGM of 2015 for approval by way of ordinary resolution. Details of such resolution have been included in this circular.

Information on related parties

According to the relevant rules of the CBRC, CSRC and the Shanghai Stock Exchange, the Bank plans to make reasonable estimate on the amount of recurring credit extension for related party transactions with CITIC Group as a Related Party for the years 2015-2017. The related parties refer to the legal person related parties who are determined by the Audit and Related Party Transactions Control Committee under the Board of Directors as the Bank's related parties under CITIC Group in accordance with the relevant laws and regulations of Shanghai Stock Exchange.

Transaction types

The transaction types of the recurring related party transactions with estimated amount refer to the credit extension businesses between the Bank and its related party CITIC Group, which include the funding directly provided by the Bank to the customers or the guarantee provided by the Bank in relation to the customers' compensation and payment liabilities that may arise in the relevant economic activities. Actual transactions will include loans, loan commitment, bill acceptance and discount, securities repurchase, debt securities investment, foreign exchange and derivatives, trade financing, factoring, letter of credit, letter of guarantee, overdraft, lending, guarantee and other on-balance sheet and off balance-sheet credit extension businesses.

Estimated amount

1. Estimated amount and actual usage of related party credit extension in 2014

As approved by the Board of Directors and the shareholders' general meeting in 2014, the total estimated amount of credit line extended by the Bank to CITIC Group as a related party in 2014 was RMB19.80 billion (excluding lowest risk credit lines as prescribed by the CBRC).

As at the end of October 2014, the actual valid credit lines extended by the Bank to CITIC Group as a related party amounted to RMB17.759 billion in total, and the credit extension balance was RMB6.768 billion, which does not exceed the cap of credit line extended by the Bank to CITIC Group as a related party, being RMB19.80 billion.

2. Estimated additional need of credit extension to CITIC Group as a related party for the years 2015-2017

The Bank conducted research on the credit extension needs of CITIC Group as a related party in 2014. According to the feedback provided by relevant departments of the Head Office and branches of the Bank and based on a comprehensive and reasonable evaluation, the Bank estimates the additional credit extension needs of CITIC Group for the years 2015-2017 is above RMB22.2 billion.

LETTER FROM THE BOARD

3. *Estimated amount of credit extension to related parties for the years 2015-2017*

As at the end of October 2014, the actual valid credit lines granted by the Bank to related parties was RMB17.759 billion and the additional credit extension needs of related parties for the years 2015-2017 is estimated to be RMB22.2 billion. Considering that some of the credit lines extended will expire in 2015 and, in the mean time, the Bank will further clear up its unused credit lines extended to related parties, the Bank has prudently estimated the amount of credit extension to related parties for years 2015-2017.

The estimated total amount of credit lines granted to CITIC Group as a related party proposed by the Bank to the Board of Directors for each of the years 2015-2017 (excluding low risk credit lines and invalid credit lines as prescribed by the CBRC) does not exceed the equivalent of RMB42 billion (including the valid credit lines which has been approved), which is RMB22.2 billion more than the estimated amount of credit lines in year 2014. The details of the estimated amounts are as follows:

Unit: RMB100 million

	Estimated amount of credit lines extended in year 2014 (including approved valid amount of credit lines)	Valid amount of credit lines extended as of October 2014	Credit extension balance ended October 2014	Estimated amount of credit lines extended for the year 2015 (including approved valid amount of credit lines)	Estimated amount of credit lines extended for the year 2016 (including approved valid amount of credit lines)	Estimated amount of credit lines extended for the year 2017 (including approved valid amount of credit lines)
Related Parties						
CITIC Group and its subsidiaries	198	177.59	67.68	420	420	420

Notes:

1. In accordance with the regulatory requirements of the CBRC, the above related party credit lines do not include the deductible marginal deposit, amount of pledge by certificate of deposit, and treasury bonds.
2. The amount of the above credit line is on an aggregate basis, including the credit lines granted by the Bank's subsidiaries, such as CIFH, CBI, CIFL and Zhejiang Lin'an CITIC Rural Bank, to CITIC Group as a related party, as well as the debt securities issued by CITIC Group as a related party that are held by the Bank.

LETTER FROM THE BOARD

Implementation

The resolution has already been approved by the Board. The Bank shall strengthen its tracking and management of related party transactions concluded during the year, monitor and control the related risks, and make relevant disclosure in the interim report and annual report in accordance with regulatory requirements.

Principle for conducting transactions

The Bank enters into related party transactions in strict compliance with the regulatory requirements and under the principles of controllable risks, fairness and in line with the interests of the Shareholders as a whole. Detailed principles include the related party credit extension transactions shall be of good quality, operations of the relevant parties shall be normal, and the overall credit risk shall be controllable; securities shall be provided for related party credit extension transactions and in compliance with regulatory requirements; and the pricing of related party credit extension shall be determined on arm-length basis, and the terms for related party credit extension shall not be more preferential than those granted for other credit-extension businesses of the Bank. The Resolution on Application for the Cap of Credit Extension Connection Transactions with CITIC Group as a Related Party for the Years 2015-2017 has been approved by the Audit and Related Party Transactions Control Committee under the Board and the Board of Directors. All independent non-executive Directors have expressed their opinion in the letter of advice from Independent Shareholders.

Requirements of the Hong Kong Listing Rules

According to Chapter 14A of the Hong Kong Listing Rules, the recurring credit extension related party transactions between the Bank and CITIC Group and its subsidiaries constitute connected transactions in the form of financial assistance provided by the Bank to CITIC Group and its subsidiaries. Since such connected transaction is entered into by the Bank in its ordinary and usual course of business on normal commercial terms, according to Rule 14A.87(1), the connected transaction will be exempt from the requirements of announcement, Independent Shareholders' approval and annual reporting under Rule 14A.35, 14A.36, 14A.49 and 14A.71 of the Hong Kong Listing Rules.

Requirements of the Shanghai Listing Rules

As the estimated amount of the recurring credit extension for related party transactions between the Bank and CITIC Group and its subsidiaries exceeds 5% of the net assets of the Bank as shown in its latest audited financial statements, according to applicable rules of the Shanghai Listing Rules, the recurring credit extension related party transactions and their estimated amount between the Bank and CITIC Group and its subsidiaries shall be subject to the approval by Independent Shareholders of the Bank at the shareholders' general meeting.

LETTER FROM THE BOARD

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS BETWEEN THE BANK AND CITIC GROUP

CITIC Group is an international conglomerate enterprise group, it has different financial subsidiaries of banking, securities, trust, insurance, fund, asset management and future. The types of financial department of the group are comprehensive, and the integrated advantage is manifest. One of the subsidiaries CITIC Trust is a president unit in the China Trust Business Association. As at the date of October 2013, the scale of Trust asset is approaching RMB 700 billion, which has continuously ranked the first among the whole country. CITIC Securities is a Chief Supervisory Unit in the China Securities Business Association, which has continuously ranked AAA which is the highest ranking among the Chinese securities business for five years. CITIC Group and its associates have built a comprehensive risk management and internal management procedure, thereby its financial product has high level of security and has a higher competitiveness among the industry.

The demand by CITIC Group and its associates for financial services, including credit extension business, investment with their own funds, wealth management services and assets transfer is increasing. By cooperating with CITIC Group and its associates, both entities are able to effectively raise the integrated return of us and reduce a certain extent of the Bank's operating risk, to fully utilize the cooperative effect of the integrated financial platform of CITIC Group and generate higher returns for all our Shareholders.

By cooperating with CITIC Group and its associates in respect of credit extension business, assets transfer, wealth management and investments, and other financial services, the Bank believes it will contribute to the adjustment of asset liquidity, optimize asset structure and increase profit channels, so as to further create more value for the Shareholders as a whole.

The continuing connected transactions and the corresponding annual caps were approved by the Board on 8 December 2014 and 23 December 2014, respectively. As each of Mr. Chang Zhenming (Chairman of the board of directors of CITIC Limited/Chairman of the board of directors of CITIC Group), Mr. Dou Jianzhong (executive director and deputy general manager of CITIC Limited/executive director of CITIC Group), Dr. Zhu Xiaohuang (deputy general manager of CITIC Limited), Ms. Li Qingping (deputy general manager of CITIC Limited), and Mr. Sun Deshun (a director of CITIC Prudential Life), as directors or senior management of CITIC Group and its associates, have material interests in the continuing connected transactions and all abstained from voting on the Board resolution dated 8 December 2014 and 23 December 2014, respectively in relation to the continuing connected transaction and the corresponding annual caps.

FIRST EXTRAORDINARY GENERAL MEETING OF 2015

A notice of the First EGM of 2015 to be held at 9:30 a.m. on Wednesday, 28 January 2015 at CITIC Bank, No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC has been published by the Bank on the website of the Hong Kong Stock Exchange and the Bank on 11 December 2014, and a revised notice is set out in this circular.

CITIC Group, being the Shareholders of the Bank holding 31,406,992,773 Shares, amounting to approximately 67.13% of the total issued share capital of the Bank as at the date when this circular is finalized for printing, who have a material interest in the proposed ordinary resolutions in relation to the application for the caps of non-credit-extension connected transactions with connected person for the years 2015-2017 and application for the cap of credit extension related party transactions with CITIC Group as a related party for the years 2015-2017, will abstain from voting on the such proposed ordinary resolutions at the First EGM of 2015.

LETTER FROM THE BOARD

In order to determine the Shareholders who are entitled to attend the First EGM of 2015, the Bank's register of H Shareholders will be closed from Monday, 29 December 2014 to Wednesday, 28 January 2015 (both days inclusive) during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the Bank's register of members on Wednesday, 28 January 2015 are entitled to attend the meeting. In order to qualify to attend and vote at the First EGM of 2015, holders of H Shares whose transfers have not been registered must deposit the transfer documents together with the relevant share certificates at the office of the H Share registrar of the Bank, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m., Wednesday, 24 December 2014.

A form of proxy for use at the First EGM of 2015 is enclosed and is also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Bank (<http://bank.ecitic.com>). If you intend to appoint a proxy to attend the First EGM of 2015, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the First EGM of 2015 or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the First EGM of 2015 and voting in person if you so wish. Shareholders who intend to attend the meeting in person or by proxy should complete and return the enclosed reply slip in accordance with the instructions printed to the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong thereon on or before Thursday, 8 January 2015.

PROCEDURES FOR VOTING AT THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

According to Rule 13.39(4) of the Hong Kong Listing Rules, the vote of Shareholders at the First EGM of 2015 will be taken by poll.

RECOMMENDATION

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

The Independent Board Committee comprising Mr. Li Zheping, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew and Mr. Yuan Ming (all being independent non-executive Directors) has been appointed by the Board to advise the Independent Shareholders in respect of the CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Transaction Framework Agreement and CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Service Framework Agreement as contained in the application for the caps of non-credit-extension connected transactions with connected person, the transactions contemplated thereunder and the proposed annual caps for each of the three years ending 31 December 2015, 31 December 2016 and 31 December 2017. TC Capital Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on page 25 of this circular. The Independent Board Committee, having taken into account the advice of TC Capital Asia Limited, the text of which is set out on pages 27 to 46 of this circular, considers that the terms of the transactions contemplated under the CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Transaction Framework Agreement and CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Service Framework Agreement as contained in the application for the caps of non-credit-extension connected transactions with connected person are on normal commercial terms and fair and reasonable and in the interest of the Company and its Shareholders as a whole, and that the proposed annual caps are fair and reasonable. The Independent Board Committee, as stated in its letter, recommend the Independent Shareholders to vote in favour of the resolution to approve the CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Transaction Framework Agreement and CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Service Framework Agreement as contained in the application for the caps of non-credit-extension connected transactions with connected person, the transactions contemplated thereunder and the proposed annual caps for each of the three years ending 31 December 2015, 31 December 2016 and 31 December 2017.

The Directors (including the independent non-executive Directors having considered the advice of TC Capital Asia Limited) believe that the proposals mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions to be proposed at the First EGM of 2015 as set out in the Revised Notice of the First Extraordinary General Meeting of 2015.

By order of the Board of
China CITIC Bank Corporation Limited
CHANG Zhenming
Chairman of the Board



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)

2 January 2015

To the Independent Shareholders

Dear Sir or Madam,

**THE CONTINUING CONNECTED TRANSACTIONS UNDER CITIC GROUP
CORPORATION AND CHINA CITIC BANK CORPORATION LIMITED
ASSET TRANSFER FRAMEWORK AGREEMENT
AND THE CORRESPONDING ANNUAL CAPS**

**THE CONTINUING CONNECTED TRANSACTIONS UNDER CITIC GROUP
CORPORATION AND CHINA CITIC BANK CORPORATION LIMITED
WEALTH MANAGEMENT AND INVESTMENT SERVICES
FRAMEWORK AGREEMENT AND THE CORRESPONDING ANNUAL CAPS**

We refer to the circular dated 2 January 2015 of the Bank (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

On 8 December 2014, the Board announced that the Bank entered into a new CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement and CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Services Framework Agreement with CITIC Group governing the terms and conditions of any transactions thereunder between the Bank and CITIC Group and its associates. The CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement and the CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Service Framework Agreement will have a term of three years expiring on 31 December 2017. The above mentioned two transactions constitute continuing connected transactions of the Bank under the Hong Kong Listing Rules.

We have been appointed as the Independent Board Committee to make a recommendation to the Independent Shareholders as to whether, in our opinion, (1) the continuing connected transactions under CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement and the corresponding annual caps; and (2) the continuing connected transactions under CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Services Framework Agreement and the corresponding annual caps are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

TC Capital Asia Limited has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of (1) the continuing connected transactions under the CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement and the corresponding annual caps; (2) the continuing connected transactions under the CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Service Framework Agreement and the corresponding annual caps. The letter from TC Capital Asia Limited containing recommendations and the principal factors that they have taken into account in arriving at their recommendations are set out in Appendix II of the Circular.

Having taken into account the information set out in the Letter of Advice from the Board and the principal factors, reasons and recommendations set out in the letter from TC Capital Asia Limited, we consider the continuing connected transactions and the corresponding annual caps to be on normal commercial terms, fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution on application for the caps of non-credit extension connected transactions with connected person for the years 2015-2017 set out in the Revised Notice of the First EGM of 2015 on pages 50 to 51 of the Circular to approve (1) the continuing connected transactions under the CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement and the corresponding proposed annual caps; and (2) the continuing connected transactions under the CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Services Framework Agreement and the corresponding proposed annual caps.

Yours faithfully,

Li Zheping

Wu Xiaoqing

Wong Luen Cheung

Yuan Ming

Andrew

Independent

Independent

Independent

Independent

non-executive Director

non-executive Director

non-executive Director

non-executive Director



TC Capital
天財資本

2 January 2015

The Independent Board Committee and the Independent Shareholders
China CITIC Bank Corporation Limited

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee of the Company (the “**Independent Board Committee**”) and the Independent Shareholders in relation to (i) the CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Service Framework Agreement (the “**CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement**”); and (ii) the CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement (the “**CITIC Bank and CITIC Group Asset Transfer Framework Agreement**”) (collectively the “**Framework Agreements**”) entered into between the Bank and CITIC Group, and their corresponding proposed annual caps for the three years ending 31 December 2017 (the “**Annual Caps**”). Details of the terms of the Framework Agreements and the Annual Caps are set in the “Letter from the Board” (“**Letter from the Board**”) contained in the circular of the Bank dated 2 January 2015 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

An Independent Board Committee, comprising all independent non-executive Directors, namely Li Zheping, Wu Xiaoqing, Wong Luen Cheung Andrew and Yuan Ming, has been formed to advise the Independent Shareholders as to whether the continuing connected transactions under the Framework Agreements and the Annual Caps are on normal commercial terms, fair and reasonable and in the interests of the Bank and the Shareholders as a whole. We have been appointed by the Bank as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. As at the Latest Practicable Date, we did not have any relationships or interests with the Bank or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as an independent financial adviser to the independent board committee and independent shareholders of the Bank in relation to the continuing connected transactions (details of which were set out in the circular of the Bank dated 25 April 2014). Apart from normal professional fees paid to us in connection with such appointment, no arrangements exist whereby we had received any fees or benefits from the Bank or any other party to the transactions, therefore we consider such relationship would not affect our independence.

BASIS OF OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Framework Agreements; (ii) the annual report of CITIC Group for the year ended 31 December 2013 (the “**Citic Group 2013 AR**”); (iii) the annual report of the Bank for the year ended 31 December 2012 (the “**Citic Bank 2012 AR**”); (iv) the annual report of the Bank for the year ended 31 December 2013 (the “**Citic Bank 2013 AR**”); (v) the interim report of the Bank for the six months ended 30 June 2014 (the “**Citic Bank 2014 IR**”); (vi) the third quarterly report of the Bank for the nine months ended 30 September 2014 (the “**Citic Bank 2014 Q3 Report**”); and (vii) other information as set out in the Circular.

We have also relied on all relevant information, opinions and facts supplied and represented by the Bank, the Directors and the management of the Bank. We have assumed that all such information, opinions, facts and representations, including those contained or referred to in the Circular, for which the Bank is fully responsible, were true and accurate in all respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Bank, and the Bank has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the Directors and the representatives of the Bank, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Bank and its subsidiaries, the CITIC Group and any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions on the Framework Agreements and the Annual Caps, we have taken into consideration the following principal factors and reasons:

I. Background of and reasons for entering into the Framework Agreements and the Annual Caps

The Bank is a competitive and fast growing national commercial bank in China with a strong and established branch network and market position. With its market leading capabilities, the Bank provides a full range of financial products and services to its customers nationwide, with corporate banking, personal banking and financial market operations being its principal business activities.

CITIC Group is a state-owned transnational holding conglomerate established in the PRC pursuant to the approval of the State Council of the PRC. Members of CITIC Group conduct businesses in banking, securities, trust, insurance, fund management and other financial service industries as well as information technology, energy, manufacturing and other industries. CITIC Group is a substantial Shareholder. As referred to in the Circular, the types of financial services of CITIC Group are comprehensive, and the

integrated advantage is manifest. One of CITIC Group's subsidiaries CITIC Trust, is a president unit in the China Trust Business Association. As at the date of October 2013, the scale of CITIC Trust asset was approaching RMB700 billion, which has continuously ranked the first among the whole country. CITIC Securities is a Chief Supervisory Unit in the China Securities Business Association, which has continuously ranked AAA which is the highest ranking among the Chinese securities business. CITIC Group and its associates have built a comprehensive risk management and internal management procedure, thereby its financial product has high level of security and has a higher competitiveness among the industry.

As advised by the management of the Bank, the Bank has been cooperating with CITIC Group and its associates in respect of wealth management services since 2006. According to the Citic Bank 2013 AR and the Citic Bank 2014 IR, the Bank has been focusing on expanding the source channels of wealth management assets and improving the quality of its services. In view of the (i) developing wealth management services business; (ii) expected growth of the securities market and insurance market in the PRC; (iii) anticipated increase in the demand for wealth management and investment services from CITIC Group and its associates; and (iv) the Bank's plan to place more emphasis on its wealth management services in the ordinary course of business, the Bank entered into the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement to continue the cooperation with CITIC Group and its associates.

As advised by the management of the Bank, the Bank has been selling interest in loan and other related assets to CITIC Group and its associates since 2007. Loan assets transfers are commonly used by financial institutions to adjust their loan portfolio by transferring certain loan assets in or out of their loan portfolio in order to achieve a desired loan portfolio mix based on their desired risk, return or liquidity. In view of the growing amount of loan assets of the Bank coupled with the fact that loan assets transfer is a necessary way to adjust its loan portfolio, the demand for loan assets transfers will continue in the forthcoming years. Moreover, the demand for loan assets transfers is also driven by the growth and development of the wealth management services business of the Bank as discussed above. Taken into consideration the aforesaid, the Bank entered into the CITIC Bank and CITIC Group Asset Transfer Framework Agreement to take advantage of CITIC Group and its associates' ability to buy or sell loan assets from and to the Bank as well as to facilitate the wealth management services business of the Bank.

Having considered (i) the wealth management services business of the Bank has been growing; (ii) loan assets transfers allow the Bank to manage its loan asset portfolio, which is a rudimentary function of a bank in managing its loan portfolio, it also facilitates the wealth management services business and serves as an additional profitability pipeline; (iii) the long-established relationship between the Bank and CITIC Group and its associates; (iv) the familiarity with each other's business and transaction model between the Bank and CITIC Group and its associates; and (v) the Annual Caps will allow the Bank to capture anticipated increase in wealth management services and loan assets transfers, we concur with the Directors' view that the entering into of the Framework Agreements is in the ordinary and usual course of business of the Bank, and in the interests of the Bank and the Shareholders as a whole.

II. Principal Terms of the Framework Agreements

- 1) Principal terms of the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement are summarized below:

Date : 8 December 2014

Parties : (1) The Bank; and
(2) CITIC Group

Subject matter : The Bank will provide wealth management and investment services to CITIC Group and its associates, including non principal-guaranteed wealth management services and agent services, principal-guaranteed wealth management services, and investments with the Bank's own funds.

The associates of CITIC Group will provide the Bank with financial intermediary services, such as trust services and management services.

Pricing mechanism : *Principal-guaranteed wealth management and investment service – proceeds and cost (Bank investment)*

For trustee fee, consulting fee and management fee payable by the Bank, the Bank will conclude the price through market price enquiries, while taking into consideration the service level of the counter party, including operation effectiveness, entirety of issued report, operational control, after-sales service, due diligence and other conditions under the agreement. By conducting market price enquiries, the Bank will seek for price quotations from at least two service providers and will compare such price quotations and set a fair and reasonable price.

For investment return of the Bank, the Bank will obtain the then prevailing market prices of similar wealth management products through channels such as financial adviser terminals such as the Wind Financial Terminal, and China Banking Wealth Management Information website of China Banking Association (<http://www.cbalicai.com/>), and will make reference to terms of the products, previous management performance and credibility of the counter party when choosing an investment product.

When entering into specific service agreements, the parties will determine the prices of the financial products through arm's length negotiation and on normal commercial terms with reference to the type and scope of service, which will be no less favorable to the Bank than terms available to or from independent third parties. The parties will also make real-time adjustments to the prices according to the changes of market prices.

Term : The agreement shall be effective upon execution and internal approval by both parties as well as approval by the relevant governing authorities. The agreement shall expire on 31 December 2017 and is renewable subject to the agreement of the parties and the compliance with the Hong Kong Listing Rules.

For principal-guaranteed wealth management and investment services, the Bank will receive proceeds and pay costs during the Bank's wealth management and investment business, as well as the investments in CITIC Group and/or its associates, or in financial products issued by CITIC Group and/or its associates:

- **Proceeds received:** The Bank purchases financial products issued by connected asset management institutions with its own fund in financial products issued by CITIC Group and/or its associates, including trust plan, trust beneficiary right, asset management plan of securities dealers and special plan of funds to receive proceeds out of it; and
- **Cost paid:** Institutions including trust companies and securities companies will provide the Bank services in relation to structure design, consulting and daily management service of the wealth management products. In return, the Bank will pay trustee fee, management fee and consulting fees matching their service and management responsibilities.

Specific terms of the transactions will be specified on each separate contract to be agreed by both parties. In assessing the fairness and reasonableness of the principal terms of the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement, we have obtained and reviewed sample contracts of historical transactions between the Bank and CITIC Group and its associates against the similar transactions between the Bank and independent third parties. We note that the terms under the contracts of individual transactions between the Bank and CITIC Group and its associates are no less favorable to the Bank than the terms available to or from independent third parties. We also notice that the principal terms of the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement are similar to those of the CITIC Bank and CITIC Group wealth management and investment service framework agreement entered into between the Bank and CITIC Group on 27 March 2014.

Pursuant to the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement, CITIC Group agreed that the wealth management and investment services to be provided by the Bank to CITIC Group and its associates and the wealth management intermediary services to be provided by associates of CITIC Group to the Bank will be on arm's length basis and on terms no less favorable to the Bank than those available to or from independent third parties.

In regard to the pricing mechanism for trustee fee, consulting fee and management fee payable by the Bank, as disclosed in the Letter from the Board, the Bank will consider the service level of counter party, including their operation effectiveness, the level of detail of their report, control in operation, after-sales service and due diligence under the agreement based on the business negotiations with institutions with historical cooperation experience as well as providing the service needed in the current market, and choose its cooperation party with selection on merit as well as determine the price. The cooperating institutions are mainly asset management institutions such as trust companies, bankers, fund companies and fund subsidiaries. Before conducting transactions with the connected persons of the Bank, the Bank will conduct pricing enquiry process by which the Bank will seek for price quotations from at least two independent service providers, and both parties will conduct price negotiations through market pricing mechanism to determine the final service fee, and will finalize the service fee for the corresponding service provided through entering into an agreement.

In regard to the pricing mechanism for investment return of the Bank, the prices of wealth management products will be determined with reference to prevailing market prices obtained from financial adviser terminals such as the Wind Financial Terminal, as well as China Banking Wealth Management Information website of China Banking Association (<http://www.cbailicai.com/>).

We have reviewed the China Banking Wealth Management Information website of China Banking Association and noted that it is a national wealth management information website sponsored by the China Banking Association and approved by the China Banking Regulatory Commission. As such, we are of the view that market prices of wealth management products listed therein would reflect their fair market values.

On the other hand, for the trustee fees, management fees and consulting fees payable by the Bank, we were advised by the management of the Bank that before conducting transactions with the connected persons of the Bank, the Bank will conduct pricing enquiries by consulting and comparing at least two independent service providers to select favorable price and terms, or by making reference to several other contemporaneous transactions with unrelated third parties for the wealth management products and services in similar quantities to determine if the prices and terms offered by a connected person are fair and reasonable and comparable to those offered by independent third parties. We are of the view that the above said procedure is effective to ensure that terms from CITIC Group and its associates to the Bank will be on normal commercial terms and is no less favorable than those available to or from independent third parties as the pricing enquiry process and the comparison

with contemporaneous transactions with unrelated third parties allow the Bank to make a fair comparison of market prices and obtain fair market values of the wealth management products and services in the market. For the aforesaid fees payable by the Bank, we have also reviewed sample contracts of historical transactions between the Bank and CITIC Group and its associates against the similar transactions between the Bank and independent third parties. We noted that the terms under the contracts of individual transactions between the Bank and CITIC Group and its associates are no less favorable to the Bank than the terms available to or from independent third parties.

Having considered the above, we concur with the Directors' view that the terms of the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement (including the pricing mechanism) are fair and reasonable, on normal commercial terms, and in the interests of the Bank and the Shareholders as a whole.

- 2) Principal terms of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement are summarized below:

Date	:	8 December 2014
Parties	:	(1) The Bank; and (2) CITIC Group
Subject matter	:	The Bank will in the course of business sell and buy interest in loans and other related assets (including but not limited to directly or through asset management plan, asset securitization, factoring or other forms) to and from CITIC Group and its associates.
Pricing mechanism	:	The price payable by the transferee to the transferor shall be determined on the basis of the following principles:

Normal asset transfer

The transfer of credit assets to or from connected persons shall comply with the principle of integrity and in accordance with regulatory requirements. In the transfer of credit assets by the transferor to the transferee, the principal of the loan is taken as the consideration, while taking into consideration other factors such as market supply and the obligation to be assumed by the transferor and the transferee after the transfer. Such obligation refers to the subsequent asset management services and collection services to be provided by the transferor or the transferee with respect to the transferred assets and the service fee rate which generally ranges between 0-2% of the principal of the loan;

Securitization asset transfer

Connected persons will not transfer asset to the Bank by way of securitization asset transfer. The Bank adopts the loan principal as the consideration for transferring loan assets to connected persons. In setting the interest rate for securitized loan assets, the Bank adopts the loan principal as the consideration of the transaction, while making reference to bond yields of similar products in the PRC inter-bank market as disclosed on the websites of China Central Depository & Clearing Company Limited (www.chinabond.com.cn/) and China Foreign Exchange Trade System (www.chinamoney.com.cn/en/index.html) as well as through price enquiry process with investors. Specific terms (e.g. price, amount, total price and payment of purchase price) will be determined at the time of execution of the agreement under the particular transaction; and

No government-prescribed price is currently available for asset transfer transactions. Where there is a government-prescribed price in the future, such price shall prevail.

Term : The agreement shall be effective upon execution and internal approval by both parties as well as approval by the relevant governing authorities. The agreement shall expire on 31 December 2017 and is renewable subject to the agreement of the parties and the compliance with the Hong Kong Listing Rules.

Specific terms of the transactions will be specified on each separate contract to be agreed by both parties. In assessing the fairness and reasonableness of the principal terms of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement, we have obtained and reviewed sample contracts of historical transactions between the Bank and CITIC Group and its associates against similar transactions between the Bank and independent third parties. We note that the terms under the contracts of individual transactions between the Bank and CITIC Group and its associates are no less favorable to the Bank than the terms available to or from independent third parties. We also notice that the principal terms of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement are similar to those of the CITIC Bank and CITIC Group asset transfer framework agreement entered into between the Bank and CITIC Group on 27 March 2014.

Under the CITIC Bank and CITIC Group Asset Transfer Framework Agreement, CITIC Group agreed that the transactions to be conducted between the parties shall be made on normal commercial terms which are no less favorable to the Bank than those available to or from independent third parties.

In regard to the pricing mechanism and internal procedures of normal asset transfer as disclosed in the Letter from the Board, in accordance with the regulatory requirements, the transfer of credit assets between connected person shall comply with the principle of integrity. In the transfer of credit assets by the transferor to the transferee, the principals under the loan should be taken as the consideration, while transferring at par without discount and premium. In addition to the market supply and demand, the obligations to be assumed by the transferor and the transferee after the transfer will be taken into account as a key consideration, which mainly refers to the subsequent asset management services and collection service provided by the transferor and the transferee with respect to the transferred assets and the service fee rate generally ranges between 0~2% of the principal of the loan. The Bank has set up several working groups to conduct roadshows, promotion and price enquiry for the qualified potential investors and selected market-competitive offeror therefrom as counterparty. Specific price will be jointly determined by supply and demand of market, credit demand, risk-free interest rate, risk premium for underlying assets and the efficiency of asset transfer of the Bank, etc.

In regard to the pricing mechanism and internal procedures of asset securitization transfer as disclosed in the Letter from the Board, the Bank adopts the loan principal as the consideration of the transaction, while transferring at par without discount and premium. In terms of the issuance rate of the assets-backed securities, the prioritized assets-backed securities (with exclusion of the sections held by the originating institutions) are determined by the approach of single spread (Netherlands Style) through the bidding system of China Government Securities Depository Trust & Clearing Company Limited, and the secondary assets-backed securities (with exclusion of the sections held by the originating institutions) are determined by the number of tenders. The Bank will conduct sufficient market investigation on the market mainstream service suppliers and choosing suppliers considering the financial situation, interbank business experience and distribution capacity. Big state-owned banks and joint-stock banks are the mainstream investors of the credit assets security products, representing over 80% of the investment scale. Other investment sources include city commercial banks, rural credit cooperatives, insurance institutions, fund companies and security companies. In terms of the issuance of credit assets securitization, the Bank has established a specialized roadshow team to conduct roadshows and visit mainly big state-owned banks and joint-stock banks.

We have discussed with the management of the Bank and were advised that the Bank will compare the market prevailing prices of various financial products with comparable duration, interest rates, securities, while making reference to bond yields of similar products in the PRC inter-bank market as disclosed on the websites of China Central Depository & Clearing Company Limited (www.chinabond.com.cn/) and China Foreign Exchange Trade System (www.chinamoney.com.cn/en/index.html). The Bank will also conduct price enquiries

with at least three investors to agree on a fair and reasonable market price. We have reviewed the websites of China Central Depository & Clearing Company Limited and China Foreign Exchange Trade System and noted that (i) China Central Depository & Clearing Company Limited is a state-owned company established with the consent of the State Council of the PRC to undertake the function of centralized depository and settlement for the inter-bank bond market, it provides market data and news in relation to bonds issued in the PRC; and (ii) China Foreign Exchange Trade System is a sub-institution of the People's Bank of China and its core functions include providing, among other things, market data on bond market and undertakes monitoring of market transactions in the PRC.

Taking into consideration that (i) market prices and bond yields of similar products are publicly available and reflects the fair market values of the comparable financial products; and (ii) the Bank would conduct roadshows and price enquiries, we are of the view that the aforesaid pricing mechanism and internal procedures are effective means to ensure that terms from CITIC Group and its associates to the Bank will be no less favorable than those available to or from independent third parties.

In regard to the pricing mechanism, the transfer of normal assets will be priced based on the principal of such loan while taking into consideration of other factors such as market supply and the obligations to be assumed by the transferor or the transferee after the transfer and the securitization asset transfers will be priced based on the principal of such loan and with reference to bond yields of similar products in the PRC inter-bank market as disclosed on the websites of China Central Depository & Clearing Company Limited (www.chinabond.com.cn/) and China Foreign Exchange Trade System (www.chinamoney.com.cn/en/index.html).

Having considered that both of normal asset transfer and securitization asset transfer will be priced based on the principal of loan which reflects the intrinsic value of such asset and for the issuance rate of the assets-backed securities, single spread (Netherlands Style) bidding system and bidding system determined by number of tenders through the bidding system of China Government Securities Depository Trust & Clearing Company Limited are the market practice for the prioritized assets-backed securities (with exclusion of the sections held by the originating institutions) and secondary assets-backed securities (with exclusion of the sections held by the originating institutions) respectively as noted from our market researches, we are of the view that the pricing mechanism under the CITIC Bank and CITIC Group Asset Transfer Framework Agreement is fair and reasonable.

Having considered the above, we concur with the Directors' view that the terms of the CITIC Bank and CITIC Group Asset Transfer Framework Agreement (including the pricing mechanism) are fair and reasonable, on normal commercial terms, and in the interests of the Bank and the Shareholders as a whole.

III. Historical transactions and the Annual Caps

The table below sets forth the historical aggregate transaction amounts for the two years ended 31 December 2013 and the nine months ended 30 September 2014, respectively, and the proposed Annual Caps under the Framework Agreements for the three years ending 31 December 2017:

	Historical figures (RMB million)		Approved annual cap (RMB million)	Annual Caps (RMB million)		
	For the year ended 31 December	For the nine months ended 30 September	For the year ended 31 December	For the year ending 31 December		
	2012	2013	2014	2015	2016	2017
CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement						
<i>Principal-guaranteed wealth management and investment service</i>						
Proceeds and cost (Bank Investment)						
(Note 1)	0.65	0.30	227.00	6,300	4,400	8,600
Balance of investment	0	0	1,050.00 (Note 2)	80,000	44,000	68,000
CITIC Bank and CITIC Group Asset Transfer Framework Agreement						
Amount of transaction	72.4	18,457	15,740	47,100	62,000	92,000

Note 1: Proceeds and cost is the aggregation of absolute amount of proceeds received and cost paid by the Bank without offsetting each other.

Note 2: The figure represents the balance of investment as at 30 September 2014.

1) CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement

In determining the proposed Annual Caps for the three years ending 31 December 2017 under the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement, the Directors have taken into consideration of the following:

Principal-guaranteed wealth management and investment service

- a) the reform of the investment and financing system of the PRC, coupled with the booming direct financing market, have led to improvements in risk awareness and tolerance of PRC residents in relation to investments in the securities, financial services and life insurance markets in the PRC;
- b) there are numerous industry-leading, large-scale and active non-bank financial enterprises within CITIC Group. The Bank will deepen cooperation with non-bank financial enterprises within CITIC Group in years ahead, and the transaction volume will be significantly improved. The wealth management business will include investments in the financial products (including trust scheme, beneficiary right of trust, asset management scheme of securities companies and specific scheme of funds) issued or established by financial institutions (such as securities companies, funds, insurance companies and trusts);
- c) the Bank's own pool of funds invested in financial products (including trust scheme, beneficiary right of trust, asset management scheme of securities companies and specific scheme of funds) issued or established by financial institutions (such as securities companies, funds, insurance companies and trusts) has been developing rapidly. The duration of investment is relatively short and future investment scale will expand further, therefore, the proposed Annual Caps are sizeable;
- d) the Bank's proprietary capital investment segment has been developing slowly in the past. The Bank will enlarge the scale of this business segment in the years ahead by considering reasonable allocation of funds, investment diversifications, security of investments, increase in capital gains and other considerations;
- e) CITIC Group and its associates are expected to maintain steady growth in the demand for capital and there is potential cooperation with the Bank to meet such demands by issuing wealth management products;

- f) the Bank has sufficient knowledge of and confidence in the quality of assets issued by related parties, and will attempt to have more of the existing proprietary capital invested into the wealth management products with good quality structure; and
- g) the reason for the disparity between the actual amount and the approved annual cap of 2014 is that the choice of wealth management business cooperation institutions will need to take into consideration the suitability of the development orientation of the Bank's wealth management business with the risk preference, innovation orientation, key business strengths of the cooperation institutions, as well as the response measures of these institutions under the new regulatory policies. In the next few years, along with the thorough promotion of the comprehensive operation of the CITIC Group, the Bank will further strengthen the overall cooperation with the CITIC Group and its associates, such as CITIC Securities, and the cooperation scale of wealth management business is expected to enlarge correspondingly.

In regard to investment service, the Bank purchases investment products issued by CITIC Group and its associates from time to time. In this connection, we are of the view that such connected transactions should be considered from a daily maximum balance perspective.

The goal of connected transactions requiring shareholders' approval is to ensure that such transactions do not expose independent shareholders to risk of unfair transactions brought about by the connect persons. In the case of goods purchase or sale involving a connected person, as long as prices and terms are fair or better than the market rate, the listed issuer does not face any other risk. However, in the case of investment products under principal-guaranteed wealth management and investment service, the Bank faces an additional risk aside from the aforementioned risk, i.e. counterparty risk, as the investment products are issued by CITIC Group and its associates.

In order to mitigate such counterparty risk, the total exposure of the Bank to a connected person should be limited at any given time. As a result, the determination of annual caps of these types of transactions should be based on a maximum limit at a specific time, which in the case of the Bank, a daily maximum limit. Furthermore, investment products under principal-guaranteed wealth management and investment service are financial instruments, which in the context of the Bank's operation are highly tradable commodities. As a result, restricting or capping the amount that the Bank may trade these investment products using an accumulated balance may in fact be detrimental to the financial health of the Bank as the Bank should be able to purchase or liquidate these investment products freely depending on the market sentiment of these investment products.

Therefore, we are of the view that the investment products should be capped at a daily maximum balance and not a transacted or accumulated balance as this figure is less meaningful and may even be misleading for Independent Shareholders. Furthermore, we noted that daily maximum balance is commonly used by companies listed on the Hong Kong Stock Exchange for financial services involving deposit services provided by connected persons, which is similar in nature to purchasing investment products issued by CITIC Group and its associates.

In assessing whether the proposed Annual Caps for the three years ending 31 December 2017 under the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement are fair and reasonable, we have considered the following:

The cash and deposits balance of CITIC Group and its associates and the Bank

According to the Citic Group 2013 AR, CITIC Group and its associates had cash and deposits of approximately RMB721.3 billion as at 31 December 2013. On the other hand, according to the Citic Bank 2013 AR, the Bank, being a subsidiary of CITIC Group, had cash and balances with central bank of approximately RMB496.5 billion and deposits with banks and non-bank financial institutions of approximately RMB131.7 billion as at 31 December 2013. This would imply that CITIC Group (excluding the Bank and its subsidiaries) had approximately RMB93.1 billion in cash and deposits as at 31 December 2013 that could be or has already been utilized for the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement.

On the other hand, according to the Citic Bank 2013 AR, the Bank had deposits with banks and non-bank financial institutions of approximately RMB131.7 billion and placements with banks and non-bank financial institutions of approximately RMB122.3 billion as at 31 December 2013. This would imply that, together with cash and deposits of approximately RMB93.1 billion from CITIC Group and its associates, the Bank had approximately RMB347.1 billion in cash and deposits as at 31 December 2013 that could be utilized for investment in financial products issued by CITIC Group and its associates (the “**Hypothetical Balance**”). The proposed daily maximum balance of investment as proposed for the three years ending 31 December 2017 accounted for approximately 12.7%, 16.1%, and 19.6% of the Hypothetical Balance respectively.

In addition, according to the Citic Bank 2014 IR and the Citic Bank 2014 Q3 Report, the Bank also had investments in debt securities and equity instruments valued at approximately RMB346.0 billion and RMB367.0 billion as at 31 December 2013 and 30 June 2014 respectively, and investments in trust investment plans, investment management products, wealth management products, corporate bonds and other investments valued at approximately RMB300.2 billion and RMB510.8 billion as at 31 December 2013 and 30 September 2014 respectively.

Historical performance of the Bank's wealth management business and market development

Set out below are our findings on the historical performance of the Bank's wealth management business and some market data based on our research:

- a) for principal-guaranteed wealth management and investment services, the historical transaction amount with CITIC Group and its associates for proceeds and cost (bank investment), though decreased by approximately 53.8% from 2012 to 2013, the transaction amount would have significantly grown by approximately 1,007.9 times from 2013 to 2014 if the actual transaction amount for the nine months ended 30 September 2014 is annualized to approximately RMB302.7 million;
- b) according to the Citic Bank 2013 AR, the Bank's commission income for wealth management services were approximately RMB1,055.0 million and RMB2,491.0 million for the years ended 31 December 2012 and 2013 respectively, representing a growth of approximately 136.1%. On the other hand, according to the Citic Bank 2014 IR, the Bank's commission income for wealth management services were approximately RMB950.0 million and RMB1,773.0 million for the six months ended 30 June 2013 and 2014 respectively, representing a growth of approximately 86.6%;
- c) the total sales of wealth management products, according to the Citic Bank 2012 AR and the Citic Bank 2013 AR, amounted to approximately RMB926.7 billion and RMB1,282.2 billion for the years ended 31 December 2012 and 2013 respectively, representing a growth of approximately 38.4%. According to the Citic Bank 2014 IR, total sales of wealth management products amounted to approximately RMB879.8 billion for the six months ended 30 June 2014, which represented a significant increase of approximately 74.0% over the corresponding period in 2013;
- d) according to the Citic Bank 2012 AR and the Citic Bank 2013 AR, intermediary business income from wealth management were approximately RMB1,236 million and RMB2,768 million for the years ended 31 December 2012 and 2013 respectively, representing a growth of approximately 123.9%; and

- e) with reference to the 中國銀行業理財市場半年度報告(2014上半年) (Interim Report of Wealth Management Market of the China Banking Industry (2014)) issued by the 全國銀行業理財信息登記系統 (National Banking Industry Wealth Management Information System) in August 2014, as at 30 June 2014, there were 51,560 wealth management products issued by the financial institutions of the PRC banking industry with the investment balance of wealth management products amounted to RMB12.65 trillion, representing a growth of approximately 23.5% as compared to the position as at 31 December 2013.

We noted from the above findings that the wealth management business of the Bank has been encountering rapid growth in recent years. As advised by the management of the Bank, the proceeds the Bank raised from its clients for their investment in the wealth management products issued by the Bank can also be a source of funds of the Bank for its investment in the wealth management products issued by CITIC Group or other financial institutions.

Taking into consideration (i) the cash and deposits of the Bank and CITIC Group and its associates (as represented by the Hypothetical Balance) and the proceeds to be raised from the Bank's clients through issuance of wealth management products that could be utilized for the CITIC Bank and CITIC Group Wealth Management and Investment Service Framework Agreement; (ii) the profile of CITIC Group and its associates as well as the quality of assets issued by related parties; (iii) the Bank has been actively investing in financial products; and (iv) the growth of the Bank's wealth management business as well as the development of the wealth management business in the PRC market in recent years, we concur with the Directors' view that the proposed Annual Caps relating to the proceeds and cost (bank investment) and daily maximum balance for investment concerning principal-guaranteed wealth management and investment service for the three years ending 31 December 2017 are fair and reasonable, and in the interests of the Bank and the Shareholders as a whole.

2) *CITIC Bank and CITIC Group Asset Transfer Framework Agreement*

In determining the proposed Annual Caps for the three years ending 31 December 2017 under the CITIC Bank and CITIC Group Asset Transfer Framework Agreement, the Directors have taken into consideration of the following:

- a) the business scale for the previous year, the expected demand for market financing and the annual work plan of the Bank;

- b) the credit assets transfer business is impacted by various factors such as macro-control, currency policy and credit availability. Along with the structural adjustment and industrial upgrading of the domestic economy in the second half of 2014, the effective demand from enterprises' financing is insufficient, and the demand of transferring the Bank's loans to third parties is lower. With the stabilization and rising of the macro economy next year, banks shall make prompt decision towards the market change. Facing the recovery of enterprises' financing demand, there will be a certain size of demand for the transferring of the credit assets to third parties;
- c) under the double drives of the regulatory institutions and market demand, the credit assets securitization business of commercial banks developed rapidly from RMB15.773 billion for the whole year of 2013 to RMB164.136 billion in the first three quarters of 2014. In November 2014, the China Banking Regulatory Commission promulgated the Notice of the Procedure of Filing and Registration of Credit Assets Securitization, according to which credit assets securitization business will change from examination and approval system to business filing system, further facilitating commercial banks to conduct credit assets securitization business. In the meantime, the downward trend of market interest rate of the PRC favors the issuance of asset securitization at a larger scale, and asset securitization also serve as an important means for commercial banks to ease their pressure to meet the capital adequacy ratio and loan-to-deposit ratio;
- d) CITIC Group and its associates have a strong capacity to absorb the loan assets transferred by the Bank and it is expected that the volume of the loan asset transfer transactions between the Bank and CITIC Group and its associates will increase steadily in the near future;
- e) the innovative development of the inter-bank products in the market and the anticipation that the interbank asset transfer business of the Bank will have a breakthrough in the several years ahead, and the volume of interbank asset transfer as well as the amount of each transaction are normally huge. In light of the several hundreds of RMB billion and even over RMB1 trillion current stock of the current main joint-stock inter-banks assets scale, there will be several RMB billion or more than RMB10 billion for the assets transfer even calculated based on 1% business incidence rate; and
- f) since the improvement of the policies and environment of domestic financing leasing and commercial factoring, the national scale of financing leasing will make a breakthrough of RMB3 trillion, while commercial factoring companies are in face of a market of more than RMB20 trillion, the financing leasing and commercial factoring

business of CITIC Group and its associates are developing rapidly, their demand toward factoring business will rise constantly in their daily operation, and the relevant business cooperation scale between the Bank and CITIC Group and its associates will also rise accordingly. Under such circumstances, the assets transfer business of the Bank are expected to achieve a rapid growth.

We noted that the Bank will aggregate the gross purchase and sale transaction in determining the proposed Annual Caps as it revolves around loan assets which can be easily determined as they are related to asset management plan, asset securitization, factoring, corporate loan assets, retail loan assets and interbank loan receivables. We concur with the Directors' view that this form of calculation is fair and reasonable for this asset class and for the purpose of the Bank.

In assessing whether the proposed Annual Caps for the three years ending 31 December 2017 under the CITIC Bank and CITIC Group Asset Transfer Framework Agreement are fair and reasonable, we have considered the followings:

The loan assets of the Bank and market development

The Bank has been experiencing satisfactory growth in its loan asset portfolio. Interest income from total loans and advances to customers of the Bank increased from approximately RMB102.4 billion for the year ended 31 December 2012 to approximately RMB113.0 billion for the year ended 31 December 2013, representing an increase of approximately 10.4% according to the Citic Bank 2013 AR. Moreover, total loans and advances to customers (before impairment provision) as at 31 December 2012 and 2013 were approximately RMB1,662.9 billion and RMB1,941.2 billion respectively, recording a growth of approximately 16.7%. According to the Citic Bank 2014 Q3 Report, as at 30 September 2014, total loans and advances to customers (before impairment provision) further rose to approximately RMB2,124.1 billion, representing a growth of approximately 9.4% as compared to the position as at 31 December 2013. We noted that the proposed Annual Caps for the three years ending 31 December 2017 accounted for approximately 2.9%, 3.6% and 4.3% of total loans and advances to customers (before impairment provision) as at 30 September 2014.

As advised by the management of the Bank, the market data considered by the Directors in determining the proposed Annual Caps for the three years ending 31 December 2017 has been obtained from the Wind Financial Terminal, a financial adviser terminal. We have also performed market researches and noted that the asset transfer business, in particular, asset securitization and commercial factoring has been growing rapidly in the PRC market in recent years.

Considering the (i) large amount of total loans and advances and the growth of loan assets of the Bank in recent years; (ii) anticipated increase in loan assets of the Bank; (iii) capacity of CITIC Group and its associates to transfer and take up loan assets; and (iv) loan assets transfers allow the Bank to manage its loan portfolio mix to suit its needs, to meet the capital adequacy ratio set by the China Banking Regulatory Commission and also to mitigate risks associated with loan assets, (v) the growth of asset transfer in the PRC market, in particularly, by way of asset securitization and commercial factoring, we concur with the Directors that the proposed Annual Caps for the three years ending 31 December 2017 are fair and reasonable.

Facilitation of wealth management business of the Bank

Under the CITIC Bank and CITIC Group Asset Transfer Framework Agreement, the Bank will also conduct loan assets transfers through its wealth management services business and given that wealth management services business is expected to grow as discussed above, it is expected that the demand for loan assets transfers will as well increase accordingly.

Having considered the aforesaid, we concur with the Directors' view that the proposed annual caps for the three years ending 31 December 2017 under the CITIC Bank and CITIC Group Asset Transfer Framework Agreement are fair and reasonable, and in the interests of the Bank and the Shareholders as a whole.

IV. Hong Kong Listing Rules implication and internal control of the Bank

The Directors confirmed that the Bank shall comply with the requirements of Rules 14A.53 to 14A.59 of the Hong Kong Listing Rules pursuant to which (i) the values of the transactions contemplated under the Framework Agreements must be restricted by the Annual Caps for the three years ending 31 December 2017; (ii) the terms of the Framework Agreements (including the Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Framework Agreements (including the Annual Caps) must be included in the Bank's subsequent published annual reports. Moreover, it is required under the Hong Kong Listing Rules that the auditors of the Bank must provide a letter to the Board confirming, among other things, that the transactions contemplated under the Framework Agreements are carried out in accordance with the relevant agreements governing the transactions, and the Annual Caps are not being exceeded. In the event that the total amounts of the transactions contemplated under the Framework Agreements exceed the Annual Caps, or that there is any material change to the terms of the Framework Agreements, the Bank, as confirmed by the Directors, shall comply with the applicable provisions of the Hong Kong Listing Rules governing continuing connected transactions.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Hong Kong Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Framework Agreements (including the Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular that (i) the wealth management and investment service is part of the business of the Bank that is conducted in the ordinary and usual course of business; and (ii) the asset transfer allows the Bank to transfer loan assets in or out of its portfolio to adjust its loan asset portfolio mix which is necessary for the operation of a financial institution, we are of the view that the Framework Agreements and the Annual Caps are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Bank and the Shareholders as a whole.

Accordingly, we would recommend that the Independent Shareholders and the Independent Board Committee advise the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the First EGM of 2015 to approve the transactions contemplated under the Framework Agreements and the Annual Caps.

Yours faithfully,
For and on behalf of
TC Capital Asia Limited
Edward Wu
Managing Director

Note: Mr. Edward Wu of TC Capital Asia Limited is a responsible officer licensed under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities having over 13 years of experience in investment banking and corporate finance.

1. RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, interests or short positions in the Shares, underlying Shares or debentures of the Bank or its any associated corporations (within the meaning of Part XV of the SFO) as required to be recorded in the share register kept under section 352 of the SFO or to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Hong Kong Listing Rules which were held by the Directors and chief executive of the Bank are set out as follows:

Name of director	Name of associated corporation	Nature of interests	Class/number of share interests held	Percentage in the issued share capital of the associated corporation	Execution period
Dou Jianzhong	CIAM Group Limited	Personal interest	1,250,000 share options(L)	0.13%	15 April 2014-14 April 2016

Note: (L) stands for long position.

Save as disclosed above, the Directors, supervisors and chief executive of the Bank had no interests or short positions in the Shares, underlying Shares and debentures of the Bank or any associated corporations as at the Latest Practicable Date.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or their respective associates is interested in any business, which competes or is likely to compete, either directly or indirectly, with the Bank's business.

4. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Bank; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2013 (the date to which the latest published audited accounts of the Bank were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to the Bank.

As at the Latest Practicable Date, the following Directors of the Bank are directors or employees of a company which has an interest or short position in the Shares and underlying Shares of the Bank which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name	Position in the entities disclosed under the provisions of Division 2 and 3 of Part XV of the SFO
Chang Zhenming	chairman of the board of directors of CITIC Corporation Limited/ Chairman of the board of directors of CITIC Group
Dou Jianzhong	executive director and deputy general manager of CITIC Corporation Limited/executive director of CITIC Group
Li Qingping	deputy general manager of CITIC Corporation Limited
Zhu Xiaohuang	deputy general manager of CITIC Corporation Limited
Sun Deshun	a director of CITIC Prudential Life

5. SERVICE CONTRACTS

No Director has a service contract with the Bank or any of its subsidiaries which is not expiring or determinable by the employing company within one year without payment of compensation other than the normal statutory compensation.

6. EXPERTS

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

Name	Qualification
TC Capital Asia Limited ("TC Capital")	A Corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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

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

TC Capital issued a letter dated 2 January 2015 for the purpose of incorporation in this circular in connection with its advice to the Independent Board Committee and the Independent Shareholders.

TC Capital has no direct or indirect interests in any assets which have been, since 31 December 2013 (being the date to which the latest published audited accounts of the Bank were made up), acquired or disposed of by or leased to the Bank, or which are proposed to be acquired or disposed of by or leased to any group member of the Bank.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and save as disclosed in the announcements or other documents published by the Bank on the websites of the Hong Kong Stock Exchange and the Bank, the Directors are not aware of any material adverse change in the financial or trading position of the Bank since 31 December 2013, being the date to which the latest published audited accounts of the Bank were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from the date of this circular up to and including the date of the First EGM of 2015:

- (a) the letter from the Board, the text of which is set out on pages 4 to 24 of this circular;
- (b) the letter of advice from the Independent Board Committee, the text of which is set out in Appendix I of this circular;
- (c) the letter from TC Capital Asia Limited, the text of which is set out in Appendix II of this circular;
- (d) the written consent of TC Capital Asia Limited referred to in the section headed "Experts" in this appendix;
- (e) the CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement; and
- (f) the CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Service Framework Agreement.



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)

**REVISED NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2015**

Reference is made to the notice dated 11 December 2014 of China CITIC Bank Corporation Limited (the “**Bank**”) in relation to the Notice of the First Extraordinary General Meeting of 2015 of the Bank (the “**First EGM of 2015**”) to be held on Wednesday, 28 January 2015.

REVISED NOTICE IS HEREBY GIVEN that the Bank will hold the First EGM of 2015 at CITIC Bank, No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing, the People's Republic of China at 9:30 a.m. on Wednesday, 28 January 2015 for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

1. To consider and approve the resolution on application for the cap of non-credit extension connected transactions with connected person for the years 2015-2017.
 - 1.1 CITIC Group Corporation and China CITIC Bank Corporation Limited Asset Transfer Framework Agreement and its annual caps;
 - 1.2 CITIC Group Corporation and China CITIC Bank Corporation Limited Wealth Management and Investment Services Framework Agreement and its annual caps.
2. To consider and approve the resolution on application for the cap of credit extension related party transactions with CITIC Group as a related party for the years 2015-2017.

A circular will be despatched to the shareholders by the Bank on 2 January 2015.

By order of the Board of
China CITIC Bank Corporation Limited
Chang Zhenming
Chairman

Beijing, the PRC
2 January 2015

As at the date of this notice, the executive directors of the Bank are Ms. Li Qingping and Mr. Sun Deshun; the non-executive directors are Mr. Chang Zhenming, Dr. Zhu Xiaohuang, Mr. Dou Jianzhong, Mr. Zhang Xiaowei and Mr. Gonzalo José Toraño Vallina; and the independent non-executive directors are Mr. Li Zheping, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew and Mr. Yuan Ming.

REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2015

Notes:

1. CLOSURE OF REGISTER OF MEMBERS; ELIGIBILITY FOR ATTENDING THE FIRST EGM OF 2015

Holders of A shares and H shares are regarded as the same class of shareholders in voting. Holders of H shares should note that the Register of Members of the Bank will be closed from Monday, 29 December 2014 to Wednesday, 28 January 2015 (both days inclusive) during which period no H share transfer will be registered. All shareholders appearing on the Register of Members of the Bank on Wednesday, 28 January 2015 are entitled to attend and vote at the First EGM of 2015. H shareholders of the Bank who intend to attend the First EGM of 2015 but have not registered their share transfer documents shall lodge their transfer documents, together with relevant share certificates, with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m., Wednesday, 24 December 2014.

2. APPOINTMENT OF PROXY

Any shareholder entitled to attend and vote at the First EGM of 2015 is entitled to appoint one or more proxies to attend and vote at the meeting instead of him/her. A proxy need not be a shareholder of the Bank.

The instrument to appoint a proxy form shall be in writing and signed by the shareholder or of his/her attorney duly authorized in writing or, if the shareholder is a corporate body, either executed under its common seal or signed by its legal representative, director or duly authorized attorney. If the proxy form is signed by the attorney of the shareholder, the power of attorney or other authorization document authorizing the attorney to sign the proxy form must be notarized.

H share shareholders shall lodge the proxy form, together with the power of attorney or other authority (if any), by hand or post, to the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time appointed for holding the First EGM of 2015 or its adjourned meeting (as the case may be). Completion and return of the proxy form shall not preclude shareholders from attending and voting in person at the First EGM of 2015.

3. REPLY SLIP

H share holders who intend to attend in person or by proxy the First EGM of 2015 shall deliver the reply slip to the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Thursday, 8 January 2015.

4. CONTACT INFORMATION OF THE BANK

Address: Office of the Board of Directors and Board of Supervisors, CITIC Bank, No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing, the PRC
Postal Code: 100027
Contact persons: Liu Xiaolin, Tang Yiyu
Tel: (86 10) 8993 8900
Fax: (86 10) 8523 0079

5. PROCEDURE OF VOTING AT THE FIRST EGM OF 2015

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at the First EGM of 2015 must be taken by poll.

6. OTHER BUSINESS

Shareholders attending the First EGM of 2015 in person or by proxy shall bear their own transportation and accommodation expenses. Shareholders or their proxies attending the First EGM of 2015 shall provide their identity documents.