

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



CITIC Limited

中國中信股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00267)

**ANNOUNCEMENT
DISCLOSEABLE TRANSACTION**

Financial Adviser to the Company



INTRODUCTION

The Board is pleased to announce that the Company, CITIC Pacific, CITIC Corporation have entered into an agreement with China Overseas on 14 March 2016, pursuant to which the CITIC Sellers have agreed to sell to one of China Overseas' affiliates the Company's interest in certain residential real estate projects in the PRC. The consideration for the Transaction consists of new shares to be issued by China Overseas representing approximately 10% of the share capital of China Overseas upon completion of the Transaction and certain assets of China Overseas.

The consideration for the Transaction has been calculated based on the parties' estimate of the value of the CITIC Sale Shares and CITIC Sale Loans. The final value may differ from the estimate. Please refer to the sub-paragraph headed "2. The Agreement – (iv) Consideration" below for detail information in relation to the adjustment arrangement where such difference arises.

Completion of the Transaction is conditional on the satisfaction of certain conditions precedent as further set out in this announcement. If these conditions have not been satisfied on or before 31 December 2016 or on a later date that the Company and China Overseas may agree, the Agreement will terminate.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Transaction exceed 5% but none of the ratios exceeds 25%, the Transaction is a discloseable transaction for the Company and is subject to announcement requirement under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that the Company, CITIC Pacific, CITIC Corporation have entered into an agreement with China Overseas on 14 March 2016 to dispose of the Company's interest in certain residential real estate projects in the PRC in return for approximately 10% new shares to be issued by China Overseas and the China Overseas Assets Consideration.

2. THE AGREEMENT

(i) Date

14 March 2016

(ii) Parties

- (1) CITIC Pacific (as one of the CITIC Sellers)
- (2) CITIC Corporation (as one of the CITIC Sellers)
- (3) the Company (as the guarantor)
- (4) China Overseas (as the purchaser)

(iii) The Transaction

Pursuant to the Agreement, the CITIC Sellers have agreed to sell to one of China Overseas' affiliates the CITIC Sale Shares and the CITIC Sale Loans. The CITIC Sale Shares are shares in the CITIC Target Companies which hold certain residential real estate projects in the PRC. The CITIC Sale Loans are shareholders' loans owed by BVI Limited or its subsidiaries to CITIC Pacific.

The consideration for the Transaction consists of new shares to be issued by China Overseas representing approximately 10% of the share capital of China Overseas after completion of the Transaction and the China Overseas Assets Consideration.

(iv) Consideration

The amount of the Final Consideration is estimated to be RMB31,000 million (equivalent to HK\$37,080 million) which will be finally determined by reference to the valuation results of the CITIC Sale Shares and CITIC Sale Loans in the CITIC Valuation Report. The Final Consideration shall be paid upon Completion in the following manner:

- (1) China Overseas will allot and issue to the CITIC Sellers (or their nominees) 1,095,620,154 ordinary shares, representing approximately 10% of the share capital of China Overseas as enlarged by the issue of such shares. The Consideration Shares will be issued at HK\$27.13 per share representing a value of HK\$29,724 million in total.
- (2) China Overseas will transfer the China Overseas Assets Consideration with the value at approximately RMB6,150 million (equivalent to HK\$7,356 million) to the CITIC Sellers (or their nominees). The amount of the China Overseas Assets Consideration will be finally determined by reference to the valuation results filed with the competent PRC supervisory authorities.

The parties to the Agreement acknowledge that there may be difference between the estimated amount of the Final Consideration and the finally determined amount of the Final Consideration. Pursuant to the Agreement, if the finally determined amount of the Final Consideration is not higher than 105% or lower than 95% of the estimated amount of the Final Consideration, China Overseas and the Company will negotiate the amount of the difference and how to settle the difference.

If the finally determined amount of the Final Consideration is higher than 105% or lower than 95% of the estimated amount of the Final Consideration, China Overseas and the Company will renegotiate the terms of the Transaction.

Basis of the Consideration

The consideration for the Transaction was determined by the parties to the Agreement upon arm's length negotiation with reference to various relevant factors, including (i) the quality and size of the property portfolio owned by the CITIC Target Group to be disposed of by the Company; (ii) the unaudited net asset value of the CITIC Target Assets as of 31 December 2015; (iii) the value of the Consideration Shares to be issued to the Company as part of the Final Consideration; (iv) the business development and future prospects of the real estate business in the PRC; (v) the business strategies and asset allocation preference of the Company and China Overseas, respectively; and (vi) the strategic significance and synergies of the Transaction to both the Company and China Overseas.

(v) Conditions precedent

Completion of the Transaction is conditional on the satisfaction of, among others, the following conditions precedent:

- (1) China Overseas having obtained the approval from its shareholders at a general meeting for the Transaction;
- (2) China Overseas having obtained the approval from the Stock Exchange for listing and trading of the Consideration Shares;
- (3) China Overseas having obtained all licenses, consents, approvals, authorizations, permits, endorsements, waivers, orders, exemptions or notices from the relevant governmental and regulatory bodies that are necessary for China Overseas and its affiliates to complete the Transaction, including but not limited to the antitrust clearance from the Anti-monopoly Bureau of the

MOFCOM (if applicable) and which have not been revoked prior to Completion;

- (4) the Company having obtained all licenses, consents, approvals, authorizations, permits, approvals, endorsements, waivers, orders, exemptions or notices from the relevant governmental and regulatory bodies that are necessary for the Company and its affiliates to complete the Transaction, including but not limited to the approval from the MOFCOM in relation to the transfer of equity in CITIC Real Estate to the China Overseas Buyer or its designee and the approval from the Ministry of Finance for the Transaction and which have not been revoked prior to Completion;
- (5) China Overseas having completed, to the extent it considers appropriate, due diligence on business, legal and financial matters, and other matters in relation to the CITIC Target Group;
- (6) the CITIC Sellers having completed, to the extent they consider appropriate, due diligence on business, legal and financial matters, and all other matters in relation to the China Overseas Assets Consideration; and
- (7) the Group Restructuring has been completed.

If all the conditions have not been satisfied on or before 31 December 2016 or on a later date that the Company and China Overseas may agree, the Agreement will terminate.

(vi) Completion

Completion of the Transaction shall take place on the tenth Business Day after the date on which the last of the conditions precedent under the Agreement is fulfilled or waived, or on such other date as the parties shall agree in writing.

(vii) Guarantee

The Company has irrevocably and unconditionally guaranteed, in favour of China Overseas and its subsidiaries (where applicable) the due and punctual performance of the obligations and liabilities of the CITIC Sellers under the Agreement.

China Overseas shall ensure that the China Overseas Seller and China Overseas Buyer will duly perform their obligations and liabilities under the Agreement.

(viii) Restructuring

After signing of the Agreement, the Company will implement a restructuring of its real estate portfolio in the PRC such that the CITIC Target Companies will indirectly hold the CITIC Target Assets which are the subject of the Transaction. Each of CITIC Pacific, CITIC Corporation and the Company shall procure the completion of the Group Restructuring prior to Completion.

(ix) Lock-up undertaking

The Company has undertaken that, subject to certain exceptions under the Agreement, it will not, within two years after Completion without the prior written consent of China Overseas dispose of any of the Consideration Shares, whether directly or indirectly.

(x) Proposed appointment of non-executive director

Provided that the Company directly or indirectly holds 10% or more of the issued share capital of China Overseas, China Overseas shall procure that one candidate nominated by the Company to be appointed as a non-executive director of China Overseas.

(xi) Repayment of debt

Within six months after Completion, China Overseas will procure the repayment of the outstanding debt owed by the CITIC Target Companies and their subsidiaries to the Company and its affiliates as set out in the Agreement.

3. INFORMATION ON THE PARTIES

(i) Information on the Company

The Company is a company incorporated in Hong Kong and its shares are listed on the Main Board of the Stock Exchange (stock code: 267). It is one of China's largest conglomerates with businesses covering financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure and other businesses in China and overseas.

(ii) Information on CITIC Pacific

CITIC Pacific, a wholly-owned subsidiary of the Company, is an investment holding company incorporated in the British Virgin Islands with businesses covering special steel manufacturing, property development, energy and civil infrastructure.

(iii) Information on CITIC Corporation

CITIC Corporation is a limited liability company incorporated in the PRC, which engages in businesses covering financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure.

(iv) Information on the CITIC Target Group

The CITIC Target Companies consist of BVI Limited and CITIC Real Estate. BVI Limited is an investment holding company. CITIC Real Estate is a company directly or indirectly holding certain real estate assets in the PRC. The CITIC Target Group shall upon completion of the Group Restructuring, hold substantially all of the residential-focused real estate projects owned and managed by the Group.

The property projects in which the CITIC Target Group has an interest (including non-controlling interest) are located in major economic regions in the PRC. CITIC Target Group's property portfolio comprises mostly of properties under development, properties held for future development and a few completed properties, which are predominately located in the first and second tier cities.

Set out below is the key unaudited combined management financial information of the CITIC Target Assets for the two years ended 31 December 2014 and 2015:

	For the year ended	
	31 December	
	2014	2015
	<i>RMB' million RMB' million</i>	
Net profit before taxation	2,156	1,720
Net profit after taxation attributable to the shareholders of the CITIC Target Companies	1,291	1,100

According to the unaudited combined management financial information of the CITIC Target Assets, the value of net assets of the CITIC Target Assets attributable to the shareholders of CITIC Target Companies as of 31 December 2015 was approximately RMB 19,214 million.

The CITIC Target Companies will cease to be subsidiaries of the Company following Completion.

(v) Information on China Overseas

China Overseas is a company incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 688). China Overseas is principally engaged in the business of property development and investment, real estate agency and management, and treasury operations.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Overseas and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

4. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group's mainland China property business has been managed under two subsidiary companies, CITIC Real Estate and CITIC Pacific. The Transaction will enable the Company to focus on commercial real estate, particularly large integrated projects.

The commercial real estate assets to be received from China Overseas, combined with its own assets, will enable the Company to expand and further strengthen its commercial property business in China. At the same time, the Company will retain its exposure to China's residential market through its approximately 10% stake in China Overseas.

The Group will receive a net gain from the disposal of the CITIC Sale Shares and the CITIC Sale Loans. Following Completion, China Overseas will procure the repayment of certain existing loans owed by the CITIC Target Companies and their subsidiaries to the Group and therefore improve the liquidity of the Group.

The Directors believe that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

The Company expects to record an estimated net gain from the underlying assets disposal of the Transaction ranging approximately HK\$9 billion to HK\$11 billion which is calculated based on the estimated amount of the Final Consideration after deducting investment cost and tax.

Shareholders should note that the actual gain from the Transaction will be recognized upon Completion, which is dependent on the amount of the Final Consideration and the relevant figures as at the date of Completion. It is also subject to audit and therefore may differ from the amount mentioned above.

5. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Transaction exceed 5% but none of the ratios exceeds 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to announcement requirement under Chapter 14 of the Listing Rules.

6. DEFINITIONS

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

“Agreement”	the agreement entered into between the Company, CITIC Pacific, CITIC Corporation and China Overseas on 14 March 2016 in relation to the Transaction
“Board”	board of Directors
“Business Day”	a day other than a Saturday, Sunday or public holiday on which banks are open in the PRC and Hong Kong to the general public for business
“BVI Limited”	Tuxiana Corp., a limited liability company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of CITIC Pacific
“China Overseas”	China Overseas Land & Investment Limited (中國海外發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code:688)
“China Overseas Assets Consideration”	the portfolio of assets owned by China Overseas whose value is approximately RMB6,150 million (equivalent to HK\$7,356 million) to be transferred by China Overseas to the CITIC Sellers (or their nominees) at Completion in consideration for the Transaction
“China Overseas Buyer”	an offshore incorporated company wholly-owned and designated by China Overseas to acquire the CITIC Sale Shares and the CITIC Sale Loans
“CITIC Corporation”	CITIC Corporation Limited* (中國中信有限公司), a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of the Company

“CITIC Pacific”	CITIC Pacific Limited, a limited liability company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of the Company
“CITIC Real Estate”	CITIC Real Estate Co., Ltd.* (中信房地產集團有限公司), a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of CITIC Corporation
“CITIC Sale Loans”	the loans between BVI Limited and its subsidiaries and CITIC Pacific
“CITIC Sale Shares”	after the completion of the Group Restructuring, the entire issued share capital of BVI Limited and CITIC Real Estate
“CITIC Sellers”	CITIC Pacific and CITIC Corporation
“CITIC Target Assets”	CITIC Real Estate and project companies engaged in the property development business in the PRC which are indirectly held by BVI Limited after the completion of the Group Restructuring
“CITIC Target Companies”	BVI Limited and CITIC Real Estate
“CITIC Target Group”	the CITIC Target Companies and their respective subsidiaries after Group Restructuring as set out in the Agreement
“CITIC Valuation Report”	the valuation report prepared by the Valuer and filed with the Ministry of Finance in relation to the value of the CITIC Sale Shares and the CITIC Sale Loans
“Company”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code 267)
“Completion”	the completion of the Transaction
“connected person”	has the meaning as ascribed under the Listing Rules
“Consideration Shares”	1,095,620,154 new shares in the share capital of China Overseas to be allotted and issued to a party designated by the CITIC Sellers as part of the consideration upon Completion
“Directors”	directors of the Company
“Final Consideration”	the final consideration based on valuation results of the CITIC Sale Shares and CITIC Sale Loans in the CITIC Valuation Report to be filed with the Ministry of Finance

“Group”	the Company and each company which is (whether on or after the date of the Agreement) a subsidiary or holding company of the Company or any other subsidiary of that holding company (other than, after Completion, the CITIC Target Group)
“Group Restructuring”	the proposed restructuring of the CITIC Target Group to be carried out by the Group before Completion in accordance with the terms agreed by the Company and China Overseas
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Ministry of Finance”	the Ministry of Finance of the PRC
“MOFCOM”	the Ministry of Commerce of the PRC
“PRC”	the People’s Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the conditional sale and purchase of the CITIC Sale Shares and the transfer of the CITIC Sale Loans pursuant to the Agreement
“Valuer”	Pan-China Assets Appraisal Co., Ltd.* (北京天健兴业资产评估有限公司), an independent assets valuer

By Order of the Board
CITIC Limited
Chang Zhenming
Chairman

Hong Kong, 14 March 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Chang Zhenming (Chairman), Mr. Wang Jiong, Ms. Li Qingping and Mr. Pu Jian; the non-executive Directors of the Company are Mr. Yu Zhensheng, Mr. Yang Jinming, Ms. Cao Pu, Mr. Liu Zhongyuan, Mr. Liu Yeqiao and Mr. Yang Xiaoping; and the independent non-executive Directors of the Company are Mr. Francis Siu Wai Keung, Dr. Xu Jinwu, Mr. Anthony Francis Neoh, Ms. Lee Boo Jin and Mr. Noriharu Fujita.

**English translation for identification purposes only*

In this announcement, the conversions of RMB into Hong Kong dollars have been made at a rate of RMB0.83602 to HK\$1. Such conversions are for reference only and should not be construed as representations that the RMB amount could be converted into Hong Kong dollars at that rate.