中信股份
CITIC Limited

CITIC LIMITED

Stock code: 00267

Annual Report 2023

Our Company

CITIC Limited (00267.HK) is one of China's largest conglomerates and a constituent of the Hang Seng Index. Tracing our roots to the beginning of China's opening and reform, CITIC has grown in step with the country's rise and modernisation. We have built a remarkable portfolio of businesses in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation.

Aligning its mission with national goals and contributing to national rejuvenation, CITIC pursues a vision of "building an outstanding conglomerate with a lasting reputation." CITIC is committed to pioneering national goals and to being a leading technology-driven group.

Our platform is unique in its diversity and scale, allowing CITIC to capture emerging opportunities in China and around the world. Guiding us as we grow is our fundamental commitment to create long-term value for all of our shareholders.

Our Businesses

Comprehensive Financial Services

CITIC Financial Holdings	(100%)
CITIC Bank[1] *(601998.SH) (00998.HK)*	(65.93%)
CITIC Securities *(600030.SH) (06030.HK)*	(19.84%)
CITIC Trust	(100%)
CITIC-Prudential Life	(50%)
CSC Financial [2] *(601066.SH) (06066.HK)*	(4.53%)
CITIC Finance	(98.69%)
CITIC Consumer Finance	(70%)

Advanced Intelligent Manufacturing

CITIC Heavy Industries *(601608.SH)*	(67.27%)
CITIC Dicastal	(42.11%)
CITIC Holdings	(100%)

Advanced Materials

CITIC Pacific Special Steel *(000708.SZ)*	(83.85%)
CITIC Metal *(601061.SH)*	(89.77%)
CITIC Resources[3] *(01205.HK)*	(59.50%)
CITIC Mining International	(100%)
CITIC Pacific Energy	(100%)
Nanjing Iron & Steel *(600282.SH)*	(62.76%)

New Consumption

CITIC Telecom International *(01883.HK)*	(57.54%)
AsiaSat	(50.50%)
CITIC Press *(300788.SZ)*	(73.50%)
Dah Chong Hong	(100%)
CITIC Agriculture	(100%)

New-Type Urbanisation

CITIC Construction	(100%)
CITIC Environment	(100%)
CITIC Industrial Investment	(100%)
CITIC Offshore Helicopter *(000099.SZ)*	(38.63%)
CITIC Pacific Properties	(100%)
CITIC Urban Development & Operation	(100%)
CITIC Heye Investment	(100%)

Note 1: CITIC Financial Holdings, an indirect wholly-owned subsidiary of CITIC Limited, holds a total of 263,880,000 A-share convertible corporate bonds (Bond code: 113021) of CITIC Bank.

Note 2: CITIC Limited holds 4.53% of the shares of CSC Financial through Glasslake Holdings Limited, an indirect wholly-owned subsidiary. At the same time, CITIC Securities directly holds 4.94% of the shares of CSC Financial.

Note 3: CITIC Limited holds 9.61%, 1.37% and 7.94% of the shares of Alumina Limited (a listed company, Stock code: AWC.ASX) through CITIC Resources Holdings Limited, CITIC Australia Pty Limited and Bestbuy Overseas Company Limited, respectively.

Note 4: CITIC Limited holds 1.71% of the shares of SSC (Stock code: 600871. SH) through CITIC Corporation, a wholly-owned subsidiary and 10.01% shares of China Overseas Land & Investment Limited (Stock code: 00688. HK) through an indirect wholly-owned subsidiary.

As at 29 February 2024

Contents

Highlights

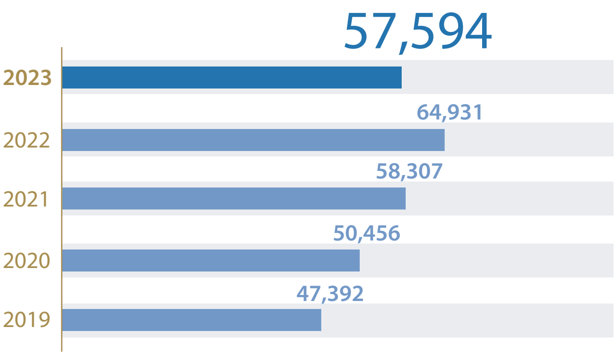
RMB million	Year ended 31 December 2023	2022 (Restated)	Increase/ (Decrease)
Revenue	680,832	663,438	2.6%
Profit before taxation	123,287	127,292	(3.1%)
Net profit	105,274	105,823	(0.5%)
Profit attributable to ordinary shareholders	57,594	64,931	(11%)
Basic earnings per share (RMB)	1.98	2.23	(11%)
Diluted earnings per share (RMB)	1.98	2.23	(11%)
Dividend per share (RMB)	0.515	N/A	N/A
Dividend per share (HK$)	N/A	0.651	N/A
Net cash (used in)/generated from operating activities	(22,798)	166,193	(114%)
Capital expenditure	40,000	30,336	32%

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/ (Decrease)
Total assets	11,330,920	10,542,043	7.5%
Total liabilities	9,994,138	9,307,366	7.4%
Total ordinary shareholders' funds	703,178	660,109	6.5%
Return on total assets (%)	1.2%	1.4%	(0.2pp)
Return on net assets (%)	8.4%	10.2%	(1.8pp)
Staff employed	188,862	161,408	17%

Business RMB million	Business assets As at 31 December 2023	Business assets Increase/ (Decrease)	Revenue from external customers Year ended 31 December 2023	Revenue from external customers Increase/ (Decrease)	Profit attributable to ordinary shareholders Year ended 31 December 2023	Profit attributable to ordinary shareholders Increase/ (Decrease)
Comprehensive financial services	10,609,132	6.4%	268,048	0.5%	50,496	5.1%
Advanced intelligent manufacturing	60,415	2.5%	50,434	(2.3%)	827	56%
Advanced materials	363,781	55%	267,513	10%	12,731	(2.1%)
New consumption	55,704	0.6%	51,422	(3.0%)	1,032	94%
New-type urbanisation	338,424	0.4%	43,367	(13%)	2,163	17%

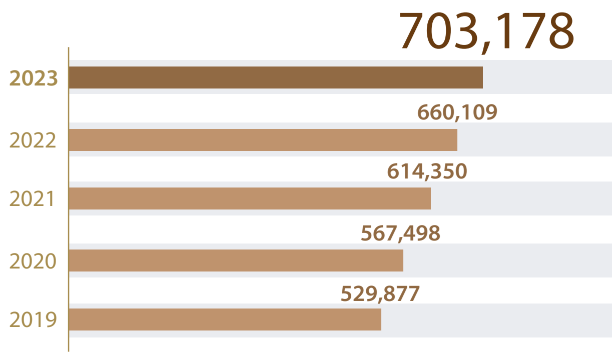
Profit attributable to ordinary shareholders

RMB million



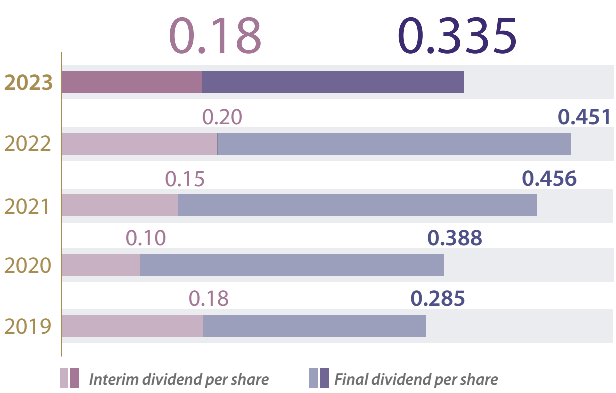
Total ordinary shareholders' funds

RMB million



Dividend per share

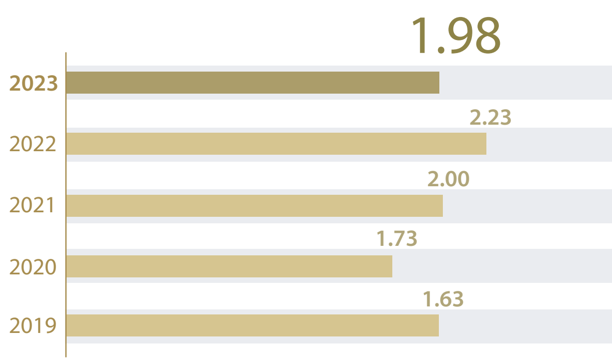
HK$/RMB



Note: The currency of dividend per share for 2023 is RMB, and for 2019-2022 is HK$.

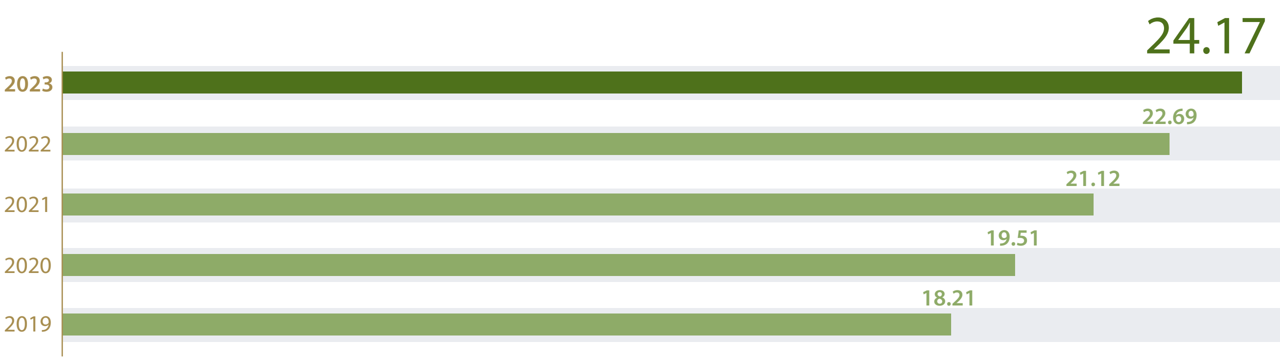
Earnings per share

RMB



Ordinary shareholders' funds per share

RMB



Chairman's Letter to Shareholders

Dear shareholders,

In 2023, amidst a complex and challenging external environment, CITIC Limited steadfastly followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and implemented thematic education initiatives. We advanced in several key areas, including Party building, reform and development, operation management and risk resolution, achieving commendable results. CITIC Limited's operating performance continued to outpace the broader market, with a profit attributable to ordinary shareholders of RMB57.594 billion for the year. This marks an increase of 5.4% on a comparable basis against 2022, after excluding a one-off revaluation gain of RMB10.3 billion from the consolidation of CITIC Securities. In 2023, for the first time, CITIC Group ranked in the top 100 of the Fortune Global 500, achieving three of our development goals ahead of schedule-one trillion in assets, top 100 in the Fortune Global 500, and one hundred billion in net profit. These achievements reflect our progress in building a world-class enterprise.

During the reporting period, CITIC Limited demonstrated strong tenacity and risk resilience in the face of significant market volatility. The company's stock price continued to outperform the Hang Seng Index, increasing by a dividend-adjusted 1.96% for the year, while the Hang Seng Index fell by 13.82%. In addition to our commitment to improving business fundamentals, we focused on market value management and strived to enhance shareholder returns. The Board recommends a final dividend of RMB0.335 per share, bringing the total dividend for 2023 to RMB0.515 per share. The total dividend payout ratio for the year is 26%, up by 0.9 percentage points from 2022.

1. Shouldering the mission to serve the greater good and resolutely acting on national strategic priorities

Coordinating subsidiaries to serve the real economy: By faithfully embracing the guiding principles set forth by the Central Financial Work Conference, we harnessed the strengths and capabilities of CITIC Financial Holdings and strictly complied with financial regulatory requirements. This enabled us to effectively prevent and defuse financial risks, and thereby contribute our unique strengths to the country's path of financial development with Chinese characteristics. The comprehensive financial services segment, as a "CITIC United Fleet", strived to deliver best-in-class services in major strategies, key areas and weak links. CITIC Financial Holdings improved its holistic management mechanism and optimised its integrated service models for strategic customers and "entrepreneur offices", offering more comprehensive solutions better tailored to the real economy. CITIC Bank steadily improved its credit structure and increased financing support, leading to double-digit full-year growth in medium- and long-term loans for the manufacturing sector, loans for strategic emerging industries, inclusive finance and green finance. As leading brokerages, CITIC Securities and CSC Financial increased their proportion of direct financing. They completed equity and bond financing of RMB4 trillion during the year and supported the listing of 67 companies, retaining leading market shares in onshore equity and bond underwriting. CITIC Trust grew in scale, with expansion in low-risk segments including trust service and asset management trusts. CITIC-Prudential Life leveraged its unique advantages to provide long-term financial support in areas including infrastructure construction, development of small and medium-sized enterprises, and technological innovation.

Enhancing efficiency to ensure resource supply: The successful listing of CITIC Metal effectively facilitated the release of CITIC Limited's intrinsic value. During the year, we leveraged the company's strategic network of overseas resources. The KK Copper Mine in the Democratic Republic of the Congo produced a record high volume of over 390,000 tonnes. The Las Bambas Copper Mine in Peru successfully fulfilled its operational objectives by stabilising production and prioritising transport logistics. The Sino Iron project overcame challenges including labour shortages to produce over 20 million tonnes of concentrate for the fifth consecutive year.

Reinforcing industrial value chains to bolster resilience: CITIC Dicastal increased its global automotive parts manufacturing capacity with production bases in Morocco and Mexico operating at full capacity. It remained the global leader in aluminium wheel sales, embracing its brand aspiration of "Global Manufacturing, Global Service". CITIC Heavy Industries provided key advanced equipment components for the country. It supported 17 consecutive launches of the Shenzhou spacecraft. It also provided critical forgings for nuclear power steam generators, which contributed to the commercial operation of the world's first fourth-generation nuclear power plant. CITIC Pacific Special Steel, through its control of Tianjin Pipe, greatly increased the competitiveness of its product range of bars, wires, tubes and plates. The acquisition of a controlling stake in Nanjing Iron & Steel further consolidated CITIC's leading position in the special steel industry. With a total annual production capacity of more than 30 million tonnes, this global specialty steel "aircraft carrier" continued its development voyage. CITIC Agriculture undertook major national projects and successfully passed its mid-term evaluation. Its research and development capabilities for high-quality crop varieties continued to improve. CITIC Agriculture also worked with Huawei to launch an open-source HarmonyOS for the agricultural industry, improving the quality and efficiency of the value chain.

Fostering open cooperation through the Belt and Road Initiative: CITIC Construction's major projects, including the Belarusian agro-industrial complex project, progressed steadily while the East-West Highway in Algeria was fully commissioned. Apart from undertaking high-quality landmark projects CITIC also focused on other fields such as education and training, agricultural cooperation, environmental protection, and health and sanitation. During the year, we rolled out a series of "small and beautiful" projects, including CITIC Dicastal's High-tech Talent Special Training Camp in Morocco, CITIC Agriculture's assistance to the seed industry and CITIC Environment's water plants in Indonesia. These initiatives successfully reinforced a positive image for Chinese enterprises overseas.

2. Benchmarking against the best-in-class to drive reform and unleash corporate vitality

Improved quality and quantity of R&D: In 2023, the company established a science and technology association to further improve the scientific and technological innovation work system. Key progress has been made in many areas, such as tackling "bottleneck" technologies and exploring an enterprise-led, collaborative innovation consortium between industries, universities and research institutes. CITIC Holdings formed a partnership with Pengcheng Laboratory and was incorporated into its "network nodes", with the objective of addressing technological issues with the intelligent control of large equipment. We also participated in the development and manufacturing of bearings for high-speed rail bogies, which achieved positive results during rigorous track testing. We also realised groundbreaking achievements in integrated die-casting technology, which has had a deep impact on manufacturing processes within the automotive industry. As of the end of 2023, CITIC owned 9,972 valid patents and 3,040 invention patents, showcasing our enhanced capacity for independent innovation.

Achieving multiple breakthroughs in digital transformation: CITIC Limited formulated a digital transformation action plan, advanced cloud-based management and launched five flagship projects such as Finance Digitalisation 2.0. We also implemented several initiatives, including organising the first "Blooming Cup", a digital application contest to stimulate innovation and potential within our subsidiaries. Our digital innovations won 54 provincial and ministerial-level awards in 2023 and many were showcased at the World Artificial Intelligence Conference in Shanghai. Xingcheng Special Steel, a member of CITIC Pacific Special Steel, was also recognised as the first "Factory Lighthouse" in the global special steel industry. This is the second CITIC manufacturing plant to receive this significant honour.

Driving synergy within our organisation: In 2023, the scale of synergy and collaboration amongst our financial subsidiaries continued to increase with the total value of cross-selling exceeding RMB2.1 trillion. The account opening rate at CITIC Bank for IPO clients of CITIC Securities and CSC Financial increased by 10% to 75%. We have also advanced the synergy between our industry and financial businesses and are exploring the integration of pension and insurance services, as well as further cooperation between CITIC Bank and other subsidiaries. Currently, 96% of our subsidiaries pay employee salaries through CITIC Bank which also covers 99% of individual pension accounts in regional pilot subsidiaries. Further increasing our "circle of friends", we have expanded our network of partners, supporting subsidiaries in their market expansion efforts and have signed 13 new strategic customers, including a joint innovation centre with Huawei to explore new avenues of mutually beneficial cooperation.

Enhancing and upgrading the quality of special projects: We have advanced our efforts in "Creating New Revenue Streams and Tightening Expenses" as well as "Optimising Cost and Boosting Efficiency" and adopted a five-dimensional mechanism to increase the efficiency of synergy, innovation, technology, lean practices and shared development. To refine our management across employees, businesses and processes, our financial subsidiaries are actively reducing capital consumption. On the back of our successful completion of Fund Concentration 3.0, we advanced our treasury management by implementing reform plans in areas including fund budgeting, accounts receivable management and controls, and the next level of progress, Fund Concentration 3.0+.

Delivering strong results in ESG management: In 2023, CITIC made progress in working towards our dual carbon goals. We validated our carbon emission data and prepared a carbon profit and loss statement. Our total carbon emission intensity has dropped significantly and accelerated our green transformation. Moreover, we strengthened our ESG management system and formulated guidelines for ESG initiatives. CITIC Limited's MSCI ESG rating has returned to the BBB level, with the highest score to date.

3. Overcoming difficulties, mitigating risks and building a solid line of defence for safe development

Coordinating and promoting collaborative risk management: We adhere to bottom-line thinking, effectively containing incremental risks to protect the company's stability and longevity. We have improved our collaborative risk management mechanisms and created innovative methods for risk management between industrial and financial subsidiaries, as well as among financial subsidiaries. CITIC Bank, CITIC Financial Asset Management, CITIC Trust, CITIC Urban Development & Operation, and other subsidiaries have jointly resolved a number of higher-risk projects, resulting in an overall decline in the non-performing ratio of financial subsidiaries and effective conservation of core Tier 1 capital. We also actively supported local governments to ensure the delivery of housing projects, safeguarding public welfare and supporting the resumption of key projects. These efforts have strengthened our reputation and were well received by our communities.

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China. CITIC Group will also be celebrating its 45th anniversary. It is a critical year for achieving the goals and tasks outlined in our 14th Five-Year Plan, and therefore of great importance to excel in every reform and development initiative. We will remain fully committed to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and thoroughly implement the guiding principles set forth by the 20th National Congress of the Communist Party of China, the Central Financial Work Conference and the Central Economic Work Conference. With CITIC's "one deepening, three promotions and five breakthroughs" strategic direction for reform and development, we will focus on promoting operational excellence in our financial business, industrial transformation and upgrading, and effective risk resolution, striving to achieve new breakthroughs in organisational structure, strengthening team building, improving incentive mechanisms, deepening scientific and technological innovation, and coordinating overseas development, which will contribute to our development into a first-class enterprise and help us break new ground. Capitalising on the voluntary purchase of CITIC shares by our directors and middle and senior management, we will continue to harness our "CITIC strengths", instill unwavering confidence, and stimulate endogenous power and vitality. We aim to drive the recovery of our market valuation through solid value creation. We will continue to sing to the world that the Chinese economy is strong and endeavour to make greater contribution towards building China into a great country and advancing national rejuvenation.

Xi Guohua
Chairman
28 March 2024

Our Businesses

COMPREHENSIVE FINANCIAL SERVICES

Our comprehensive financial services segment aims to be a leader in financial integration. We are deepening the synergy between our businesses through the formation of a financial holding company, enhancing the competitiveness of each individual business and their ability to serve the real economy.

Major Subsidiaries

CITIC Financial Holdings, established in March 2022, is one of the financial holding companies first licensed by the People's Bank of China, and a comprehensive financial services company holding a complete set of licences in the financial industry with a wide range of businesses.

CITIC Bank is a leading national commercial bank with highly integrated capabilities and strong brand recognition in China, and its core businesses include corporate banking, retail banking and financial markets services.

CITIC Trust is the market leader in its field in China, providing integrated financial services including financing, wealth management, trust services, charitable trusts, and other integrated financial products.

CITIC-Prudential Life is a joint venture between CITIC Financial Holdings and Prudential plc offering life, health and accident insurance, as well as reinsurance services.

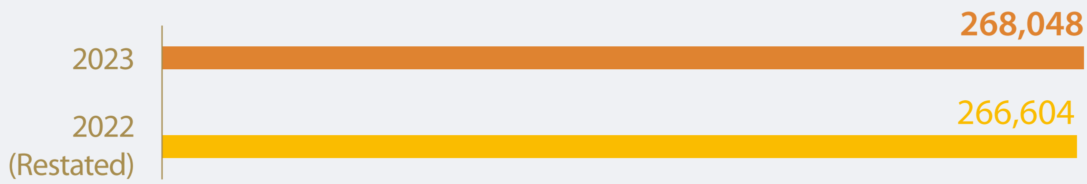
CITIC Securities is a premium securities company in China with businesses spanning securities, funds, futures, direct investments, equity funds and commodities. All respective businesses maintain a leading position in the market.

CSC Financial is a national comprehensive securities company. Its main businesses include investment banking, wealth management, trading and institutional client services, and asset management.

REVENUE

RMB million

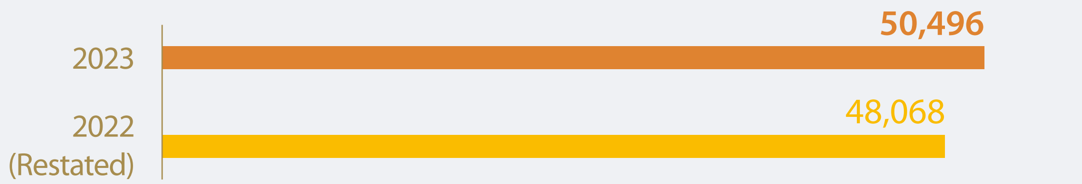
+0.5%



PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB million

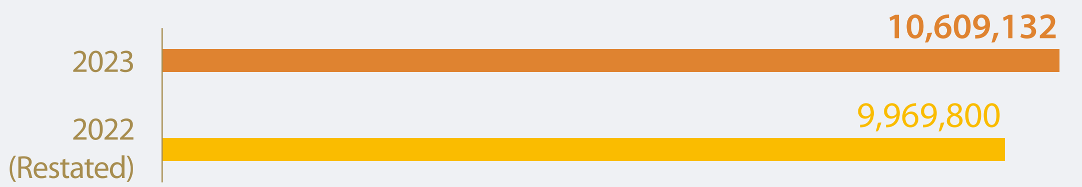
+5.1%



TOTAL ASSETS

RMB million

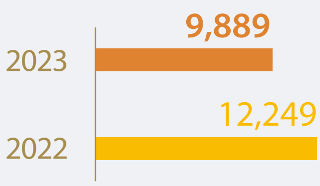
+6.4%



CAPITAL EXPENDITURE

RMB million

-19%



The comprehensive financial services segment focused on serving the real economy and strengthening its role as a strategic support for state-owned enterprises. Profit attributable to ordinary shareholders increased by 5.1%. CITIC Bank continued to optimise its loan structure and enhance its asset quality, achieving an 7.9% increase in net profit attributable to the bank's shareholders. CITIC Securities accelerated its drive in establishing a world-class investment bank and maintained a leading position in its core business domestically. Its profit remained the first among the peers although it declined due to the market turndown. CITIC Trust focused on developing trust and asset management businesses. Its trust assets under management increased by 34% compared to the beginning of the year, and asset quality continued to improve. CITIC-Prudential Life actively responded to the new regulatory requirements and made continuous improvements to its product structure. This led to the increase in the value of new business.

Our Businesses

FINANCIAL HOLDINGS

CITIC Financial Holdings

Year in Review

In 2023, CITIC Financial Holdings completed its first full year of operation. As one of the pioneering financial holding companies to receive regulatory licences, CITIC Financial Holdings plays a vital role in charting the development path of a financial holding group with unique Chinese characteristics. Adhering to a balanced and progressive approach with a focus on high-quality development, CITIC Financial Holdings effectively tackled the complex challenges arising from both the internal and external environment and made solid progress on various fronts. During the reporting year, CITIC Financial Holdings achieved total operating income of RMB272 billion and net profit of RMB91.9 billion, reflecting year-on-year growth of 1% and 9% respectively. Total assets surpassed the RMB10 trillion milestone, reaching RMB10.5 trillion by the end of the year, a 7% increase. Non-performing assets decreased by RMB2.56 billion from the beginning of the year to RMB78.41 billion, resulting in a 0.13 percentage point decrease in the non-performing loan ratio to 1.15%.

Business Operations

Corporate Governance: CITIC Financial Holdings upheld and strengthened the comprehensive leadership of the Communist Party of China, promoting the deep integration of Party leadership and corporate governance. The company clearly defined decision-making matters and processes for each governance entity and focused on building a solid foundation for corporate governance by completing the transfer in of equity in over six financial subsidiaries by the end of August 2023. These included CITIC Bank, CITIC Securities, CITIC Trust, CITIC-Prudential Life, CITIC Consumer Finance, and Tianjin OTC. CITIC Financial Holdings enhanced its governance framework, with an emphasis on strengthening the composition of the board of directors. Two specialized committees were established within the board of directors. The company explored the establishment of a mechanism for nominating and managing directors and supervisors. The company strived to ensure the compliant and efficient operation of corporate governance mechanisms, while providing support for the performance of directors and supervisors, and ensuring the smooth implementation of major corporate governance decisions.

Risk Management: CITIC Financial Holdings fully implemented regulatory requirements and strengthened its risk and compliance management functions. It emphasised the role of the headquarters in providing management, guidance, and support while overseeing the risk management responsibilities of the financial subsidiaries. The company continuously enhanced its risk and compliance management system, ensuring smooth and standardised functioning of risk management committees at the board and management levels. The coordination and consultation mechanism among experts in risk management, compliance, internal control, and management operated smoothly. To establish a robust risk management framework, CITIC Financial Holdings implemented three lines of defence: early warning, control, and coordinated resolution. It continuously improved seven major risk management mechanisms, including risk warning, risk preference and compliance control supervision, risk reporting, unified credit control, risk segregation, coordinated risk management and resolution, and recovery and disposal. Special attention was given to effective risk warning, strengthening the role of risk preference guidance, and thus gradually creating a centralised closed-loop mechanism to address and control risks. The company strengthened risk control in key areas such as real estate and local government debt, establishing special task forces to enhance policy analysis and coordinate business development and risk mitigation in these two sectors. As a result, the non-performing loan ratios in these two areas decreased by 0.62 and 0.11 percentage points respectively compared to the beginning of the year. The company's overall risk profile ameliorated as the customer base continued to improve. The company effectively resolved risks through synergy between CITIC's industrial and financial operations. CITIC Financial Holdings promoted collaboration between industry and finance, resulting in risk resolution exceeding RMB30 billion in 2023, yielding positive economic and social benefits. Furthermore, the company focused on enhancing its compliance and internal control management levels by implementing a three-year action plan for improvement. It also launched the "Five Ones" initiative to support financial subsidiaries in optimising the quality and efficiency of their compliance and internal control management.

Capital Management: CITIC Financial Holdings concentrated on strengthening coordinated management and enhancing its comprehensive, refined, and cross-functional capital management system, with an aim to transition capital management towards a proactive, efficient, and value-creating approach. It focused on critical aspects such as institutional foundations, organisational structure, information systems, and policy research to strengthen management effectiveness to ensure proactive planning, precise and scientific measurement, dynamic and timely evaluation, as well as effective assessment and incentivisation. During the year, CITIC Financial Holdings conducted a thorough review of its systems, involving optimising measurement processes to ensure compliance with regulatory guidance. It led its financial subsidiaries in reviewing and improving their organisational structures, clearly defining roles and responsibilities, improving capital planning, and strengthening operational foundations. In line with the "cloud-based management and data integration" requirements, CITIC Financial Holdings developed innovative solutions by building seven key functional modules and integrating seven of its business operations. This enhanced the seamless integration of entire processes and online operations, and facilitated the launch and operation of the industry's first capital management system. The company closely monitored and adapted to evolving capital regulatory policies, continuously conducting assessments and analysis, developing forward-looking strategies and enhancing the support of capital for sustainable business growth. Furthermore, it implemented refined capital management practices within financial subsidiaries, focusing on cost reduction and efficiency improvement across all aspects of operations. Through comprehensive assessments and optimisation of product structures, CITIC Financial Holdings achieved capital savings of RMB21.3 billion throughout the year, significantly enhancing its capacity for organic development.

Wealth Management: CITIC Financial Holdings strengthened the mechanism of the CITIC Wealth Management Committee, fully leveraging the advantages of its comprehensive financial licences. The company integrated channels, clients, and products across its financial subsidiaries in the areas of wealth management, asset management, and comprehensive financing. The aim of integration was to achieve seamless coordination and the effective utilisation of resources throughout the value chain. As of the end of 2023, the wealth management business of financial subsidiaries reached RMB23.1 trillion, a year-on-year increase of 5.2%. The asset management business exceeded RMB7.5 trillion, with a growth rate of 6.7%. Comprehensive financing reached nearly RMB13.8 trillion, demonstrating a significant annual growth rate of 8.1% and outperforming the market. The concept of "One CITIC, One Customer" was vigorously implemented, resulting in a cross-selling scale of RMB207.4 billion across corporate, retail, and group insurance areas. The combined financing scale surpassed the major threshold of RMB2 trillion, while the collaborative private equity investment funds exceeded RMB22 billion. These accomplishments demonstrated the increasing synergistic contribution of CITIC Financial Holdings in customer service, product innovation, platform

Our Businesses

development, and intellectual support. Firstly, the company has been actively driving synergistic customer service by implementing innovative models such as the "N+1+1" integrated service and the "People–Home–Enterprise–Society" framework for entrepreneur offices. These efforts have benefited 39 strategic clients and 100 entrepreneur clients, resulting in a substantial increase of over RMB260 billion in assets under management (AUM). Moreover, its coverage of services for national-level specialised and sophisticated enterprises reached 60%, showing an improvement of 12.4 percentage points. It took the lead in introducing the "Pension Ledger" programme, serving over three million households. Secondly, CITIC Financial Holdings promoted collaboration in driving integrated and innovative product development by leveraging its comprehensive financial licences, full product lifecycle capabilities, and comprehensive service advantages. It constructed a multi-product landscape consisting of "CITIC Prime Products," "CITIC Innovative Products," and a "Wealth Boutique Pool." The annual sales volume of "CITIC Prime Products" reached RMB66.8 billion. Innovation played a crucial role in unlocking the potential of existing assets and expanding effective investments. CITIC Financial Holdings implemented 13 public REITs projects, ranking first in terms of both size and quantity in the market. Moreover, it introduced the market's first comprehensive financial solution for special assets, enabling the successful implementation of special asset projects exceeding RMB70 billion. Additionally, its pension management business surpassed RMB1 trillion, solidifying its market brand presence. Thirdly, CITIC Financial Holdings focused on promoting the seamless integration of its system platforms with the aim of building a "Digital Financial Holdings" framework. Its goal is to create a comprehensive financial service gateway and introduce the "CITIC Wealth Plaza." With compliance as a priority, it successfully centralised the digital applications of 12 CITIC Group subsidiaries, enabling cross-channel interactions, user recognition, and data sharing. As a result, it attracted 12.48 million new registered users throughout the year, with 1.32 million monthly active users. It also directed over 800,000 customers to its subsidiary companies, expanding the value and impact of its platform. Fourthly, CITIC Financial Holdings actively promoted "Intelligent Integration" by leveraging the expertise of over 100 think tank experts and a research team of over 1,000 professionals. It provided comprehensive and all-encompassing consulting support to both internal and external clients, including foreign exchange guidance, capital operations, merger and acquisition strategies, and tailored CITIC comprehensive solutions. Its services have benefited over 140,000 clients. It also published industry-leading think tank reports such as the "White Paper on Central Enterprise Treasury System Construction," the "1030 Action Plan for Financial Support to Qianhai," and the "Top Ten Trends in Artificial Intelligence Development." These think tank achievements have greatly contributed to enhancing the quality and efficiency of CITIC Financial Holdings' comprehensive financial services.

Fintech: The launch of core functionalities of CITIC Financial Holdings' Digitisation 2.0 project has supported the company in establishing a comprehensive management system and extending platform capabilities to its financial subsidiaries. The project, known for its distinctive advantages in "comprehensive business, multiple legal entities, integration, and innovation," was awarded second prize in the "Financial Technology Development Awards" by the People's Bank of China. CITIC Financial Holdings continued to enhance promotion of its operations through its Financial Shared Service Centre and Procurement Platform. By implementing initiatives including empowering the management of financial subsidiaries and applying intelligent technologies, the company improved risk control and efficiency. The Financial Shared Service Centre was honoured with first place in the CGMA Global Management Accounting 2023 China Awards. A Treasury Management System was developed and tailored to the characteristics of the financial holding industry, boosting the digitalisation of treasury information. In addition, a cross-sector, multi-legal entity risk management system was also established in line with domestic financial holdings characteristics, focusing on the core functions of the financial holding company and strictly adhering to regulatory requirements. In pursuit of the objective of "cloud-based management and data integration", CITIC Financial Holdings completed integration of risk data from financial subsidiaries, enabling T+5 reporting of risk data. The improvement of the Smart Office Platform and the Management Dashboard Data System facilitated process integration, providing better support for comprehensive management.

BANKING

CITIC Bank is a leading national commercial bank with strong integrated capabilities and brand competitiveness in China. With over 65,000 staff and total assets exceeding RMB9 trillion, CITIC Bank's core businesses include corporate banking, retail banking, and financial markets. In 2023, CITIC Bank ranked 20th in the "Top 500 World Banking Brands Leaderboard" and its Tier 1 capital ranked 19th in the "Top 1000 World Banks" as published by British financial magazine The Banker.

Year in Review

RMB million	2023	2022	Change
Revenue	205,570	211,109	-2.6%
Profit attributable to shareholders	67,016	62,103	7.9%
Total assets	9,052,484	8,547,543	5.9%
Return on equity	10.80%	10.80%	On par

In 2023, CITIC Bank remained committed to sustainable and high-quality development. The company continued to deepen its operational transformation, optimising the overall structure of the business. As a result, it experienced accelerated growth and improved risk management. Overall, the Bank maintained a stable and upward trend of development marked by enhanced quality. During the period, it recorded operating revenue of RMB205.6 billion, a 2.6% decrease year-on-year, of which net interest income was RMB143.5 billion, a 4.7% decrease year-on-year. Non-interest income increased by 2.6% year-on-year to RMB62.0 billion. The proportion of non-interest income rose by 1.6 percentage points to 30.2%. Despite a challenging environment, the year witnessed significant strides in the transition toward light risk-weighted assets. CITIC Bank achieved RMB67.0 billion in profit attributable to its shareholders, up 7.9% year-on-year.

During the reporting period, CITIC Bank steadily expanded the scale of its business, improved service quality and enhanced efficiency to support the real economy. By the end of 2023, total assets amounted to RMB9,052.5 billion, an increase of 6% compared to the previous year end. Customer loans increased by 7% and customer deposits grew by 6% from the beginning of the period. During the year, CITIC Bank closely followed the direction of national policies to serve the real economy. The growth rates of loans in key areas such as green finance and strategic emerging industries outpaced the overall loan growth rate.

CITIC Bank recorded declines in both non-performing loans (NPL) and the NPL ratio in 2023, and consolidated and strengthened its risk resilience capabilities. By the end of 2023, the balance of NPL fell 0.63% to RMB64.8 billion and the NPL ratio declined 0.09 percentage point to 1.18% from the end of the previous year. The provision coverage ratio increased 6.40 percentage points to 207.59% by year end.

During the period, CITIC Bank maintained its focus on capital management under the guidance of "light risk-weighted assets with higher return" to improve capital allocation efficiency. Its capital adequacy ratio fulfilled all regulatory requirements.

Our Businesses

Business Highlights

RMB million	Operating income 2023	By percentage 2023	Operating income 2022	By percentage 2022
Corporate banking	91,557	44.5%	94,436	44.7%
Retail banking	86,425	42.1%	84,677	40.1%
Financial markets	25,988	12.6%	30,312	14.4%
Other	1,600	0.8%	1,684	0.8%

Three Core Strengths

Guided by the "342 Action Plan for Developing Core Business Capabilities", CITIC Bank accelerated the improvement of its market competitiveness by focusing on three core businesses: wealth management, asset management, and comprehensive financing. During the period, the mark-to-market value of retail assets under management increased by 8.3% from the end of the previous year to RMB4.24 trillion. Wealth management assets reached RMB1.73 trillion, increasing by 9.6% from the end of the previous year. The balance of comprehensive financing increased by 6.9% from the end of the previous year to RMB13.15 trillion.

Corporate Banking[1]

CITIC Bank continued to implement national macroeconomic policies in its corporate banking business, with a core focus on serving the real economy. The Bank has expanded efforts to organise and allocate high-quality credit assets while providing increased support to critical sectors such as inclusive financing for small and micro enterprises (SMEs), green lending, strategic emerging industries, and rural revitalisation. The balance of general RMB corporate loans amounted to RMB2,479.6 billion, representing an increase of RMB180.2 billion from the end of the previous year. Loans for green finance, inclusive finance, medium-to-long-term manufacturing industries, strategic emerging industries, and agriculture-related sectors increased by 37.4%, 22.2%, 27.8%, 25.4% and 15.1% year-on-year, respectively. CITIC Bank adhered to a customer-centric approach and enhanced its tiered and categorised customer management system. By the end of 2023, CITIC Bank recorded a total of 1,157,600 corporate clients, maintaining steady growth in its various corporate businesses:

Inclusive Financial Services: CITIC Bank actively supported the growth of SMEs. Catering to the diversified financial needs of clients, it enhanced the specialised product system of "CITIC Easy Loan", optimised online service channels, and intensified targeted lending for key sectors. As of the end of 2023, the outstanding balance of loans to SMEs[2] reached RMB1,465.3 billion, an increase of RMB217.1 billion compared to the end of the previous year. The number of customers with loan balances stood at 300,300, with an increase of 57,200 accounts compared to the end of the previous year.

Investment Banking: Guided by the principles of "professional empowerment, innovation, and efficiency," CITIC Bank made significant efforts to drive business transformation and innovation, while continuously strengthening its core operations' position in the market. It maintained a leading position in bond underwriting, with underwriting volume reaching RMB711.2 billion, ranking second in the market. During the period, the Bank was committed to implementing national strategic initiatives aimed at accelerating the development of a technological and financial powerhouse. It continuously optimised its technological and financial systems and mechanisms, achieving significant milestones in areas such as organisational structure, product innovation, ecosystem development, and

1 The numbers disclosed in the corporate banking, retail banking and financial markets are data of the Bank.
2 Including small-size enterprise loans, micro-enterprises loans, and business loans for self-employed and microenterprise owners.

risk control. As at the end of 2023, the balance of loans under the Technology and Innovation Financial Services[3] was RMB415.7 billion, representing an increase of 20.5% over the previous year end.

International Business: In line with the strategic direction of high-level financial openness, CITIC Bank ramped up its support for the Belt and Road Initiative and the development of free trade zones, including ports, by driving the establishment of a comprehensive cross-border treasury services system. It actively supported the real economy by collaborating with the All-China Federation of Industry and Commerce to issue the "Work Plan to Support the Outbound Expansion of Private Enterprises." Additionally, CITIC Bank participated in the 133rd China Import and Export Fair, providing financing assistance to both private enterprises and small and medium-sized foreign trade companies.

Transaction Banking: CITIC Bank continued to improve its transaction banking ecosystem, which revolves around its core elements of "Chain Ecosystem, Finance Ecosystem and e-Ecosystem". It focused on driving innovation in supply chain products to offer comprehensive financial services for clients. The Bank introduced the "Tianyuan Intelligent Treasurer" service system and published the "White Paper on the Construction of Central Enterprise Treasury System." With a customer-centric approach, the Bank undertook dedicated efforts to enhance the online channels for its corporate banking services. By the end of 2023, CITIC Bank served a total of 1,094,400 transaction banking clients, an increase of 13.87% over the year. CITIC Bank registered transaction financing volume of RMB1,446.2 billion, an increase of 19.4% over the previous year.

Custody Business: During the period, CITIC Bank actively developed key businesses such as mutual funds, annuities, and cross-border custody, with total custody assets exceeding RMB14 trillion. The custodial services for public funds cover a range of categories, including yield-oriented funds, public REITs, mixed valuation funds, equity funds, fund-of-funds, bond funds, and more. The pension business maintained steady growth, with full coverage of custodial qualifications for occupational pensions in central government departments, institutions, and 32 provinces, autonomous regions, and municipalities directly under the central government. The custodial scale for enterprise annuities reached RMB159.2 billion, ranking second among joint-stock commercial banks[4].

Retail Banking

CITIC Bank continued to enhance its retail operations system and achieved continuous growth in the number of customers. By the end of 2023, the number of individual customers increased by 7.47% to 137 million. The number of private banking clients[5] amounted to 74,000, an increase of 10.64% from the end of the previous year. The Bank offers specialised and differentiated comprehensive financial services to key customer segments, such as retirees, individuals planning to go abroad, and Generation Z. During this period, the Bank launched the upgraded version 2.0 of the "Happiness+" pension account book, providing a one-stop retirement planning platform for elderly customers. It also organised the "CITIC Bank Building Dreams Far and Wide" event to celebrate the 25th anniversary of its overseas financial services, establishing a comprehensive overseas financial service system for customers who plan to go abroad. Additionally, CITIC Bank continuously developed innovative products and services tailored to the younger generation through its "Five Focuses" strategy, continuously improving a service system to cater to the needs of this demographic.

By the end of 2023, the balance of individual deposits was RMB1,305.0 billion, an increase of 12.6% year-to-date. The balance of individual loans (excluding credit cards) was RMB1,710.9 billion, up 10.1% from the end of the previous year; among these, the balance of mortgage loans was RMB971.2 billion, an increase of 2.9% from the end of the previous year. As one of the earliest commercial banks in China to introduce exclusive services for senior clients, CITIC Bank continuously upgraded its "Happiness+"

3 It is classified according to the S70 statement of National Financial Regulatory Administration (NFRA).
4 The size and ranking of corporate annuities are derived from the latest data published by the Ministry of Human Resources and Social Security at the end of the third quarter of 2023.
5 Customers with an average monthly daily balance of personal assets under management of $6 million or more.

Our Businesses

pension financial service system to meet the lifelong retirement planning needs of its customers. As of the end of 2023, it had opened a total of 927,100 individual pension accounts. CITIC Bank effectively leveraged the positive role of credit cards in national policies focused on expanding domestic demand, stimulating consumption, and improving people's livelihoods. It continued to make significant efforts in fueling the continuous release of consumer potential to deepen the ecosystem operation and cultivating the brand image of "credit cards with a human touch". By the end of 2023, a total of 115.52 million credit cards had been issued, up 8.4% from the end of the previous year, and the total credit card loan balance reached RMB520.7 billion. During the reporting period, the total trade turnover of credit cards was RMB2,716.0 billion.

Financial Markets

CITIC Bank's financial markets business closely follows the national policies, continuously optimises its business structure, and strengthens the synergies with CITIC Group. With the "CITIC Interbank+" platform as the carrier, the Bank continued to strengthen integrated operations for interbank customers. During the period, the Bank continued to intensify its efforts to serve the real economy by directly discounting notes of RMB1,547.1 billion, serving 16,777 corporate clients, of which 11,687 were SMEs, accounting for 69.66% of the total. In financial markets, the Bank continued to give full play to its professional advantages and continuously improved its trading capabilities. During the period, it continued to provide liquidity to the interbank foreign exchange market, with a trading volume of US$2.6 trillion in foreign exchange market making, maintaining a leading position in the market. Performing its duties as an underwriter of treasury bonds, the Bank has ranked first among joint-stock banks in terms of comprehensive underwriting performance for two consecutive years, and has actively supported the high-quality development of the bond market through investment and market-making. By emphasising its synergistic advantages with CITIC Group in asset management, the Bank has established an all-weather product system covering the entire market including all categories of assets and all channels. By the end of 2023, the number of wealth management clients served exceeded 10 million, reaching 14,064,900 clients.

Innovation and Fintech

Empowered by Fintech, CITIC Bank strengthened its comprehensive digital capabilities in operations and management. The Bank strived to enhance overall competitiveness and market value by supporting high-quality implementation of the Business Core Strengthening Initiative. During the reporting period, the Bank invested RMB12,153 million[6] in Fintech, a year-on-year increase of 38.9%. The number of Fintech staff reached 5,626[6], a year-on-year increase of 9.93%, accounting for 8.41% of the total staff count.

CITIC Bank accelerated the transformation of innovative achievements into productivity. In the retail business sector, the Retail M+ platform, which incorporates tools such as customer segmentation management, centralised management of personal loans, layered client asset allocation and investment advisory services. These efforts provided strong support for comprehensive customer operations. In the corporate business sector, CITIC Bank continued to construct and promote the industry's first self-developed Tianyuan Intelligent Treasurer Management System. Through iterative upgrades to the standard version and the launch of the ecological version, the Bank provided professional and customised diversified treasury management solutions for its customers. In particular, it offers a one-stop, data-intelligent global treasury management system for central state-owned enterprises and large state-owned enterprises. In the financial market business sector, the new-generation of the "Interbank+" platform builds three functional pillars, namely "Boutique Sales Mall", "Market Making and Trading Cloud Hall" and "Intelligent Digital Exchange Platform", realising the full coverage of interbank clients, with a cumulative total of more than 2,700 contracted clients.

6 The number is disclosed based on CITIC Bank's consolidated financial reporting standard.

TRUST

CITIC Trust is a national non-bank financial institution regulated by the National Administration of Financial Regulation. Its business scope covers trust business, proprietary business and asset management business for specialist subsidiaries.

Year in Review

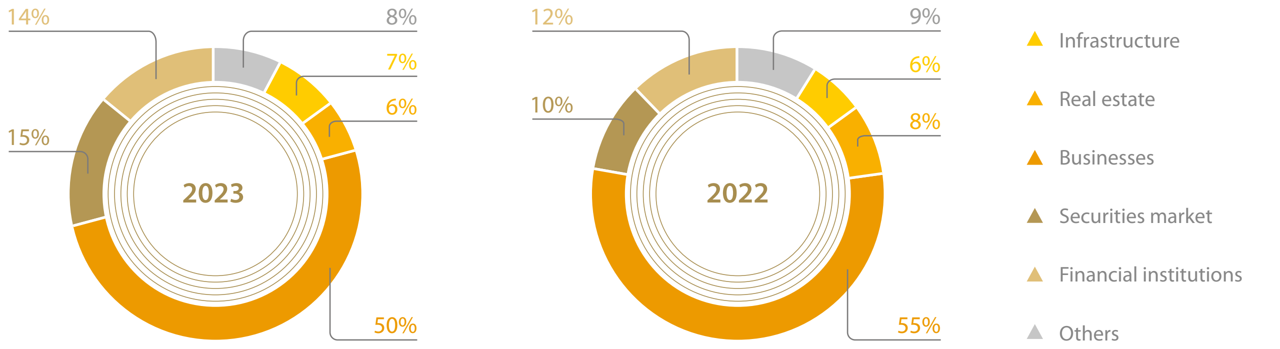
RMB million	2023	2022	Change
Revenue	4,976	6,438	-23%
Profit attributable to shareholders	2,628	3,012	-13%
Total proprietary assets	49,496	49,895	-1%
Trust assets under management	2,059,335	1,540,851	34%
Return on equity	6.88%	8.24%	-1.36pp

In 2023, the regulatory authority issued the Notice on Standardising the Trust Business Classifications of Trust Companies (*《關於規範信託公司信託業務分類的通知》*), which clarified the boundaries and service contents of various trust businesses and further guided trust companies to leverage their advantages in the trust system in a standardised manner. In response to these regulatory requirements, CITIC Trust actively took the initiative to accelerate its business transformation and continued to optimise its asset structure, thus maintaining steady operating results. During the period, total operating revenue amounted to RMB4.976 billion, net profit amounted to RMB2.628 billion and trust assets under management increased by 34% from the end of last year to RMB2.06 trillion to year end.

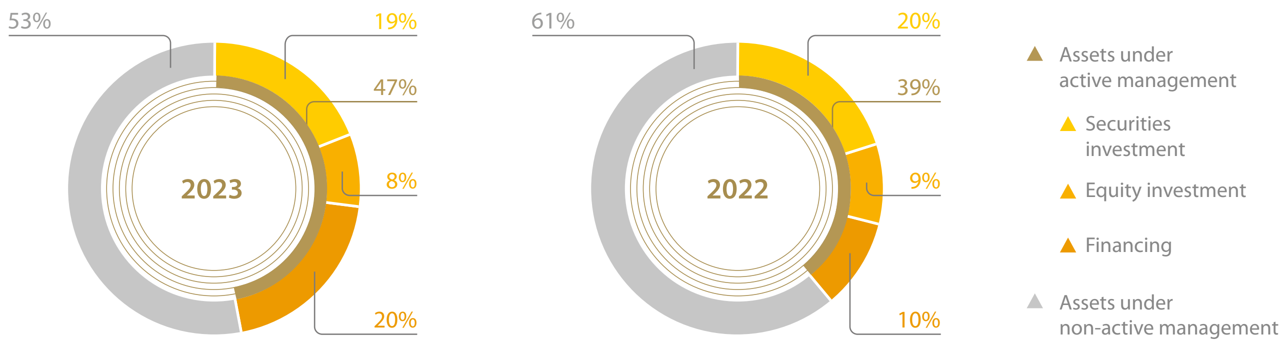
Guided by the market-oriented principle and differentiation strategy, CITIC Trust adheres to its mission to serve the real economy. By developing distinctive products, capabilities, business, efficiency and management, CITIC Trust strives to build an excellent trust company that wins the support of the State, the trust of customers and brings happiness to employees. During the reporting period, CITIC Trust continued to optimise its trust business structure, and achieved transformation and innovation business scale of RMB1.38 trillion, accounting for 67% of total business, representing significant growth.

Our Businesses

ALLOCATION OF TRUST ASSETS – BY INDUSTRY



ALLOCATION OF TRUST ASSETS – BY TYPE



Business Development

Trust Business

Asset Trust Service: Based on legal relationships of trust services, CITIC Trust accepts the entrustment of principals and customises professional trust services such as wealth planning, intergenerational inheritance, custody, bankruptcy isolation, and risk disposal according to the needs of the principal. By the end of 2023, the scale of trust asset services by CITIC Trust gradually increased to RMB1.19 trillion, delivering good performance in many aspects. In terms of the trust service for risk resolution, CITIC Trust secured various projects from multiple large institutions, with its existing business scale ranking first in the industry. The scale of enterprise annuity/occupational annuity services reached a total value of RMB71.786 billion, as it is the only trust company in the industry with a trustee qualification for annuities. CITIC Trust has officially undertaken CITIC Group's enterprise annuity plan and established CITIC's first fully licensed enterprise annuity collection plan. Building on its occupational annuity business carried out in Guangdong, Zhejiang, and Liaoning, CITIC Trust secured the occupational annuity plan in Guangxi, greatly enhancing its market influence and industry competitiveness in the sector. CITIC Trust has been cultivating the field of trust services for wealth management for nine years, maintaining a leading position in the family trust and insurance trust industries in multiple core dimensions such as its trustee scale, customer base, and innovative services. CITIC Trust has built a comprehensive trust-based home service system, focusing on dimensions of people, family, enterprise and society under CITIC Entrepreneur Office advocated by CITIC Financial Holdings. It has successively launched various trust businesses for wealth management, covering family, elderly care and other personal wealth management services.

Asset Management Trust: An asset management trust refers to a self-benefit trust selling trust products and providing investment and management financial services to trust product investors in accordance with a fiduciary relationship. As of the end of 2023, CITIC Trust's assets under management amounted to RMB750,287 million. During the period, it continued to enhance its professional capabilities, in fields such as asset management, investment research and operation services, to build product portfolios featuring different risks and yields. In terms of capital, CITIC Trust actively satisfied the wealth management needs of both individual and institutional clients. Regarding assets, CITIC Trust encouraged and ensured that funds were invested into the real economy through multiple channels with the implementation of the "Plan for Promoting Major Policy-Driven Businesses". In the field of active management of securities investment, CITIC Trust won the "Honest Trust-Best Securities Investment Trust Product Award" jointly selected by Shanghai Securities News and CSC Financial Journal for the fourth time for its "CITIC Trust-Assembled Funds Trust Plan on Rui Xin Steady Allocation TOF Financial Investment".

Charitable Trust: This is a business for public interest in which trust companies manage and dispose of property entrusted to them by clients seeking to carry out charitable activities in accordance with relevant laws. During the period, CITIC Trust registered three new charitable trusts and one additional subscription, with an increase of RMB112 million in actual trust value. CITIC Trust has now registered RMB1.053 billion in its charitable trusts and remained industry-leading in terms of business scale and development quality. "CITIC Trust-2021 Fangmei Education Charitable Trust" was awarded the 12th "China Charity Award" by the Ministry of Civil Affairs of the PRC in 2023. In addition, "CITIC Trust-2023 Xin Xing Yuan Donor-Advised Charitable Trust" that registered in the year has demonstrated the new model of charitable trusts, which allows donors' charitable donations to be handled in a more planned, systematic and flexible manner.

Proprietary Business

The principles of the proprietary business are to achieve proprietary asset growth targets and to support the development of businesses in CITIC Trust and its subsidiary companies through the optimisation of asset allocation, according to compliance requirements in net capital coverage and leverage ratios. In 2023, pursuant to CITIC Trust's high-quality transformation and development strategy, standard asset products continued to increase share in proprietary assets whilst improving investment efficiency. Coupled with increased allocation of bond assets, this segment contributed to a significant rise in the proportion of fixed income assets and substantial revenue from bond investments.

Our Businesses

Professional Subsidiary Business

CITIC Trust established professional subsidiaries, including CITIC Trust PE, CTI Capital, and CITIC-Prudential Fund, to build a comprehensive asset management platform covering businesses in private equity funds, mutual funds, and overseas asset management among others.

CITIC Trust PE focused on investing in the primary equity market, with its advanced manufacturing investment funds achieving remarkable results. Several of its invested companies have already been listed on the STAR Market. CTI Capital actively pursued the cross-border market, with purchased USD-denominated bonds of central state-owned enterprises achieving good investment returns during the period. In addition, CITIC Bank successfully launched the first overseas family trust plan for a domestic client, which assisted CITIC Bank International in benchmarking against the world's top-tier private banks. CITIC-Prudential Fund is mainly engaged in the management of mutual funds and specific assets. During the period, the annual performance of CITIC-Prudential's multi-strategy fund ranked among the top 1% in its category, and its medium and long-term investment performance was excellent. CITIC-Prudential Fund was awarded the "5A Rating for Three-Year Active Equity Mixed Fund" by TX Investment Consulting and was honoured with awards such as the "Exemplary Fund Manager for Characteristic Development of Demonstration Cases of the Mutual Fund in the China Fund Industry for 25 Years-Yinghua Award" issued by China Fund News.

Risk and Capital

Adhering to the principle of "leveraging risk management to serve business development and promote value enhancement", CITIC Trust pays special attention to risk prevention and safeguarding risk thresholds. The company greatly values net capital management, having accelerated the establishment of a refined capital management system, utilising capital in a highly efficient manner. It also optimised its capital structure whilst expanding the scale of its trust assets. As of the end of 2023, the registered capital of CITIC Trust reached RMB11.3 billion, the net capital coverage ratio reached 207% and the balance of net capital reached RMB27.9 billion, with its capital strength building a solid foundation for sustainable growth.

Indicator	Year End 2023 *(RMB billion)*	Year End 2022 *(RMB billion)*	Change	Regulatory Requirement
Net capital	27.9	22.4	24%	≥RMB200 million
Total risk capital	13.5	11.7	15%	N/A
Net capital adequacy ratio	207%	191%	16pp	≥100%
Net capital/Net asset	80%	66%	14pp	≥40%

INSURANCE

CITIC-Prudential Life is a 50-50 joint venture between CITIC Financial Holdings Limited and Prudential Corporation Holdings Limited, which offers life, health and accident insurance and reinsurance services. By the end of 2023, CITIC-Prudential Life operated a total of 23 branches in 102 cities across China. The credit rating of CITIC-Prudential Life continued to be AAA in 2023 with a stable outlook. The fifth shareholders' meeting of the company taking place in the year approved a resolution, whereby China CITIC Financial Holdings Limited and Prudential Group Limited from the UK will contribute increased capital totaling RMB2.5 billion in equal proportions of RMB1.25 billion each. After the increase, the registered capital of the company will increase from RMB2.36 billion to RMB4.86 billion, with the shareholding proportions of each shareholder remaining unchanged. This matter was approved by the China Banking and Insurance Regulatory Commission on 2 February 2024 (as indicated in the official document with reference number Jin Fu (2024) No. 58.)

Year in Review

In 2023, the Chinese life insurance industry entered a phase of high-quality transformation in a challenging environment characterised by low interest rates, high market volatility, and scarcity of high-quality assets. Regulatory authorities actively guided the industry to reduce the cost of liabilities and implement new regulations such as lowering the target interest rate and integrated written premium transformation. These initiatives aimed to facilitate the high-quality development of the banking and insurance industry.

Faced with a complex and ever-changing external environment, CITIC-Prudential Life consistently adhered to the fundamental operational principles of the life insurance industry and regulatory policy guidance. It is committed to achieving long-term stable operations and high-quality development by focusing on the principles of capital saving, risk preference and structural optimisation. As of the end of 2023, it maintained a comprehensive solvency adequacy ratio of 188% and a core solvency adequacy ratio of 94%.

Risk Management

CITIC-Prudential Life steadfastly aligns its operations with the guiding principle of "seeking progress while maintaining stability." It diligently implemented the decisions and directives of the Party Central Committee, regulatory authorities, and shareholders, while continuously strengthening solvency and capital management. Additionally, the company further strengthened the development of a comprehensive

Our Businesses

risk management system. It targeted key areas for enhanced risk monitoring through analysis of early warning signals and risk preference indicator threshold breaches. Adopting a problem-oriented approach, it implemented robust specialised systems and long-term management mechanisms in areas such as asset-liability management, product portfolio management, interest rate risk management, equity price risk management, credit risk management, comprehensive budget management, expense management, and individual account liquidity risk management. In 2023, its regulatory indicators complied with regulatory requirements, and showed a full commitment to striking a balance between risk management and business growth.

Products

CITIC-Prudential Life is committed to continuously enhancing its expertise and leveraging the insurance industry's role as both an economic and social stabiliser. It focuses on meeting the health, retirement, and personal wealth management needs of customers by establishing a diversified product portfolio with a focus on health insurance, life insurance, pension insurance, and annuities. It continuously optimises its business structure, balances sources of profit, and achieves sustainable growth in value and quality. During the year, it launched its first individual pension insurance product and service, with a particular emphasis on developing comprehensive retirement solutions for the elderly. In 2023, CITIC-Prudential Life achieved a 1% year-on-year growth in premium income.

By product type *(RMB million)*	**2023**	**2023 proportion**	**2022**	**Change**
Life insurance	25,132	80%	25,094	0.2%
Health insurance and accident insurance	6,450	20%	6,096	6%
Total premium income	31,582	100%	31,189	1%

Note: The product types listed follow the classification of the Statistics and Risk Monitoring Department of National Financial Regulatory Administration (formerly the Banking and Insurance Regulatory Commission), and the data are based on the standards of "Enterprise Accounting Standard No. 25 – Primary Insurance Contracts" (Caihui [2006] No. 3) and "Enterprise Accounting Standard No. 26 – Reinsurance Contracts" (Caihui [2006] No. 3).

Distribution

CITIC-Prudential Life follows a strategy of diversified and differentiated channel development. With a focus on customer-centricity, it employs a dual approach of optimisation and innovation in its Agency Channel. By prioritising channel transformation of key projects, it has achieved an 8% year-on-year growth in premium income. Within the Bancassurance Channel, adherence to regulatory principles is paramount while the Agency Channel primarily focuses on optimising product structures and implementing tailored customer management with its strong commitment to achieving high-quality development goal of "effectively improving quality and attaining reasonable growth". Strengthening and implementation of the five-fold "channels+customers+talent+technology+product" strategy has led to significantly improvement of the quality of business development, and a steady increase the new business value.

By distribution channel (RMB million)	2023	2023 proportion	2022	Change
Agency	14,069	45%	13,038	8%
Bancassurance	15,787	50%	16,942	-7%
Others	1,725	5%	1,209	43%
Total premium income	31,582	100%	31,189	1%

Note: The listed channels follow the classification of the Statistics and Risk Monitoring Department of National Financial Regulatory Administration (formerly the Banking and Insurance Regulatory Commission). "Others" include professional agents, other multi-agency agents, direct sales, online sales, and insurance brokers. Group insurance products are primarily sold through the company's direct sales. The data are calculated on the standards of "Enterprise Accounting Standard No. 25 – Primary Insurance Contracts" (Caihui [2006] No. 3) and "Enterprise Accounting Standard No. 26 - Reinsurance Contracts" (Caihui [2006] No. 3).

Investment of Insurance Funds

CITIC-Prudential Life centres its operations around three key objectives: "serving the real economy, controlling financial risks, and deepening financial reforms". It adheres to the principles of insurance fund utilisation while maintaining compliance and risk control, offering strong support to aid and facilitate the company's overall operational goals and channel transformation. On one hand, it continues to strengthen its strategic core holdings, with a rising proportion of long-term government bonds/local bonds. On the other hand, it implements rational tactical operations to actively respond to market changes. Meanwhile, financial income declined due to downward-trending market interest rates and stock market turbulence, which imposed pressure on investment income and returns. Nevertheless, CITIC-Prudential Life leveraged its advantages in insurance funds, actively pursued national strategies and invested in infrastructure, high-end manufacturing and other real economic sectors through bond financing and equity investments, successfully driving positive synergies between insurance funds and the real economy.

Our Businesses

SECURITIES

CITIC Securities is a leading securities company in China, with businesses covering investment banking, wealth management, financial markets, and asset management.

Year in Review

In 2023, CITIC Securities remained committed to improving its business structure and enhancing the effectiveness of services to the real economy. The company made substantial advancements across a range of operational and management tasks, resulting in significant achievements. The company continued to lead the industry in terms of performance and market rankings across key business sectors.

RMB million	2023	2022	Change
Revenue	83,725	85,941	-2.58%
Profit attributable to shareholders	19,721	21,317	-7.49%
Total assets	1,453,359	1,308,603	11.06%
Return on equity	7.81%	8.67%	-0.86pp

Investment Banking

In the domestic equity financing business, CITIC Securities completed a total of 140 A-share lead underwriting transactions, with an aggregate value of approximately RMB277.913 billion (including cash and asset private placements), representing a market share of 24.50% and ranking first in the market. In overseas equity financing (calculated based on an even distribution of the total offering size among all bookrunner roles), CITIC Securities completed 32 overseas equity transactions with an aggregate underwriting amount of approximately US$1.782 billion. It ranked second among Chinese securities companies within the equity financing business in the Hong Kong market. In the reporting year, CITIC Securities debt financing business continued to maintain a leading position in the industry, underwriting a total of 4,200 debentures and ranking first among its peers. The underwriting amount increased by 21.01% year-on-year to RMB1,909.992 billion, accounting for 6.85% of the total market underwriting amount and ranking first in the market. It also represented 14.14% of the total underwriting amount across securities companies, ranking first in the industry.

In the financial advisory business, CITIC Securities topped the market in A-share material asset restructuring, undertaking RMB118.070 billion in deals. It completed transactions totaling US$51.795 billion in global mergers and acquisitions involving Chinese enterprises, ranking second among Chinese securities companies.

In the New OTC Market business, CITIC Securities continued to capitalise on deepening reforms of the capital markets, increasing its coverage of innovative small and medium-sized enterprises and meeting the core objective of expanding its customer base. As the nominated adviser and broker of the New OTC Market, CITIC Securities completed seven listing projects in the reporting period, facilitating targeted financing of RMB561 million for the listed companies. It conducted continuous supervision of 24 listed companies, 13 of which have entered the innovation tier.

Wealth Management

CITIC Securities placed a strong focus on customising client management in domestic wealth management, optimising its organisational structure, and enhancing the headquarters' ability to enable and guide business development at branch offices. The company established a diverse team of experts and introduced innovative wealth management service models. This enabled the company to offer comprehensive financial solutions covering the entire life cycle of "individuals–families–businesses–society". Additionally, the company accelerated its global presence in wealth management by establishing the CITIC Securities Entrepreneur Office (Hong Kong) service brand and launching the Singapore wealth management platform. These initiatives aimed to enhance and expand the scope of international services, better serving both domestic and international clients with global asset allocation and trading services.

As of the end of the reporting period, CITIC Securities had accumulated over 14.2 million clients with total client assets under custody reaching RMB10 trillion, representing a year-on-year increase of 4%. The total assets under management (AUM) of the non-monetary market public mutual fund reached RMB190.2 billion, ranking first in the industry.

Financial Markets

CITIC Securities operates a comprehensive trading business with service offerings including equity derivatives, fixed-income, commodities, securities financing, and proprietary trading. The equity derivatives business continued to innovate its products, enhance its business structure and expand its application scenarios. It maintained a strong presence with a wide client base, diverse product offerings, excellent trading capabilities, and relatively stable returns. Additionally, the market-making business consistently ranked among the top global market in the market. The overseas equity derivatives business covers mainstream international markets, providing clients with cross-border, one-stop global market investment and trading services. In the fixed income business, the company continued to enhance its profit models, improve its product design capabilities and trading services, and provide clients with integrated financial services. Additionally, CITIC Securities' sales volume for interest rate products has ranked first in the industry for several consecutive years. In the financing business, the company operates with a customer-centric philosophy, focusing on meeting client needs. It strengthened its presence among core customer segments, expanding its business scope and maintaining a leading market share. The stock pledge business remained committed to serving the real economy, continuously improving the quality of credit assets, and achieving market-leading growth in scale. The overseas business segment continued to grow, supported by an expanding product portfolio and business model. This growth was accompanied by enhanced business management capabilities, contributing to the overall success of the segment.

Our Businesses

Asset Management

CITIC Securities seamlessly transferred its asset management business to CITIC Securities Asset Management, officially established in 2023. This transition allowed the company to operate multiple licensed businesses effectively. On the domestic front, the company attained an A-rating for its fundamental performance in the National Council for Social Security Fund assessment. It actively pursued the transformation and establishment of a professional, systematic, and customised framework for proactive management. In addition, it optimised its banking business structure, intensified efforts in developing corporate clientele, and achieved significant growth in both the number and scale of corporate clients. The scale of overseas asset management steadily increased, marked by the successful issuance of two public funds and the introduction of cross-border wealth management products. As of the end of the reporting period, the company's AUM amounted to RMB1,388.461 billion (excluding pension products). The company's private equity management business (excluding pension funds, public offering products and asset securitisation products) attained a market share of approximately 13.71%, ranking first in the industry.

CITIC Securities is the largest shareholder of China Asset Management Company Limited (ChinaAMC). By the end of 2023, the AUM of ChinaAMC reached approximately RMB1,823.564 billion of which mutual funds accounted for RMB1,317.644 billion, and institutional and overseas business accounted for RMB505.92 billion.

Equity Investment

As an alternative investment arm of CITIC Securities, CITIC Securities Investment actively supported national strategic initiatives. It systemically positioned itself within strategic emerging industries by identifying and investing in high-quality enterprises, operating in areas such as new industrialisation, manufacturing transformation and upgrading, independent innovation, and cutting-edge technologies. It prioritised enterprises with strong growth potential, as well as leading product and technological advantages. Through synergy and collaborations, CITIC Securities supported its invested enterprises in achieving sustainable growth and steadily expanded its investment presence in advanced manufacturing, new energy, information technology, new materials, biotechnology, and other related sectors.

As the private equity platform to raise and manage funds for CITIC Securities, GoldStone Investment capitalises on its fundraising advantages. In 2023, it successfully registered a new fund, raising a total of RMB16.79 billion. Serving as a fund manager, GoldStone Investment supported the national strategic plan for emerging industries through equity investments. It consistently invested in technology-driven enterprises that contributed to the real economy, participated in major national projects, and placed emphasis on supporting enterprises that played an important role in breakthrough of key technological barriers. These approaches ensured the stability of the industrial supply chain and implemented the "dual carbon" strategy. GoldStone Investment also made equity investments in a portfolio of enterprises excelling in key sectors including new materials, new energy, next-generation information technology, high-end manufacturing, healthcare, and modern services. By utilising equity investments, the company actively supported the national strategy of technological innovation.

CSC Financial primarily engages in investment banking, wealth management, trading and institutional client services and asset management.

Year in Review

Despite a complex and ever-changing market environment in 2023, CSC Financial worked hard and maintained momentum in high-quality development. In 2023, the company achieved revenue of RMB33.979 billion and profit attributable to shareholders of RMB7.034 billion.

RMB million	2023	2022	Change
Revenue	33,979	36,471	-6.83%
Profit attributable to shareholders	7,034	7,519	-6.45%
Total assets	522,752	509,206	2.66%
Return on equity	8.61	10.05	-1.44pp

Investment Banking

In 2023, CSC Financial completed equity financing projects for 67 companies with a total underwriting value of RMB94.776 billion, both ranking second in the industry. The company acted as the lead underwriter for 33 initial public offerings (IPOs) with a total underwriting value of RMB40.754 billion, ranking second and third in the industry, respectively. CSC Financial served as the sponsor for IPOs of four central state-owned enterprises, maintaining its position as the industry leader for five consecutive years. During the year, CSC Financial remained committed to supporting the real economy through financial services. It facilitated 30 IPO projects in strategic emerging industries and 15 IPO projects for national specialised and sophisticated "little giant" enterprises. CSC Financial achieved the top position in the market by being the leading sponsor for IPOs on the STAR Market, the ChiNext Board, and of "little giant" enterprises.

CSC Financial continued to maintain strong momentum in its debt financing business, completing a total of 3,280 lead underwriting projects with an aggregate value of RMB1,545.706 billion, both ranking second among its peers. The company topped the market with 1,007 lead underwriting projects for corporate bonds with a total underwriting value of RMB417.967 billion, ranking second in the industry. In 2023, the company diligently implemented significant national strategic policies by taking the lead in underwriting 105 green bonds. The total underwriting value amounted to RMB62.621 billion, including 21 individual bonds specifically for carbon neutral projects with a total underwriting value of RMB7.702 billion.

Our Businesses

In the financial advisory business, CSC Financial completed nine projects of the acquisition of assets through issuance of shares and major asset restructuring, ranking third in the industry. The total transaction amount was RMB69.609 billion, ranking second in the industry.

Wealth Management

As of the end of 2023, CSC Financial's securities brokerage business added 1.22 million new customers out of 13.37 million in aggregate, representing an increase of 10.20%, with a total client assets under custody of RMB5.14 trillion. The revenue from the agency sale of financial products increased by 3.97% over the year and the scale of financial product was up 2.37%. The monthly average of active customers on the "Qingting Dianjin" mobile app ranked seventh in the industry. China Futures, a subsidiary of CSC Financial, recorded its best-ever performance in terms of both operating revenue and net profit. It achieved total turnover of RMB20.69 trillion in agency transactions, representing year-on-year growth of 39.18%. The number of new clients increased by 28.78% compared to the previous year. Additionally, the scale of client equity grew by 17.08% year-on-year. By the end of the year, China Futures secured the second position in the industry in terms of asset management scale.

Trading and institutional client services

CSC Financial's trading and institutional client services business includes equity, fixed income, investment research and prime brokerage services. The company provides liquidity market-making services for stocks, funds, options, futures, and other instruments listed on exchanges. In order to provide diversified products and trading services, the company has continually enhanced its product offerings, including the "CSC World Asset Risk Parity Macro Hedge Index (WARPMACRO)" and other strategy index products. CSC Financial continued to maintain its leading position in the bond sales business, with its credit bond sales volume ranking second among domestic financial institutions. CSC Financial ranks among the top in terms of forex and gold trading volumes. The company has established a comprehensive market-making presence across the interbank market, Shanghai and Shenzhen Stock Exchanges, and the government bond futures market. Its proprietary market-making system facilitated nominal principal turnover of over RMB3 trillion in government bond futures trading throughout the year. CSC Financial also expanded its market-making business to exchange-traded bonds, with turnover exceeding RMB2 trillion, while its interbank market trading volume surpassed RMB11 trillion. It has been recognised as an "Northbound Top Market Maker" by Bond Connect Company Limited for two consecutive years. In the first half of 2023, CSC Financial ranked second in the industry with a market share of 5.12% in commission income from its Public Offering Fund. The number of clients in the company's prime brokerage system reached 12,953 households, representing a year-on-year increase of 38.71%. CSC Financial served as the custodian for 88 public funds, ranking first industrywide in terms of the number of funds under custody. Its subsidiary, China Securities Investment, completed investments in 26 projects. These included 10 follow-on investments in IPO projects on the STAR Market, bringing the total investment amount to RMB1.335 billion.

Asset Management

As of the end of 2023, CSC Financial had RMB469.4 billion in total assets under custody, including a total of 648 products of collective asset management business, targeted asset management business and specialised asset management business, with a scale of RMB120.736 billion, RMB160.423 billion and RMB188.242 billion respectively. CSC Financial's subsidiary, China Fund Management, managed a total of 54 mutual funds (including seven newly established products in 2023). Among its 47 funds included in the ranking, 30 funds ranked in the top 50%, with 19 funds ranking in the top 20% and 10 funds ranking in the top 10%. Its another subsidiary, China Capital Management, as of the end of 2023, ranked fifth among securities brokerage subsidiaries in the scale of its average monthly paid-in capital.

China Securities (International), a subsidiary of CSC Financial, participated in and completed eight IPO sponsorship projects in the Hong Kong market, with a total equity financing scale of HK$8.327 billion. In the offshore market, the company participated in and completed 105 bond underwriting projects with a total underwriting scale of HK$223.8 billion. Among them, 44 global coordinator projects achieved a total underwriting value of HK$71.9 billion. In the third quarter of 2023, the company's agency stock trading volume secured a position in the B group ranking of securities firms on the Hong Kong Stock Exchange for the first time, reinforcing its standing in the market.

Our Businesses

ADVANCED INTELLIGENT MANUFACTURING

We strive to be a pioneer in the advanced intelligent manufacturing sector, aiming to achieve operational breakthroughs in critical technologies and reinforce our leading market position.

Major Subsidiaries

CITIC Dicastal
is the world's leading aluminium automotive wheels manufacturer.

CITIC Heavy Industries
is a leading manufacturer of heavy machinery and specialised robotics in China.

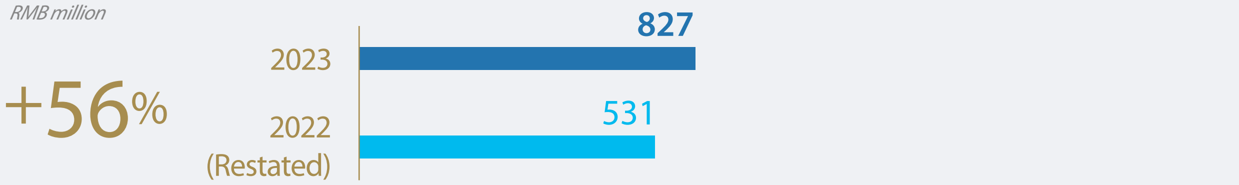
CITIC Holdings
is a leading integrated industrial intelligent solution provider in China.

REVENUE

RMB million

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB million



TOTAL ASSETS

RMB million

CAPITAL EXPENDITURE

RMB million

The advanced intelligent manufacturing segment achieved revenue of RMB50.434 billion and profit attributable to ordinary shareholders of RMB827 million, decreasing by 2.3% and increasing by 56% respectively. CITIC Dicastal's sales volume of aluminium wheels and castings increased by 10% and 20% respectively, with overseas orders accounting for nearly half of total sales, and its market share continued to expand. CITIC Heavy Industries' revenue grew 8%, while its profit attributable to ordinary shareholders increased by 164%. Overseas orders experienced significant growth, surpassing RMB3 billion in value for the first time.

Our Businesses

LIGHTWEIGHT AUTOMOTIVE COMPONENTS

CITIC Dicastal is the world's largest producer of automotive aluminium wheels. Its products include wheels and lightweight cast components for powertrains, chassis, and body systems for the automotive industry. Total annual production capacity amounts to 89 million wheels and 200,000 tonnes of castings.

CITIC Dicastal has 29 major manufacturing facilities across China, the United States, Europe, and Africa.

Year in Review

As the global pandemic eases and supply chains stabilise, global automotive demand is gradually recovering. In 2023, the global automotive industry reflected a moderate growth trend. According to statistics from the China Association of Automobile Manufacturers, China's cumulative automobile production and sales reached 30.161 million units and 30.094 million units respectively, representing a year-on-year increase of 11.6% and 12%. On 18 December 2023, CITIC Limited announced the proposed spin-off and separate listing of CITIC Dicastal on the Shanghai Stock Exchange. CITIC Limited believes that the proposed spin-off will bolster the capital strength of CITIC Dicastal, enhance its financing efficiency and flexibility, optimise corporate governance and enhance investors' understanding of the company.

Customers

Major customers of CITIC Dicastal's aluminium wheels include 12 leading global automakers, among them Ford, General Motors and Chrysler, as well as major Chinese automakers including FAW, SAIC and Dongfeng. Major customers for lightweight aluminium cast components include Daimler, Volkswagen, Nissan and Geely.

Project Construction

To advance the company's international business development, CITIC Dicastal has been constructing aluminium casting production bases in Morocco and Mexico.

Located in Kenitra, Morrocco, the Moroccan aluminium casting production base has a designed production capacity of 5 million lightweight aluminium castings for automobiles. On 25 January 2023, the production facility was completed, and on 9 March 2023, it passed the customer audit and was ready for production. The project accomplished planned milestones as scheduled, from design and construction to full process integration, enhancing the brand influence and international competitiveness of Chinese automotive component manufacturing companies.

Located in Saltillo in the state of Coahuila, Mexico, the first phase of the Mexican aluminium casting production base is designed with a production capacity of five million aluminium casting products. The project commenced construction on 26 October 2023, with equipment procurement and preparations for production operation progressing on schedule.

R&D

With the rapid development of new energy vehicles, the demand for lightweight automotive components has been increasing. CITIC Dicastal, through continuous industrial innovation in areas of material properties, production technology, simulation analysis and testing, has established a distinctive ecosystem with Dicastal characteristics. This has resulted in a series of proprietary intellectual property rights providing customers with systematic lightweight solutions.

In order to capture the opportunity in the transformation of the automotive manufacturing industry, CITIC Dicastal has been diligently investing in the R&D of technology and equipment involved in the formation of large-scale integrated structural components. The company has successfully mastered the capability for integrated die-casting, and subsequently launched its first product, for which it has applied for more than 20 patents. These efforts and successes have enhanced the company's overall competitiveness in the market.

To implement the "green dual carbon" development strategy, CITIC Dicastal has been carrying out R&D on low-carbon emission technologies throughout the product life cycle. The company has established a carbon emission assessment system and developed a platform for managing carbon emissions across the entire product life cycle. In addition, it has formulated two industry standards, five corporate standards, and applied for three patents, thereby setting an example as a pioneer in the industry, consequently enhancing its influence on the industry as a whole.

Addressing the problem of insufficient flexibility when processing casting products, CITIC Dicastal successfully developed a flexible sawing technology and completed automation and integration upgrades. This made possible flexibility during the production of casting products, which significantly improved production efficiency.

CITIC Dicastal conducted in-depth research in areas such as the intelligent identification of microstructures, full-cycle simulation, and the aggregation and integration of R&D data. The company also achieved interim progress in the building of data models and acceleration of digital transformation.

INTELLIGENT HEAVY EQUIPMENT & SPECIALISED ROBOTICS

CITIC Heavy Industries is a globally competitive manufacturer and service provider of mining and cement equipment. It is also one of the few high-tech enterprises worldwide that possesses unique capabilities in the research, development, and manufacturing of key equipment and special materials. CITIC Heavy Industries is a leading high-end equipment manufacturer with the ability to manufacture with extreme precision. It is considered a leader in the domestic specialised robotics industry and has one of the largest research and development and industrialisation bases for special robots in China.

CITIC Heavy Industries specialises in the development, research, manufacturing, and sales of large-scale equipment, EPC, integrated solutions and associated services of technological equipment, and key components for various sectors, including mining, heavy machinery, robotics and intelligent equipment, and new energy equipment. The company's major manufacturing facilities are located in Luoyang, Henan; Tangshan, Hebei; Zhangzhou, Fujian; Beijing and Vigo, Spain.

Our Businesses

Year in Review

RMB million	2023	2022	Change
Revenue	9,557	8,827	8.26%
Profit attributable to shareholders	384	146	163.51%
Total assets	18,351	19,502	-5.92%
Return on equity	4.92%	1.92%	3pp

In 2023, CITIC Heavy Industries recorded revenue of RMB9,557 million, up 8.26% year-on-year. Profit attributable to ordinary shareholders was RMB384 million, a jump of 163.51% year-on-year. The company also saw a steady improvement in return on equity, which increased by 3 percentage points year-on-year. CITIC Heavy Industries maintained over 7% of total investment for research and development (R&D) investment. Over the year, CITIC Heavy Industries focused on development and worked diligently to deliver results. The company achieved remarkable growth in its key performance indicators and significant improvement in operational efficiency, fruitful results in technological innovation and a continuous increase in brand value.

CITIC Heavy Industries' mining and heavy equipment segment remained focused on strengthening its core operations during the year. The main mining business experienced steady growth, while traditional sectors such as building materials, metallurgy and coal continued to advance steadily. The successful acquisition of new orders in the main equipment segment yielded positive results. The company successfully secured turnkey projects for cement production lines in its EPC division, significantly enhancing the company's brand presence in the overseas market. International business has doubled in volume, with overseas market orders surpassing RMB3 billion for the first time.

The robotics and intelligent equipment segment continued to increase its focus on technological innovation. Through efficient management, detailed planning, and optimised development, the company devised tailored strategies under the "one mine, one plan" framework. This approach led to the successful completion of a number of intelligent mining projects and the signing of new product orders including foreign object sorting robots, tunnel inspection robots, and emergency energy storage equipment. In the field of emergency response, the company secured contracts for firefighting robot projects with four provincial and municipal level departments. In the petrochemical sector, the company actively promoted strategic collaborations with users and technology partners, resulting in the widespread adoption of related products.

With its positioning as "supplier of new energy development solutions", the new energy equipment segment adhered to a business model that combines energy development solutions with equipment research, development and manufacturing. Following an integrated approach of "Source–Network–Load–Storage", the company established a dual-driven platform fueled by both industry and capital. In 2023, CITIC Heavy Industries achieved significant milestones bolstering the development of its new energy equipment business. These included securing orders for offshore wind power projects from prominent entities such as China Three Gorges Corporation and

China Energy Engineering Corporation. Additionally, successful applications were made for a 200MW wind and photovoltaic integrated grid project. The special materials division played an important role in driving the company's development of high-end products. After securing of a major contract for high-temperature gas-cooled reactor forgings, the company successfully delivered large-scale martensitic stainless steel rotor forgings for a 500MW-class hydro turbine with the world's largest single-unit capacity.

Innovation-driven development

In 2023, CITIC Heavy Industries followed its innovation-driven strategy, leveraging technological innovation to empower its high-quality development. The company maintained an investment level of 7% in R&D, focusing on high-end, intelligent, and green initiatives. Through specialised R&D projects in ten breakthrough equipment, CITIC Heavy Industries strived to achieve breakthroughs in domestically produced heavy equipment to surpass the world's highest standards, reach a leading technological position and transition from being a follower to a leader in the industry. During the year, CITIC Heavy Industries made significant achievements, including supporting 17 consecutive launches of the Shenzhou spacecraft, contributing to China's national manned space programme. The company played a crucial role in the commercial operation of the world's first 4th generation nuclear power plant by providing vital forgings for nuclear steam generators. The development of the Hydraulic Pile Hammer for Offshore Operations project passed the pre-acceptance inspection, while two key R&D projects, namely the Development and Application of Explosion-Proof Robots for Petrochemical Explosion Environments and the Hot Working Database for General Manufacturing, passed rigorous performance evaluations. In addition, the company continuously set new records in the mining industry by pushing the boundaries of grinding mill specifications. It delivered the largest domestically exported overflow ball mill, measuring 8.2m in diameter and 12.7m in length. Furthermore, CITIC Heavy Industries made history by successfully casting the world's largest 5600mm roughing mill housing in one go, setting a new benchmark for the largest single steel casting in terms of single-use molten steel volume.

Digital Transformation

CITIC Heavy Industries has been committed to the product life cycle management and digitalisation of the business processes. Focused on platform establishment and ecological development, the company deepened the integration and application of information technology and operations. This integration has empowered the company to implement effective management practices and undergo a successful digital transformation, contributing to the advancement of Digital Heavy Industries. Building on the stable operation of its integrated business and finance platform, CITIC Heavy Industries strived to enhance application integration and optimise system functionality. The company promoted the application of "digital lean manufacturing platform" and implemented the digitalisation of production management. In addition, the company undertook research on intelligent scheduling algorithms for discrete manufacturing and commenced the development of an APS (Advanced Planning and Scheduling) system. Moreover, the company has been constructing an enterprise-level big data analytics, with a strong focus on data governance and improvement of data quality. Additionally, CITIC Heavy Industries made significant progress in three CITIC Group initiatives: "cloud-based management, scientific research projects, and company technological modification projects". The company has also been enhancing its network and information security capabilities and leveraging data analysis to facilitate informed decision-making. During the reporting year, two projects from CITIC Heavy Industries were recognised as Excellent Use Cases for Intelligent Manufacturing at the national level, while another project received second prize in the national 5G application competition.

Our Businesses

INTEGRATED SOLUTIONS PROVIDER FOR INDUSTRIAL INTELLIGENCE

CITIC Holdings is a digital transformation business platform of CITIC Group dedicated to serving national and industrial needs. CITIC Holdings aims to deeply integrate artificial intelligence, big data and intelligent equipment technologies with industrial use cases to innovate, serve and enable industries to achieve high-end, intelligent, and green transformation.

In 2023, CITIC Holdings continued to make significant contributions to the transformation and upgrade of the special steel industry. Following the establishment of the world's first Factory Lighthouse in the global aluminium wheel industry in collaboration with CITIC Dicastal, CITIC Holdings supported Xingcheng Special Steel, a subsidiary of CITIC Pacific Special Steel, in successfully being selected as part of the 11th batch of Global Lighthouse Network. Xingcheng Special Steel thus became the world's first Factory Lighthouse in the special steel industry, leading the industry towards transformation and upgrade. As a result of this accomplishment, CITIC Limited has emerged as a central enterprise with two Lighthouses operating under its umbrella.

CITIC Holdings has successfully developed its first set of intelligent industrial equipment, which helped address several industry-level challenges. Filling a gap in the domestic automotive manufacturing market, the "Complex Surface Defect Detection Robot" solves the challenge of flexible inspection for the steering knuckle's exterior, achieving precise inspection and ultimate flexibility. The "AI Intelligent X-ray Inspection Special Machine" excels in the areas of accuracy and cost-effectiveness, attaining industry-leading standards while achieving utmost safety and enhanced efficiency. With its key performance indicators surpassing those of similar foreign products, the machine has now entered the phase of industrialisation.

Leveraging its two major advantages in data and algorithms, CITIC Holdings has independently developed a comprehensive and panoramic precision carbon management platform. This platform enables industrial-level lifecycle management of "product carbon", while facilitating data collection, organisation, calculation, analysis, and disclosure management of corporate emissions of "organisational carbon". The independently developed "Dual Carbon Digital Management System" has been certified by the China Classification Society.

CITIC Holdings actively explores an enterprise-led, collaborative innovation consortium between industries, universities and research institutes. In June 2023, the CITIC-Pengcheng Joint Laboratory was unveiled through collaborative efforts with national strategic, scientific and technological entities. Centring on CITIC Holding's common, cutting-edge and key core technologies, the two parties jointly pursued technological breakthroughs, combining core technology with computing resources to co-develop an industrial multimodal foundational model.

CITIC Holdings possesses industry-leading core technologies in the field of industrial artificial intelligence. By the end of 2023, it has obtained a total of 168 national invention patents, with over 50% of them related to AI technologies and over 10% related to large-scale modeling technologies. Its subsidiary, CRFUNION Digital Technology Co., Ltd in Shenzhen, received accolades throughout the year, including being recognised as a "National High-tech Enterprise", and awarded the title of "Specialised New Enterprise Striving for Excellence" in Shenzhen. Its industrial intelligent application benchmark cases were selected for the research report "China Digital Factory Leader Practices" released by the IDC, a world-renowned market research organisation. Its Carbon Neutrality Key Technologies and Industrialisation for the Automotive Industry project received the "First Prize of Computer Application Product Technology" awarded by the China Computer Federation, and its Industrial Chain Carbon Management Platform for Key Industries was honored with the Excellence Award at the 5th China Industrial Internet Competition (Leading Group). The Tianshu (AstraOS) Industrial Internet Platform was shortlisted as one of the "Top 50 Featured Professional Industrial Internet Platforms in 2023".

CITIC New Future Investment, a subsidiary of CITIC Holdings, specialises in providing support for the advancement of intelligent manufacturing. It follows a dual-powered development approach that combines industry-focused funds and key project funds, with the goal of becoming a trailblazer in technological innovation and development. The business concentrates on establishing a comprehensive investment ecosystem in the technology sector, specifically in critical bottleneck areas such as advanced manufacturing and "hard" technology. Its investments cover various fields including foundational digital technologies, core digital chips, key electronic materials, the new energy industry and intelligent automotive industry chain.

Our Businesses

ADVANCED MATERIALS

Our advanced materials segment aims to ensure supply chain stability and to build competitive advantages through the development of complete vertical industrial value chains jointly with the businesses of the advanced intelligent manufacturing segment.

Major Subsidiaries

CITIC Pacific Special Steel

is a global leader in the manufacture of specialty steel.

CITIC Metal

is primarily engaged in commodities trading including iron ore, copper and niobium, as well as mining investments.

CITIC Resources

is listed on The Stock Exchange of Hong Kong Limited. Its principal business is the exploration, development and production of oil. It also invests in coal mining, the import and export of commodities, electrolytic aluminium, bauxite mining, and alumina smelting.

CITIC Mining International

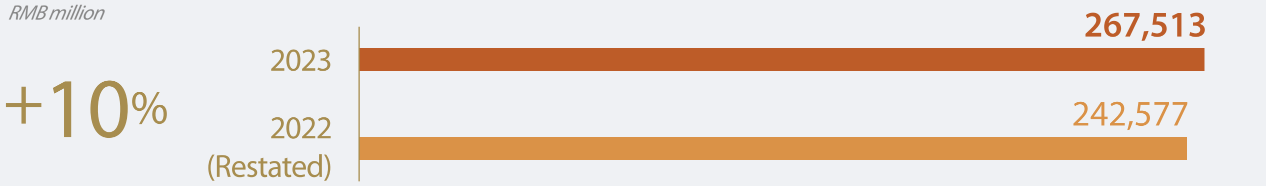
through its Australian subsidiary, CITIC Pacific Mining, has developed and operates the Sino Iron project, the largest magnetite operation in Australia.

CITIC Pacific Energy

invests in and manages power plants as well as green energy businesses in China.

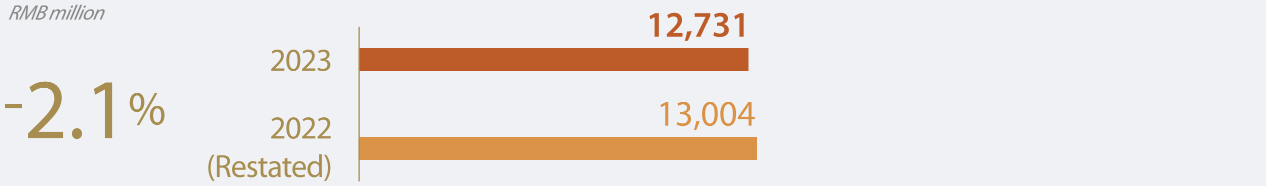
REVENUE

RMB million



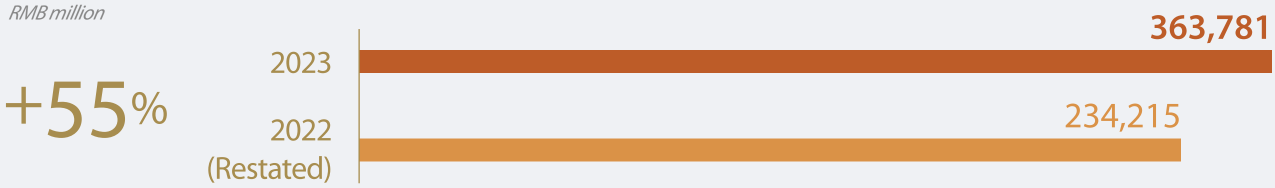
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB million



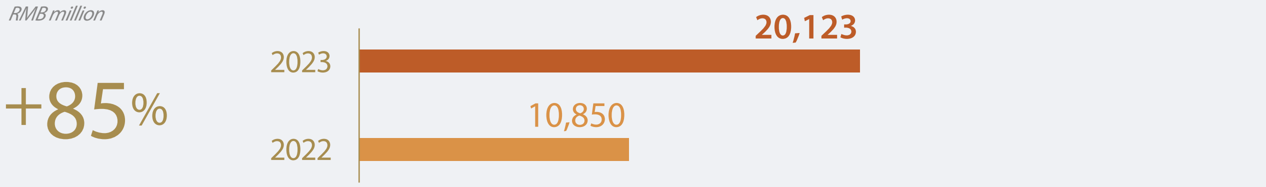
TOTAL ASSETS

RMB million



CAPITAL EXPENDITURE

RMB million



The advanced materials segment achieved revenue of RMB267.513 billion, an increase of 10%. Due to declines in commodity prices, the profit attributable to ordinary shareholders decreased by 2.1% to RMB12.731 billion. CITIC Pacific Special Steel achieved revenue of RMB114 billion, an increase of 16%. However, the company experienced a decline in net profit of 19% to RMB5.721 billion due to weakened demand and falling prices. In December 2023, CITIC Pacific completed the equity placement in Nanjing Iron and Steel Group and became its controlling shareholder. CITIC Pacific Mining achieved net profit of US$540 million, an increase of 14%, against a volatile market environment. It produced over 20 million wet tonnes of concentrate for the fifth consecutive year, remaining the largest seaborne supplier of magnetite concentrate to China. CITIC Metal's expansion of its overseas resource business yielded exceptional results. Its revenue grew 4.9% to RMB125 billion and profit attributable to shareholders of the listed company decreased 7.1% to RMB2.1 billion. CITIC Resources was affected by negative events including falling crude oil and aluminium prices, resulting in reduced operating revenue of HK$3.8 billion and net profit of HK$550 million, declines of 35% and 59% respectively. CITIC Pacific Energy achieved net profit of RMB1.05 billion, an increase of 11%. Its traditional businesses were profitable across the board, and new energy witnessed a twofold increase in power generation year-on-year.

Our Businesses

SPECIALTY NEW MATERIALS

CITIC Pacific Special Steel is a global leader specialising in the manufacture of specialty steel, with an approximate annual production capacity of 20 million tonnes. The company has five dedicated and specialised production bases including Xingcheng Special Steel in Jiangsu, Daye Special Steel in Hubei, Qingdao Special Steel in Shandong, Tianjin Pipe, and Jingjiang Special Steel in Jiangsu. It has also operated two raw material processing facilities, Tongling Special Materials in Anhui and Yangzhou Special Materials in Jiangsu, as well as two professional mills, Pacific Special Steel Suspension in Shandong and Zhejiang Pacific Special Steel Tube. This strategic network enables the company to maintain a strong presence along the Yangtze River and Yellow Sea.

CITIC Pacific Special Steel mainly produces bars, plates, seamless steel tubes, forged steel, wires and casting billets for customers in the auto components, energy, machinery manufacturing, oil and petrochemicals, transport, shipbuilding and other industrial sectors. Its products are sold in China and exported to more than 60 other markets, including the US, Japan, Europe and Southeast Asia.

Year in Review

RMB million	2023	2022 (Restated)	Change
Revenue	114,019	98,345	15.94%
Profit attributable to ordinary shareholders	5,721	7,105	-19.48%
Total assets	116,507	90,775	28.35%
Return on equity	15.54%	20.96%	-5.42pp

In 2023, the steel industry experienced a widespread downturn cycle and faced various economic challenges. These included a lacklustre recovery in downstream demand, declining steel prices, and soaring raw material costs. The industry continued to operate in a challenging environment characterised by high costs and low profits against a backdrop of strong supply and weak demand. Overall, the industry's performance remained at an historically low level, and the business outlook was highly challenging. According to statistics from the Special Steel Enterprises Association of China, the total profit of key special steel enterprises in 2023 fell 32.40%.

During the year, CITIC Pacific Special Steel faced increasingly challenging market conditions and responded by strengthening synergies and committing to a development strategy focused on variety, quality and profitability. Faced with changing market demand and landscape, the company quickly adjusted its approach to seize opportunities in sectors such as oil, natural gas, power, petrochemicals, wind power, solar energy, and new energy vehicles, to mitigate the impact of declining demand in mid- to high-end markets for bearing and automotive steels. Guided by the principles of excellence and distinction, CITIC Pacific Special Steel steadily increased its production and sales volume. Its stable and robust operation demonstrated the company's resilience against the impact of market and industry volatility. In 2023, CITIC Pacific Special Steel's operating revenue was RMB114.019 billion, a year-on-year increase of 15.94%, and profit attributable to ordinary shareholders was RMB5.721 billion, a year-on-year decrease of 19.48%.

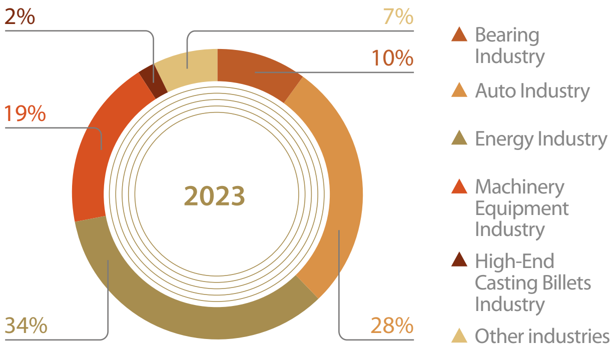
In addition, CITIC Pacific Special Steel is making significant efforts to drive the deep integration of digital technology into the real economy. Through digital transformation, it has spearheaded comprehensive reforms, accelerated the development of data assets and harnessed the value of data. The company has achieved remarkable results in its digital transformation journey by actively working towards advancing intelligent operations and maintenance. As such, Xingcheng Special Steel was recognised as a Factory Lighthouse by the World Economic Forum, becoming the first-ever Lighthouse in the global special steel industry.

Sales and Products

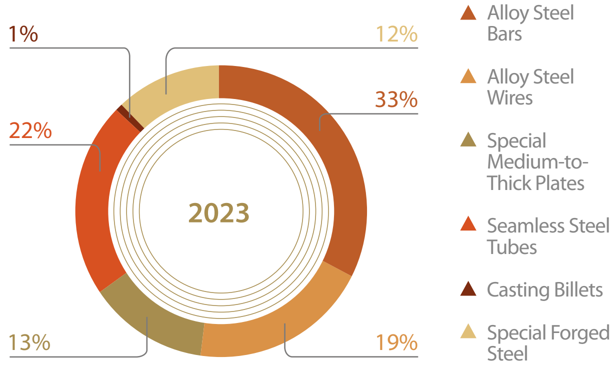
In 2023, CITIC Pacific Special Steel maintained steady operations throughout economic fluctuations. In the face of challenging market conditions with a substantial decline in demand, the company quickly adapted and implemented a set of strategies to overcome the adverse effects of the market downturn and seize the opportunities presented by the government's Dual Carbon policy. Capitalising on the emerging sectors of wind power and new energy vehicles, the company expanded its offering in energy and automotive steels to deliver 56% and 20% more sales respectively. During the reporting period, the company realised a record high total sales volume of 18.89 million tonnes, a year-on-year growth of 24.4%. Export sales reached 2.38 million tonnes, with a strong growth rate of 50.1%, which incurred a higher gross profit than domestic sales.

Our Businesses

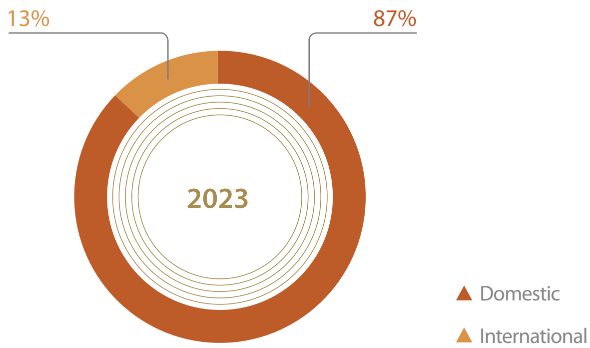
SALES BY INDUSTRY



SALES BY PRODUCTS



SALES BY GEOGRAPHY



R&D and Innovation

On 22 December 2023, the Ministry of Industry and Information Technology released the First Batch of Applied Demonstration Guidance Catalogue for New Key Materials (2024 Edition) (*《重點新材料首批次應用示範指導目錄(2024年版)》*). The Advanced Steel Materials section under the category of Advanced Basic Materials topped the list, which reflects promising prospects for the industry.

In 2023, CITIC Pacific Special Steel was granted a total of 472 authorised patents, including 122 invention patents. It also took on 29 projects at the provincial and ministerial levels or above and received 16 science and technology awards. Additionally, the company participated in the development, revision, and release of 21 standards, including two ISO international standards.

The company nurtured more than 80 Little Giant projects, with a combined sales volume surpassing 6.68 million tonnes, while Jingjiang Special Steel was officially recognised as a 2023 National Specialised and Sophisticated Little Giant and certified National High-Tech Enterprise. CITIC Pacific Special Steel was also recognised with an A+ rating for competitiveness among Chinese steel enterprises and 2023 Global Influential Brand in the Steel Industry.

SPECIALTY RAW MATERIALS

CITIC Metal is primarily engaged in commodities trading and mining investments and aspires to become a top-tier trader and investor in the field. CITIC Metal specialises in trading a wide range of products, including iron ore, steel, chrome ore and manganese ore, as well as copper, aluminium, niobium and nickel. The company's investment portfolio includes Ivanhoe Mines (IVN.TO; 24.81% shareholding), Las Bambas Copper Mine in Peru, Brazilian niobium miner CBMM, Western Superconducting Technologies (688122.SH; 11.89% shareholding), China Platinum Company and others.

In 2023, CITIC Metal achieved revenue of RMB125 billion, an increase of 4.9% year-on-year, and profit attributable to the shareholders of the listed company of RMB2.1 billion, a decrease of 7.1% year-on-year.

In 2023, CITIC Metal proactively pursued national strategies of becoming a "Trade Powerhouse" and "Going Global," while focusing on the development of its commodity trading business. The company made significant progress in investment project construction, maintaining a healthy and stable growth trajectory. In the niobium products sector, CITIC Metal solidified its position as an industry leader, with a market share of over 80%. Iron ore trading volume remained stable, surpassing 50 million tonnes and maintaining industry leadership. The company steadily developed its trade in copper concentrate and expanded trade in blister copper and electrolytic copper, resulting in rapid growth of its copper products business and increased industry influence. In other trading businesses such as steel and aluminium, the company adhered to risk management principles ensuring favourable operating performance, steady progress and growth in the business overall.

CITIC Metal's overseas mineral resource projects progressed smoothly, yielding good investment returns. The expansion and technical upgrades of Phase I and II of KK Copper Mine, which is owned by its associate, Ivanhoe Mines, were completed and Phase III progressed smoothly. The mine's annual production of copper metal reached nearly 400,000 tonnes, setting a new record. At Peru's Las Bambas Copper Mine, appropriate measures were taken to address community and roadblock issues. Following the resumption of stable production in the first quarter, all operations proceeded smoothly and in an organised manner, successfully achieving operational targets. The production of annual copper concentrate reached 300,000 tonnes. Production and operations of Brazilian niobium miner CBMM remained stable. China Niobium achieved a significant milestone in its distribution of shareholder dividends for the first time, contributing strong investment returns to CITIC Metal and actively contributing to the stable supply of national mineral resources.

Our Businesses

CITIC Metal made a significant effort over the year to establish a capital operations platform. In April 2023, CITIC Metal became one of the first group of enterprises that officially listed on the A-share stock market under the main board registration system. This accomplishment not only strengthened the foundation for sustainable development, but also contributed to enhancing the market value of CITIC Limited.

With a commitment to "green, low-carbon and innovative" development principles, CITIC Metal will continue to advance its core business in commodity trading and mining investment to make positive contributions to the stability and security of supply chains for national resources industries.

Sino Iron, developed by CITIC Mining International (CMI) through its Australian subsidiary CITIC Pacific Mining, is Australia's leading magnetite concentrate operation and a major supplier of premium feedstock to Chinese and other Asian steel mills.

Located on the coast of Western Australia's Pilbara region, the fully integrated mining, processing and export facility has been producing a premium, low impurity 65% Fe concentrate for more than a decade. CITIC has an aggregate entitlement to three billion tonnes of magnetite ore, via mining right acquisitions in 2006, 2008 and 2021, supporting a mine life of more than 40 years.

Utilising conventional drill and blast open pit mining techniques, ore is conveyed from in-pit crushers to a six-line concentrator where it is fed into some of the world's biggest grinding mills and then undergoes further separation from waste material. Concentrate is then pumped in slurry form to a purpose-built port and prepared for transhipment to CITIC's ocean-going vessels.

Supporting infrastructure includes a 480MW combined cycle gas-fired power station, 40% more efficient than open cycle equivalents, and a large-scale reverse osmosis desalination plant. Independent life cycle analysis (commissioned by CMI) demonstrates a lower carbon emissions benefit across the steel cycle (mine pit to ironmaking) when using *Cape Preston Concentrate* in the blast furnace compared to typical Platts 62% Fe Pilbara hematite fines.

In 2023 Sino Iron achieved exports 21.04 million wet metric tonnes of concentrate to CITIC's special steel plants and other steel mills, despite challenging weather conditions late in the year. It achieved a net profit attributable to the parent company of US$540 million. Sino Iron remains the world's largest seaborne supplier of magnetite concentrate to China.

CITIC has finalised its transition to a Mine Safety Management System (MSMS) in line with new Work, Health and Safety (WHS) legislation and also redesigned its framework to manage critical risks and controls for the operation.

Sino Iron still faces several challenges to sustainability. Commodity prices remain volatile and the Australian mining industry continues to experience labour shortages and cost pressures.

Continued operation requires extension of current operations beyond the project's existing approved footprint. This is driven by the need to extend the mine pit and accommodate waste rock and tailings, which are necessary by-products of the mining and beneficiation processes.

The mining tenements upon which the Sino Iron Project is currently conducted, and those into which the CITIC Parties wish to extend in order to continue operation, are held by an unrelated third-party tenement holder, whose cooperation is required for the extensions.

Unless approval can be obtained to allow extension of the mine pit and establishment of additional storage areas for waste rock and tailings, constraints on pit size and waste and tailings storage capacity will ultimately force the suspension of operations. In the short-term, these constraints are reflected in reduced concentrate production for calendar year 2024.

It remains the case that that Sino Iron requires the support of all stakeholders to reach its full potential and secure the project's long-term future.

CITIC Resources, listed on the Hong Kong Stock Exchange, conducts its principal business in the exploration, development and production of oil. It also invests in coal mining, the import and export of commodities, electrolytic aluminium, bauxite mining and alumina smelting.

In 2023, CITIC Resources recorded operating revenue of approximately HK$3.83 billion, a year-on-year decrease of 34.8%. Profit attributable to ordinary shareholders was approximately HK$550 million, a year-on-year decrease of 58.7%.

Oil and Gas Business

Operating revenue from the oil and gas segment reached HK$1.5 billion, a year-on-year decrease of 20.5%. The three oilfields under the segment produced a total of 9.15 million barrels of crude oil, a decrease of 5.3% compared with 2022. Although crude oil production has undergone multiple tests and challenges, the company demonstrated unity, worked together and overcame all difficulties. Through the implementation of a comprehensive safety management system, the adoption of various measures to increase storage and production, and embracing new technologies and processes, the company was able to harness its development potential and has achieved safe and environmentally friendly production, ensuring overall stability in production output.

Oilfields	CITIC Resources' interest	Daily oil production in 2023 (share of the output, barrels)	Change compared to 2022 (barrels)	Proven oil reserve estimates as of 31 December 2023 (share of the output)
KBM Oilfield (Kazakhstan)	50%	18,800	-800	65.2 million barrels
Yuedong Oilfield (China)	90%	5,882	-529	21.9 million barrels
Seram Block (Indonesia)	41%	409	-57	1.1 million barrels

Our Businesses

In 2023, KBM Oilfield faced a series of severe challenges including widespread power outages in the external power grid and inflation in the host country. These challenges had a significant impact on crude oil production. However, KBM Oilfield implemented remedial measures and continuously carried out adaptive measures to stabilise production, making every effort to protect and safeguard its crude oil output.

In 2023, Yuedong Oilfield achieved output of approximately 459,300 tonnes of crude oil through the implementation of its development adjustment programme. During the year, Yuedong Oilfield commissioned 15 new oil wells. As of 31 December 2023, a total of 83 adjustment oil wells were put into operation, with annual oil production of approximately 189,000 tonnes, forming an effective capacity replacement.

The Seram Oilfield in Indonesia made significant progress in the Lofin-2 gas trial work and effectively reduced overall costs through rigorous management. By applying new technologies and processes, the oilfield was able to successfully mitigate the impact of its gradual depletion, and extended its economic production lifespan.

To unlock the potential of the oilfield, CITIC Resources undertook oil testing and trial extraction operations, conducting in-depth research to formulate drilling plans. The company implemented effective measures to steadily improve production levels and enhanced reservoir dynamics studies. Additionally, the managements took optimised measures to achieve increased oil reserves and production. CITIC Resources was committed to advancing research projects, ensuring the practical application of research findings, which provided a material foundation to bolster development of the oilfield.

During the year, CITIC Resources focused on the core mission of “improving quality and efficiency” by actively demonstrating scientific and technological innovation. The company also improved its financial management, risk prevention and control capabilities. Planning with scientific foresight, it took the initiative to optimise management systems through top-level design, fostered reform momentum, and stimulated enthusiasm in the workplace to unleash business potential. The above initiatives have contributed to a favourable corporate atmosphere, where efficiency is maximised in both management and technology, leading to the achievement of satisfactory results in both production operations and business performance.

Other Businesses

CITIC Resources Australia Pty Ltd continued to maintain stable sales volume and recorded satisfactory performance in each business line despite a volatile commodities market environment in 2023. Annual sales of aluminium ingots reached 67,000 tonnes, while that of PCI coal reached 640,000 tonnes. Due to the impact of declining aluminium prices and rising production costs, Alumina Limited (AWC.ASX), in which CITIC Resources holds a 9.6% stake, was unable to distribute dividend payments in 2023.

CITIC Pacific Energy invests in and manages power plants in China with supporting businesses that extend across the industrial supply chain, from mining and shipping to power sales and heat supply. The company also actively invests in green energy businesses including solar and wind power generation.

CITIC Pacific Energy's coal-fired power stations have a total installed capacity of 8,050MW. The Ligang Power Plant in Jiangsu Province is currently one of the largest thermal power plants in China, with an installed capacity of 4,040MW. CITIC Pacific Energy has also implemented an integrated strategy for its power generation business that incorporates shipping, bulk cargo terminal logistics and the comprehensive utilisation of resources (CUR). The expansion project of Ligang Phase V, consisting of 2×1,000MW clean and efficient coal-fired units, has already started construction. The Ligang Phase V project, which emphasises transparency, safety, efficiency and high quality, will continue to serve the local economy during the 15th Five-Year Plan period, providing safe and reliable electricity and industrial steam. The Inner Mongolia Shenglu Power Plant, an ultra-supercritical air-cooling power generation project with an installed capacity of 2×1,000MW, is the first million-kW-unit project in Inner Mongolia commissioned under the West-East Power Transmission scheme, providing over 10 billion kWh of electricity to Shandong Province per annum. The company has invested in Xin Julong coal mine in Shandong Province, with an approved production capacity of six million tonnes per year, producing high-quality coking coal with a competitive edge in the market.

In 2023, CITIC Pacific Energy generated a total of 42.2 billion kWh of electricity. In the face of a complex external environment, the company focused on growing its core business during the reporting period, including progressing its transformation and

development, operational management, cost reduction and efficiency, and risk mitigation. Ligang Power Plant generated 21.79 billion kWh of power while ensuring the demand for electricity and energy. Shandong Xin Julong Coal Mine maintained stable production and operations with an annual commercial coal output of 3.75 million tonnes, yielding an excellent operational result for the year and benefiting from economic recovery and stable coking coal prices. CITIC Pacific Energy continued to strengthen the development of green energy projects. These include projects under construction and completed projects, with a total capacity of 1,601 MW, with 1,436MW connected to the power grid by the end of 2023. The project in Xilinhot City, Inner Mongolia with a centralised wind power capacity of 1,000MW has been successfully connected to the power grid at the end of 2023. Adopting a comprehensive green energy development strategy in mainland China, the company is investing in energy transition systematically, including onshore wind power, offshore wind power, solar power and energy storage with reserved projects of over 5GW of wind power, including over 4GW of photovoltaic and 1GW of offshore wind power distributed throughout most provinces in China.

Our Businesses

NEW CONSUMPTION

Driven by the principle of putting customers first, our new consumption segment aims to embrace opportunities created by an increase in domestic digital and lifestyle consumption, driving new trends in the consumer market.

Major Subsidiaries

CITIC Telecom International
is a leading international integrated telecommunications and information and communications technologies service provider in Asia.

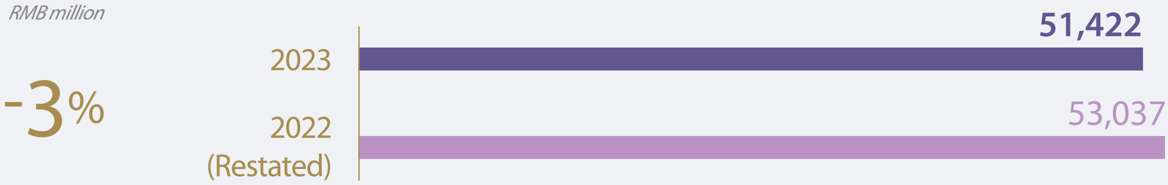
CITIC Press
is a major provider of integrated content and cultural services in China.

Dah Chong Hong
is an Asian motor and consumer products distributor.

CITIC Agriculture
focuses on the latest developments in agricultural science and technology.

REVENUE

RMB million

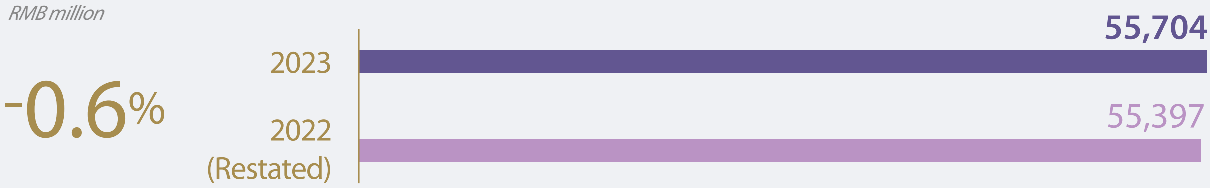


PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB million

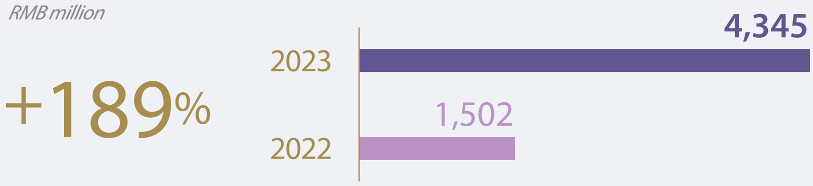
TOTAL ASSETS

RMB million



CAPITAL EXPENDITURE

RMB million



The new consumption segment achieved revenue of RMB51.422 billion, a decline of 3.0% due to insufficient domestic consumer demand. However, it achieved a profit attributable to ordinary shareholders of RMB1.032 billion, an increase of 94%. CITIC Press recorded net profit attributable to shareholders of the listed company of RMB120 million, down by 7.7%. Its market share by sales in book publishing increased by 0.22 percentage points to 3.25%, maintaining its position as the top domestic publishing institution. CITIC Telecom International grew profit attributable to ordinary shareholders by 3.4% to HK$1.2 billion. Its subsidiary Companhia de Telecomunicações de Macau, S.A.R.L. was fully committed to the constructions for Digital Macau, achieving a 75% market share in the 5G sector. Dah Chong Hong's net profit dropped by 74% to RMB140 million as a result of the narrowing gross profit margin of conventional vehicles and weaker consumer demand for food products in Hong Kong. CITIC Agriculture made significant efforts to drive the integration of Longping High-Tech and Longping Agriscience, significantly enhancing its industry status and international influence. Longping High-Tech achieved double-digit growth in operating revenue and made a turnaround profit.

Our Businesses

INFORMATION SERVICES

CITIC Telecom is an internet-based telecommunications enterprise that operates mobile sales and services, internet services, international telecommunications services, enterprise solutions, and fixed-line voice services. CITIC Telecom holds a 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. (CTM). CITIC Telecom has established branches in 22 countries and regions with more than 2,500 employees and has deployed nearly 170 points of presence worldwide serving 160 countries and regions, connecting to over 600 carriers globally, serving over 3,000 multinational companies and 40,000 local enterprises.

In 2023, CITIC Telecom reported a record-high HK$1,231 million in net profit attributable to the parent company, as it advanced its high-quality development.

As of the end of 2023, CTM had registered over 500,000 5G users, cementing its dominant position in Macau's 5G market with a market share of approximately 75%. To actively empower 5G applications, the company launched Macau's first 5G private network project in association with the Macau University of Science and Technology, whilst providing support for the Macau Science Satellite-1 experimental project. CTM also won first prize in the Special International Invitational, and the "Best International Application Award" of the sixth "Blooming Cup" 5G application competition hosted by the Ministry of Industry and Information Technology for second consecutive year. The goal of "introducing optical fibre and phasing out copper wire" has been successfully achieved with the fibrelisation rate reaching 100%, officially ushering in the era of a full optical-fibre network for all CTM Internet broadband users. CTM completed the first trial of the 5G SA+VoNR roaming service between Hong Kong and Macau in collaboration with a world-class mobile carrier via CITIC Telecom's international roaming hub (IPX) platform, making contributions to smart city 5G integration in the Guangdong-Hong Kong-Macao Greater Bay Area.

CITIC Telecom has optimised the product structure of its corporate messaging service by becoming a technical solution provider to Meta-owned WhatsApp Business, thereby entering the business ecosystem of Meta. The company also expanded its data centre business and secured a major customer for its internet services and high-grade data centre in Hong Kong.

CITIC Telecom enhanced its cloud service capabilities as it became the first managed service provider in Hong Kong to obtain VMware Sovereign Cloud certification. In close tandem with the national strategy, the company continued to optimise its network presence with the construction of a TrueCONNECT™ PoP in Qingyuan, Guangdong. It also added new service gateways in Dubai, Mumbai and Sao Paulo, to improve its service coverage in the Belt and Road regions, the Middle East and the BRICS.

Continuing to expand markets in Southeast Asia, CITIC Telecom provided data centre management and disaster recovery services to government authorities in Singapore and digital telephony system migration service to government authorities in Malaysia.

CITIC Telecom has continued to enhance its competence in technological innovation. CTM has teamed up with the University of Macau to cooperate in a scientific research project titled "Big Data Service

Algorithm R&D for the Tourism Industry" to optimise big data service applications. The company's wholly-owned subsidiary, CITIC Telecom International CPC Limited (CPC), has completed R&D of the augmented reality corporate digital twin platform with the Hong Kong Applied Science and Technology Research Institute. The platform was successfully demonstrated, showcasing its effectiveness at major international exhibitions, including the Solutions Day of CPC Annual Ecosystem Conference, World Artificial Intelligence Conference in Shanghai, MWC Shanghai and others.

China Enterprise ICT Solutions Limited (CEC), a subsidiary of CPC, has been recognised on the "One Belt One Road Digital Pioneer List" by www.ccidcom.com, leveraging its ample global ICT resources, numerous case projects along the Belt and Road, and its contributions to network infrastructure development and digital transformation in Belt and Road regions.

In 2024, CITIC Telecom will reinforce its position as the core hub of international telecommunications services in the region. The company will also foster its capabilities in "cloud, network, intelligence, security", forging a "Cloud-Network Convergence" digital foundation for 5G+. It will continue to play to its strengths in specialised development, globalised service, quality customer engagement, and create synergies in business ecosystems. It will persist in innovation and adopt a technology-driven approach as it accelerates business transformation and maintains competitiveness in the industry by expanding into new frontiers such as Internet of Things, artificial intelligence, information security, and new 5G applications. CITIC Telecom will continue to enhance its core competitiveness while striving to become a world-class international internet-based telecommunications enterprise.

AsiaSat is a joint venture between CITIC and the Carlyle Group, whose business includes leasing and selling satellite transponders, and providing managed services to customers in the media, data and mobile sectors.

In its media business, AsiaSat provides services to leading international broadcasters and content providers. It transmits over 400 C-band television channels, with more than 160 of these available in ultra-high-definition and high-definition formats, reaching more than 860 million TV households and over 520,000 hotel guest rooms in the Asia-Pacific region.

AsiaSat additionally delivers high-quality services for satellite news gathering to renowned news broadcasters and video service providers, and offers telecommunications links for point-to-point and point-to-multipoint transmission of live sports, general news, and breaking news. Through its high-powered, focused satellite beams, AsiaSat also provides secure and reliable data connectivity for the communications and business networks of governments and enterprises, and for service industries such as maritime, aviation, banking and finance, offshore energy, mining, mobile backhaul, public and emergency services.

Our Businesses

In 2023, AsiaSat continued its transformation efforts in diversifying its service and product portfolio to become a customer-centric, end-to-end satellite solutions provider. During the year, AsiaSat successfully completed the acquisition of Lightning International Limited (LIL), a content distribution and media solutions company. By incorporating LIL, together with its live streaming subsidiary One Click Go Live Limited (OCGL), AsiaSat further expanded its capabilities in content syndication and aggregation, channel management, and distribution. This expansion helped broadcast clients connect to consumers more directly and quickly through hybrid solutions, from traditional linear TV transmitted via cable or satellite to new distribution platforms such as over-the-top services, free ad-supported streaming TV and internet-connected TV.

The synergy created through this service integration has enabled AsiaSat to deliver a comprehensive, end-to-end solution enabling customers to reach a global audience anywhere and on any device. This was evidenced by the successful global broadcasting of the Macau Grand Prix for the third consecutive year in November 2023, demonstrating the seamless combination of satellite broadcasting and IP-based live streaming solutions.

Since its launch in July 2021, AsiaSat's maritime service SAILAS has been providing high-speed broadband connectivity to commercial ship, cruise ship, fishery, and offshore energy sectors. During the year, SAILAS enhanced its global network capability that was built upon AsiaSat's fleet of satellites and through partnerships with other satellite and teleport operators. It continued to expand its portfolio of value-added services that now includes VoIP, 4G LTE/5G, Out-of-Band Management (OBM), L-band Backup, CCTV monitoring, crew management, hotspots, cybersecurity, video streaming, and antenna system solutions.

LIFESTYLE CONSUMPTION

CITIC Press is a major provider of integrated cultural content and associated services in mainland China. Holding all government-issued book publishing and distribution licences, CITIC Press is principally engaged in book publication and distribution, knowledge services, and cultural consumption.

In 2023, CITIC Press recorded operating revenue of RMB1.7 billion, down by 4.7% year-on-year. Profit attributable to ordinary shareholders was RMB116 million, down by 7.7% year-on-year.

During the reporting period, CITIC Press continued to increase its market share to 3.25% in mass-market book retail, solidifying its top position among Chinese publishing houses. It continued to lead in the categories of business management, self-help psychology, and biographies, while making a significant leap to second position in the children's books category. The company's groundbreaking publication, "The Future of Globalization: Fission vs. Fusion," received one of China's three prestigious national publishing awards, namely the "China Excellent Publication Award." In 2023, the company exported copyrights to over 30 countries and regions, totaling 404 items, and was once again selected as a "Key Enterprise for National Cultural Exports." For three consecutive years, the company has co-hosted the ESG Global Leaders Conference, with the participation of seven Nobel laureates, 34 top experts and scholars, 48 entrepreneur representatives, and 56 representatives from international organisations. The conference has become a leading ESG voice in China, with continuously growing international influence. Furthermore, the company was selected for the High-Quality Publishing Think Tank Program of the State Press and Publication Administration of the Central Publicity Department for 2023. CITIC Press remains at the forefront of the publishing industry in innovation in the field of artificial intelligence. It led the way by developing and implementing the AIGC Smart Publishing Platform, which significantly improved publishing efficiency and enhanced targeted marketing capabilities.

Dah Chong Hong (DCH) is a leading motor and consumer products distributor in Asia with operations in 13 economies. In its motor business, DCH represents more than 20 passenger and commercial vehicle brands with over 100 4S shops and a wide range of supporting services. DCH's consumer products business includes brand development, food manufacturing, distribution, logistics and retail in the food and fast-moving consumer goods, healthcare and electrical products industries.

In 2023, the global economy remained sluggish with consumer spending below pre-pandemic levels. DCH's annual profit was RMB140 million, a 74% decrease compared to the previous year, mainly affected by the performance of the motor business, which faced heavy pricing competition, the continued market share expansion of new energy vehicles and enhanced regional connectivity impacting consumption patterns in Hong Kong.

As DCH's largest segment, the motor business has operations in mainland China, Hong Kong, Macau, Taiwan, Singapore and Myanmar. In mainland China, DCH operates 4S shops for a wide range of brands including Bentley, Mercedes-Benz, Audi, Lexus, Toyota and Honda. In 2023, the implementation of tax reductions for the purchase of new energy vehicles led to an increase in electric vehicle demand in mainland China. At the same time, domestic brands increased competition with new energy vehicle model launches and the mid-year full implementation of new emission standards created pressure for inventory clearance. These factors depressed pricing and demand for traditional vehicles, particularly for Japanese brands. To mitigate these challenges, the mainland China motor business focused on reducing expenses and developing motor-related products while it continues to expand its new energy vehicle portfolio to address changing market preferences. The strong performance of its overseas automotive operations partially offset the decline.

Our Businesses

DCH is a leading consumer products distributor in Asia representing over 1,000 domestic and international brands in the food, FMCG, healthcare and electrical products categories with operations in mainland China, Hong Kong, Macau, Japan, Singapore, Thailand, Malaysia, Indonesia, the Philippines, Vietnam and Brunei. Primarily based in Hong Kong with much of its distribution business focused on wholesale and catering, DCH Foods faced rising costs, weak consumer sentiment and systematic changes in the shopping behaviour of both cross-border tourists and locals related to enhanced connectivity. Revenue and profit of DCH Foods were impacted by market conditions and fierce competition.

In order to diversify its range of products, strengthen processing services and expand the network of customers in the food and beverage industry, DCH has made a strategic investment to acquire approximately 21% of the ordinary shares of Tsit Wing International Holdings (2119.HK) for a total of HK$133 million. The strategic partnership between DCH and Tsit Wing was established in mid-April and will contribute to the growth of DCH Foods by enhancing its systems and capabilities in terms of product offerings, services and distribution channels.

Its healthcare distribution business, DCH Auriga continued to grow its portfolio, adding over 60 international pharmacy and health-related brands, while DCH Logistics delivered an improved performance following infrastructure upgrades and cost-control measures.

Across the business, DCH continued to enhance product competitiveness by optimising supply chains, attracting new principals and expanding into growing segments such as healthier food options, pre-owned and new energy vehicles. Simultaneously, the company advanced its digital development, improving e-commerce capabilities and fostering synergy.

AGRICULTURAL TECHNOLOGY

CITIC Agriculture upholds an integrated business approach combining production and financing, with a strategic focus on crop breeding, promotion, and core breeding technology research. It is committed to establishing itself as a globally competitive agricultural technology company.

In 2023, CITIC Agriculture actively refined its operations management as part of its strategy for global expansion in the crop seed industry. Having successfully integrated domestic and international operations, strengthened management and controls, and expanded industrial cooperation, the company achieved substantial growth in its operational scale, consistently maintaining its leading position in the domestic seed industry. CITIC Agriculture has attained significant achievements in scientific research. The company received multiple qualifications and honours, and achieved breakthroughs in key common technologies, driving the transformation and upgrading of the agricultural industry supply chain and supporting the high-quality development of the seed industry.

With a substantial asset restructuring, Longping High-tech (000998.SZ), a subsidiary of CITIC Agriculture, achieving financial consolidation of LongPing Agriscience, further enhanced its control over germplasm resources and reinforced its capabilities in independent research and development, which has significantly improved its industry status and brand influence. Longping High-tech obtained the highest number of approvals from national authorities for its genetically modified corn varieties. All of its major corn varieties have successfully undergone the modification, covering the main corn-producing regions in China. The quality management model “Shuangquan Shuangling” (whole industry chain, whole business process, no defect), created by the company and unique to the Chinese operating environment, was honoured with the 5th China Quality Award. Three two-line hybrid japonica rice varieties developed by Longping High-tech have been recognized as super rice varieties in 2023 by the National Agricultural Technology Extension Service Center, setting a new national record for high yields in hybrid rice. Longping Agriculture Science Co., based on its high-quality germplasm resources and advanced breeding system, has successfully expanded its footprint in the Brazilian seed industry. It prioritised optimisation of supply chain management, strengthening of cost controls, ensuring autonomous and controllable production operations. These strategic initiatives have resulted in steady progress in its business performance.

Our Businesses

NEW-TYPE URBANISATION

In the new-type urbanisation segment, we have positioned ourselves as the builders of smart cities. We continue to implement China's regional development strategies, providing smart-city solutions with integrated capabilities in engineering contracting, urban operations, property development and management.

Major Subsidiaries

CITIC Construction
is a leading international engineering contracting services provider.

CITIC Environment
is a specialised investment and operational platform for environmental protection.

CITIC Industrial Investment
is a capital operations platform and manages businesses including healthcare, logistics and infrastructure.

CITIC Offshore Helicopter
is a leading general aviation company in China.

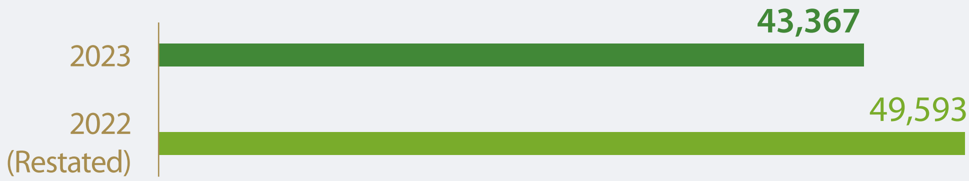
CITIC Pacific Properties
focuses on investing, developing, operating and managing mixed-use and commercial properties, and mid- to high-end residential properties.

CITIC Urban Development & Operation
specialises in urban renewal and development operations.

REVENUE

RMB million

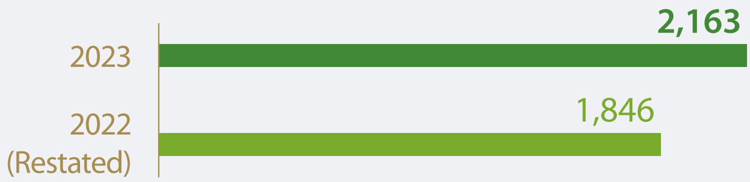
-13%



PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB million

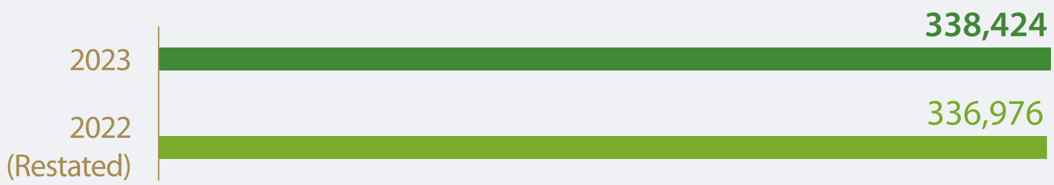
+17%



TOTAL ASSETS

RMB million

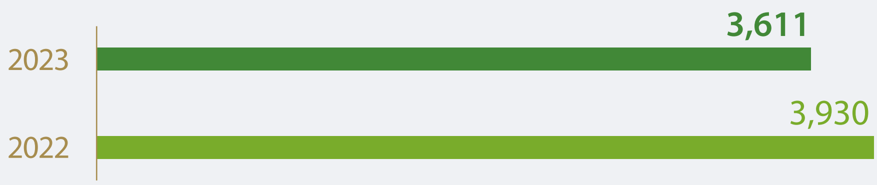
+0.4%



CAPITAL EXPENDITURE

RMB million

-8%



In 2023, the new-type urbanisation segment achieved profit attributable to ordinary shareholders of RMB2.163 billion, an increase of 17%. Excluding the impact of provisions, the operating profit declined by 12%. The sales of real estate projects have been progressing well with key development such as the second phase of Jinan CBD project's residential part and Guangzhou Harbour City being delivered successfully. Projects like Jiuzhu in Wuxi and Wuhan Harbour City ranked among the top in terms of signed contracts in their respective regions. The integration of real estate and finance continued to be promoted, with the implementation of five projects, including Yalong in Shanghai and Zhongxinli in Shenzhen. Due to the impact of the external operating environment, the construction and engineering and urban operation companies experienced a decline in operating profit. The year-on-year decrease amounted to 45%, reaching RMB1.1 billion. It seized market opportunities along the Belt and Road and deeply integrated itself into the nation's regional development strategy. It realised newly signed contracts with an effective value of RMB21.3 billion.

Our Businesses

CONSTRUCTION AND URBAN OPERATION

CITIC Construction is a well-known international integrated engineering service provider, with the top A+ qualification for general contracting of housing construction in China and the National High-Tech Enterprises Certification. The company engages in the construction of housing, infrastructure, and industrial facilities, and proactively seeks further development in areas such as agriculture, ecological management, resources, and energy. In its overseas market that covers over 20 countries or regions, it focuses on promoting win-win cooperation with countries along the Belt and Road and expansion of third-party markets with renowned companies in the United Kingdom, Japan, South Korea, Singapore and other countries. The company's domestic business is mainly concentrated in key national development regions such as the Jingjinji Metropolitan Region, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, the Chengdu-Chongqing Economic Circle, the Hainan Free Trade Zone and the Yellow River Basin for Ecological Protection and High Quality Development. The company has completed several large-scale urban-industry integrated public-private partnership projects to build a brand of central state-owned enterprises in the field of new urbanisation.

Tapping into CITIC's extensive resources and network, CITIC Construction provided clients with comprehensive services for the entire industry chain in addition to engineering contracting services, including project planning, design, investment, financing, construction and operation. These supporting services are crucial for projects to achieve expected revenues.

Through the successful delivery of large-scale livelihood projects important to the communities in which it operates, CITIC Construction has established a strong brand image and reputation over the years. It is widely regarded today as a highly successful Chinese engineering contracting enterprise within the industry. CITIC Construction has achieved top rankings among the Global Top 250 International Contractors by Engineering News-Record (ENR) of the United States for many years. In 2023, CITIC Construction was awarded with the title of "A-level Enterprise for China's Overseas Contracting Projects" and obtained the AAA-level Enterprise Credit Rating Certificate in the field of complete sets of integrated engineering. The company was also shortlisted as one of the Top 100 Enterprises for Overseas Contracting Projects, receiving full recognition from the industry.

Year in Review

RMB Million	2023	2022	Change
Revenue	17,647.65	23,987.18	-26%
Profit attributable to shareholders	685.94	1,085.82	-37%
Total assets	52,307.45	53,125.82	-2%

In 2022, CITIC Construction recorded revenue of RMB17,648 million, a decrease of 26% over the same period last year, with the profit attributable to shareholders of RMB686 million.

In 2023, CITIC Construction took advantage of the 10th anniversary of the Belt and Road Initiative to further deepen its engagement in key markets along the Belt and Road route, actively integrating into the national regional development strategy. It focused on advancing project construction with high quality and efficiency. The company has also been expanding into new markets and new business areas.

CITIC Construction has been seizing development opportunities in markets along the Belt and Road, and strengthening its presence in key markets. The 84km eastern section of the East-West Highway in Algeria has been completed and opened to traffic, marking the completion of the "Century Project" in Algeria. The Iraq Missan Combined Cycle Power Plant project has started commercial operation. CITIC Construction has been progressing on the social housing project in Riyadh, Saudi Arabia, optimising the business model and design to adapt to the local market, striving to create a new model of China-Saudi cooperation. The asphalt road surface of the highway reconstruction project in Kazakhstan has been completed. The final acceptance of the last 19 trains for the Buenos Aires Metro Vehicle project in Argentina has also been completed.

The company has been strengthening its competitiveness in the segmented construction sector, solidifying its core capabilities in the domestic market. In addition, it has been consolidating and improving the management capabilities of its fund business, continuously enhancing the efficiency of investment-driven operations. CITIC Construction has been innovative in developing light asset business models through the continuation of Phase II construction of the Henan Luoyang Comprehensive Free Trade Zone. The Lincang–Qingshui Expressway project has been completed and opened to traffic, connecting an important section of the China–Myanmar–India Oceanic Passage. Both the Nanjing Green Water Bay Road project and China-Europe Intelligent Technology Industry Innovation Center at the Ji'nan Ecological Port have started construction. During the year, the structural construction of a number of projects have been completed, including Block 09, Phase 1 of the Nanjing Science and Technology Innovation Base project, an apartment building for Sino-Japanese staff at Dalian Ecological City, the main structure of Buildings 3 and 4 of Lingshui Wenluo Agricultural Products Market, and Tower 2 of the CITIC Financial Center in Shenzhen, while several projects have passed completion inspection, including the CITIC Bank Information Technology Research and Development Base project, Phase 2 of the Ziyang Standardized Plant, the Ziyang Leijiagou Sewage Treatment Plant, the Cultural Activity Center at the Neijiang Science and Technology City, and the Jingli Road of Jingzhou Haizi Lake project. Key projects such as Wuhan Yangtze River New Town and Yancheng High-Speed Rail New Town commenced construction. The Jinzhan resettlement housing project has delivered 2,457 housing units, and section 1 of the contract has been awarded the Gold Award of Beijing Construction (Structure) Great Wall Cup.

In the overseas market, the company continues to deepen international industrial capacity cooperation. In 2023, the signed contracts include the second phase of the geological survey project in Angola, the supply and SMPP installation project for the Kipushi Zinc Mine in the Democratic Republic of Congo, and the third phase expansion project of the Kungrad Alkali Plant in Uzbekistan. Domestically, the company has signed contracts for a series of projects, including the municipal project from Zhongshan North Road to Shugang Avenue in Lingshui County, Hainan Province, the continuation of Phase II of Luoyang Comprehensive Free Trade Zone project, and Building C of the Frontier Interdisciplinary Science Research Institute at Beijing Institute of Technology Liangxiang Campus. The total value of new contracts signed throughout the year amounted to approximately RMB16.35 billion.

Our Businesses

Major projects

TKU National Expressway Upgrade, Kazakhstan

Contract value: US$935mn

Contract period: 85 months

General information: Located in Kazakhstan, the TKU expressway stretches from Taldykorgan, the capital of Almaty oblast to Ust-Kamenogorsk, the capital of East Kazakhstan oblast. After the upgrade, the expressway will be 7,637km in length.

Progress as of the end of 2023: The project has been completed. 97% of base course surface has opened to traffic and 38% of upper course surface has been finished.

KB Expressway Upgrade, Kazakhstan

Contract value: US$856mn

Contract period: 66 months

General information: The Karagandy to Balkhash road (1,492.4-1,855km) upgrade is 362.6km in length. After work is completed, the expressway will be qualified with I-b grade conditions, having four lanes in total and a speed limit of 120km/h.

Progress as of the end of 2023: The project has been completed with 97% of single-lane road surface and 29% of upper course surface finished.

East Section Of The 84km East-West Highway, Algeria

Contract value: Approx. US$680mn

Contract period: 75.5 months

General information: The project stretches from the interchange of Dréan in southern Annaba to the Tunisian border in the east, including nine interchanges. The highway will be 84km long.

Progress as of the end of 2023: The project has been completed and inaugurated with a road opening ceremony.

Sunsuria Headquarters, Malaysia

Contract value: MYR489mn

Contract period: 36 months

General information: Located in Shah Alam, Selangor Darul Ehsan, Malaysia, the project is the construction of the second phase of Sunsuria headquarters, which is a commercial and residential complex with a total GFA of about 330,000m^2. It consists of 3 towers, including a 31-storey office tower, a 33-storey SOHO tower and a 41-storey apartment building, which are connected by a 9-storey podium.

Progress as of the end of 2023: The SOHO tower has been completed and delivered, with the shopping mall reaching 67%, the parking building reaching 84%, and the apartment building reaching 91% completion respectively.

Phase II, Industrial New Town of Linkong Economic Zone, Ziyang, Sichuan Province, China

Contract value: RMB7.690bn

Contract period: 1,095 days

General information: This project is a continuation of the initial batch of road network engineering projects, consisting of a total of 29 sub-projects, including municipal roads, building construction, water resources, tunnel engineering, as well as earthwork balance project, power relocation, and oil pipeline relocation.

Progress as of the end of 2023: The westward extension section A of Jiaozi Road and section B of Zixi Avenue have achieved functional opening. The community roads in the Three Central District (Phase One), Yanqi Lake scenic shoreline section, Chengzi Linkong Avenue (north section), 220kV power reconstruction project, and Laixiao Road construction have all been completed.

Linqing Province, Yunnan Provicine, China

Contract value: RMB6.217bn

Contract period: 58 months

General information: The project is the second phase of the Linxiang to Qingshui River Expressway in Lincang, Yunnan Province. The total length of the road section is 41.1km. The entire route is being constructed according to the two-way, four-lane expressway standard, with a designed speed of 80km/h and a roadbed width of 5.5m.

Progress as of the end of 2023: The construction of the contract section has been completed and opened to traffic by the end of August 2023.

Chip City Science And Innovation Base, Research And Innovation Park, Jiangbei New Area, Nanjing, Jiangsu Province, China

Contract value: **RMB12.277bn**

Contract period: **6 years**

General information: This project is an important vehicle in the development of high-tech industries in Jiangbei New Area, Nanjing, Jiangsu Province. The project covers an area of 2.25km^2 with a total construction area of 1.65mn m^2.
The first phase of the project covers an area of 420,000m^2, the second phase 770,000m^2, and the third phase 460,000m^2 respectively. The main construction includes the science and innovation center and apartment buildings, as well as municipal infrastructure.

Progress as of the end of 2023: Phase 1 of the project: The civil construction of the building structure has been completed. The curtain wall of the five main buildings is 70% complete. The installation of above-ground mechanical and electrical pipelines is mostly completed. The interior decoration of the model floor is under construction. The assembly and installation of the 10A/10B steel walkway have been completed.
Phase 2 of the project: The pile foundation and excavation support projects of Plot 07A have been completed. A total of seven piles have been tested, completing 50% of the testing. The pile foundation of Plot 05A has been completed, and the excavation support project is 20% complete.

Ji'nan Ecological Port, Ji'nan, Shandong Province, China

Contract value: **RMB6.032bn**

Contract period: **60 months**

General information: This project is located within 22km^2 of Ji'nan International Merchants Industrial Park, with 308 National Highway in the north, Xiaoqing River in the south, Jiaxuan West Road in the west and Linkong East Road in the east. The scope of work consists of the Aerospace Avenue Project, Aerospace Avenue Comprehensive Pipe Gallery Project, Tianji Road Project, Tianji Road Comprehensive Pipe Gallery Project, Jiangxu Road Comprehensive Upgrade Project, Comprehensive Sewage Treatment Plant and High-end Equipment Industry National Lab, etc.

Progress as of the end of 2023: The main structure of the apartment buildings has reached a cumulative completion rate of 85%, with the first one topped out on 10 December and currently, six out of 14 buildings have been topped out. The comprehensive sewage treatment plant commenced operation on 30 October 2022. The municipal road project is progressing steadily.

Wuhan Changjiang New Town Project, Wuhan, Hubei Province, China

Contract value: **RMB3.924bn**

Contract period: **1,033 days**

General Information: This project consists of Chenjiaji Avenue and New District Avenue, with the total length of the Chenjiaji Avenue being about 4.7km. The comprehensive pipe gallery project (excluding the cross-Zhujia River section of the pipe gallery and comprehensive drainage system) is 9,061.59m, and the tunnel project is 2,200m; the total lengths of the New District Avenue and comprehensive pipe gallery project are 3.97km and 2.42km respectively.

Progress as of the end of 2023: The construction of the main structure of the tunnel and pipe gallery continues to progress, and the main structure of the monitoring center project has been completed.

Our Businesses

CITIC Environment is the sole investment and operational platform of CITIC Limited for environmental protection. With its leading comprehensive service capabilities and core technological advantages across the environmental protection industry chain, the company is committed to becoming a world-class environmental industry group. Its business covers ecological environmental protection, urban and rural construction, membrane manufacturing, intelligent construction, and clean energy, among other fields, through five major sectors: investment, design consultation, production manufacturing, engineering contracting, and project operations. CITIC Environment has established business operations throughout the country, while internationally it has executed numerous projects in the United States, Southeast Asia, and countries and regions along the Belt and Road. The company has three subsidiaries that are well-known firms in China, namely Central and Southern China Municipal Engineering Design and Research Institute Co., Ltd (CSMEDI), CITIC Envirotech and CITIC General Institute of Architecture Design and Research Co., Ltd (CADI).

In 2023, CITIC Environment fully implemented the integration and development strategy for CITIC Limited's environmental businesses. The company continuously improved its business model, which focuses on planning and leadership, technical support, digital empowerment, and the integration of investment, construction, equipment, and operation throughout the business life cycle, all enabled by digitalisation. Consequently, it has positioned itself as a domestic environmental enterprise with distinctive advantages across the entire industry value chain. Throughout the year, the company and its subsidiaries received considerable recognition. Central and Southern China Municipal Engineering Design and Research Institute Co., Ltd (CSMEDI) ranked ninth in terms of revenue in the field of engineering survey and design in China. CITIC Envirotech was recognised as one of the "Top 50 Environmental Enterprises in China for 2023." Additionally, CITIC General Institute of Architecture Design and Research Co., Ltd (CADI) continued to be listed as one of the "Top 60 Engineering Design Companies in China" by global construction industry authority Engineering News-Record (ENR).

CITIC Environment achieved significant results in digital transformation. Phase I of a major Building Information Modelling (BIM) project of the Ministry of Industry and Information Technology (MIIT) has successfully passed the acceptance inspection and is currently engaged in proactive efforts to drive the transformation of project outcomes. The research and development work for Phase II of MIIT's BIM project is progressing. This project holds significance in maximising achievements under Phase I of the MIIT project by continuously enhancing the overall digitalisation capabilities and influence of the company. CITIC Environment is experiencing ongoing growth in the digital sector, such as in smart water management, intelligent transportation, intelligent construction, and smart buildings. In the reporting year, the company has achieved nearly RMB500 million in newly signed digital service contracts.

In terms of technological innovation, 2023 was another highly successful year for CITIC Environment. It launched nearly 110 scientific research projects, including four national projects, obtained 245 authorised patents, including 34 invention patents, and edited or co-edited a set of six standards and specifications, among which two were national level.

CITIC Environment made unique contributions by actively implementing national strategic goals during 2023. Phase II of the Futian Water Purification Plant, the largest semi-underground water purification plant in Asia, was successfully completed. Operations for the National Network Security Talents and Innovation Base Project and the Hangzhou Sanyi Line Road and Landscape Enhancement Project, a key project for the Asian Games, commenced. The Zhuhai Shizimen Tunnel, the first underwater tunnel in China with both vehicle and pedestrian functions, was officially opened. Phase I of the first domestic submerged reclaimed water plant integrating overground and underground development in Xiabei District, Ningbo, was put into operation.

Major Projects

The Clean Water Project In Jiangxia District, Wuhan, China

Contract value: **RMB5.110bn; (Phase I: RMB1.05bn; Phase II: RMB650mn; Phase III: RMB3.293bn)**
Contract date: **October 2016**
Contract period: **Phase I: 45 months; Phase II: 22 months; Phase III: 36 months**
Commencement of construction: **Phase I: September 2015; Phase II: December 2016; Phase III: August 2020**

General information: This comprehensive project provides systemic integrated solutions for the regional water environment and comprises the third batch of national Public-Private Partnership (PPP) demonstration projects. The project involves a range of water-related processes, including sewage collection and treatment, flood control and drainage, water supply, the treatment of water from lakes and rivers, creation of water environments, and water information management. CITIC's involvement in this PPP project includes investment and financing, planning, design, construction and operation. The entire project will be completed in four phases.

Progress as of the end of 2023: 95% of Phase I, 100% Phase II, 84% of Phase III completed

Qilihe Anning Sewage Treatment Plant Expansion And Renovation Project, Lanzhou, China

Contract value: **RMB2.562bn**
Contract date: **14 August 2019**
Contract period: **29 months**
Commencement of construction: **20 September 2019**

General information: This project is a major initiative in Gansu Province aimed at improving people's livelihoods. It adopts a fully buried Membrane Bioreactor (MBR) treatment process. The current sewage treatment capacity is 300,000 tonnes/day, with a future capacity of 400,000 tonnes/day. It is currently the largest fully buried MBR sewage treatment plant in the northwest region of China.

Progress as of the end of 2023: The project has been completed.

Phase I Jiangbei Reclaimed Water Plant, Ningbo, China

Contract value: **RMB964mn**
Contract date: **May 2020**
Contract period: **31 months**
Commencement of construction: **May 2020**

General information: Located in Jiangbei District, Ningbo, this plant is designed to purify 150,000 tonnes of wastewater per day. Unlike traditional sewage plants, this plant adopts a fully buried main structure. The top floor is being developed for an industrial park, while the bottom floor serves as a treatment structure and operational layer. It will be built into a new type of modern water reclamation plant.

Progress as of the end of 2023: The project has been completed.

Our Businesses

Beijian Park Water Purification Project, Wuxi, China

Contract value: RMB1.008bn
Contract date: March 2022
Contract period: 24 months
Commencement of construction: May 2022

General information: This project is Wuxi's first underground water purification plant with a daily sewage treatment capacity of 150,000 tonnes. It will be built as a domestic demonstration benchmark for submerged water purification with underground sewage treatment facilities and an aboveground wetland park.

Progress as of the end of 2023: 87% of the project has been completed.

New Construction Of Xiaohongshan Science Town, Wuhan, China

Contract value: RMB1.224bn
Contract date: October 2021
Contract period: 36 months
Commencement of construction: September 2021

General information: This project covers 4.07 hectares of land with a total Gross Floor Area (GFA) of 150,000m^2. Xiaohongshan Science Town will be developed into a leading hub for life sciences, health, and information technology industries in central China. It is envisioned to be a demonstration base for China's achievements and transformations in science and technology, a centre for the exchange and distribution of cutting-edge technologies, and an innovative experiential park for shared technology experiences.

Progress as of the end of 2023: 29% of the project has been completed.

Quality And Efficiency Improvement Project Of Sewage Treatment, Yunxiao County, Zhangzhou, Fujian

Contract value: RMB1.330bn
Contract date: November 2022
Contract period: 36 months
Commencement of construction: November 2022

General information: This project includes a sewage treatment plant, a sewage pipe network, river ecological restoration work, and smart waterworks. It will be built into a "smart and efficient, resource-saving" sewage collection and treatment system with "advanced standards and complete functions" that can achieve full coverage, collection and processing of the sewage pipe network.

Progress as of the end of 2023: 41% of the project has been completed.

Wuhan Optics Valley Cultural Centre Project

Contract value: RMB1.699bn
Contract date: December 2022
Contract period: 20 months
Commencement of construction: January 2023

General information: The project comprises an international communication centre, a library, an art gallery, and a youth activity centre. Its total land area spans 6.33 hectares boasting a GFA of approximately 264,000m^2. Once completed, it will become a new cultural and business landmark of the Optics Valley in Wuhan.

Progress as of the end of 2023: 60% of the project has been completed.

Phase II Shenzhen Futian Water Purification Plant Project

Contract value: RMB1.976bn
Contract date: December 2022
Contract period: 37 months
Commencement of construction: January 2023

General information: This project is Asia's largest double-layer semi-underground water purification plant with a daily sewage treatment capacity of 400,000 tonnes. It will be built as a new urban landmark integrating ecological education, sports and leisure activities, and social media photo opportunities.

Progress as of the end of 2023: 27% of the project has been completed.

Infrastructure: CITIC Industrial Investment invests in and manages infrastructure projects such as ports, port terminals, and regional development operations in China. The port and terminal business mainly focuses on the investment in and independent operation of liquefied petroleum terminals and storage facilities, as well as the operation of other types of berths, such as containers. At present, CITIC Industrial Investment has a combined handling capacity of about 32 million tonnes and a storage capacity of about 1.32 million cubic metres of liquefied petroleum. In the future, CITIC Industrial Investment intends to focus on liquefied petroleum products from its base in Ningbo. The company will accelerate the construction of liquefied petroleum terminals and storage projects, striving to become an influential and comprehensive logistics and warehousing service provider of liquid chemicals in domestic market segments.

Project	Ownership	Designed handling capacity/ storage capacity
Port storage		
Xinrun Petrochemical Storage Transport	90%	6 million tonnes/600,000m^3
PetroChina Fuel Oil Port	51%	12 million tonnes
Guanwai Liquefied Products Port	51%	1.8 million tonnes
Xinyuan Port	51%	7.2 million tonnes
Xinhai Oil Terminal	30%	720,000m^3
Gangfa Crude Oil Port	20%	5 million tonnes
Ningbo Daxie Container Terminal	20%	2.4 million TEU

The regional development business refers to the Xidian New Town Project in Ningbo, with construction projects involving reclamation engineering, land consolidation and urban infrastructure. The company also develops supporting projects involving water engineering and green land development, with a planned development land area of approximately 6,480mu, and a gross construction area of approximately 4 million square metres. In 2023, the company acquired 378mu of collective land and 56mu of vacated land reserve for the Xidian New Town Project, obtaining continuous results in land acquisition and demolition. Despite pressure from real estate market adjustments, the company successfully completed the transfer of 54mu of land. With a strategic focus on constructing a commercial and cultural centre in the new town, the project team efficiently and effectively completed the development of comprehensive supporting facilities, which helped to enhance the brand value and attractiveness of Xidian New Town.

Our Businesses

Healthcare: CITIC Limited operates and manages its healthcare business through CITIC Pacific and CITIC Industrial Elderly Care.

CITIC Pacific mainly engages in the operation of medical and elderly care services, as well as medical equipment distribution. The medical services business comprises four hospitals with 1,229 beds including Jiangyin Lingang Hospital, as well as Hangzhou Chengdong Hospital, Shaoxing Chengdong Hospital and Shaoxing Shangyu Third Hospital, which are operated via Hong'en Medical Group. Among them, Jiangyin Lingang Hospital was acquired by CITIC Pacific in 2018 and is located centrally in the Lingang Economic Development Zone of Jiangyin in Jiangsu Province. Since the acquisition, the hospital has rapidly improved its diagnostic treatment and service standards with the introduction of experts and upgrading of equipment, and it has been elevated to a Grade II Level A general hospital. In 2023, Jiangyin Lingang hospital successfully signed a medical consortium agreement with Tongji University Affiliated Dongfang Hospital, aiming to enhance the level of medical management, technological expertise, and comprehensive service capabilities. The hospital is currently constructing a new campus with a capacity of 650 beds, following the standards of a tertiary general hospital. The progress of the new campus construction is on schedule, and it is expected to be delivered in the second quarter of 2024. In 2023, Hangzhou Chengdong Hospital, which is under the management of Hong'en Medical Group, was incorporated into the Hangzhou City 120 Emergency Network, thereby enhancing its abilities to respond to emergencies. Shangyu Third Hospital, in collaboration with Shaoxing People's Hospital, has entered into agreements with collaborative organisations, partner hospitals and orthopedic expert groups, which brought its medical disciplinary capabilities to a new level.

CITIC Pacific has extended its elderly care business to Jiangyin, Zhenjiang, Yancheng and Fuzhou. With 887 elderly care/nursing care beds in 5 elderly care homes and 3 nursing institutions, it provides elderly care services to approximately 46,000 households

through various operations. It actively promotes a business model of integrated medical and elderly care, making use of its rich medical resources. Through its operational model, the company provides diversified services including nursing home operations, intensive care services, and community and in-home care for seniors.

Haoan Health and Shanghai Youhe Medical, both subsidiaries of CITIC Pacific, provide medical equipment and consumables sales, marketing, distribution, and professional services across the country, mainly focusing on the Jiangsu, Zhejiang and Shanghai markets. Notably, Haoan Health has been deeply involved in the Zhejiang Province market for a long time. At present, it provides high-quality medical equipment and consumables for nearly 400 hospitals in Zhejiang Province in the fields of gastroenterology, urology, neurology and neurosurgery, covering more than 20 major product categories, and maintains a leading position in the medical device industry in the fields of gastroenterology and urology in Zhejiang Province. Shanghai Youhe Medical's business footprint spreads across four major markets in Shanghai, Jiangsu, Zhejiang and Henan, as well as multiple medical-centre-cities in South China, Southwest China and North China. It has cooperated with more than 700 medical institutions to provide professional solutions for clinical intervention, diagnosis and treatment in the fields of gastroenterology and early-stage respiratory cancer. With over 30 high-quality national and international medical equipment product lines, Shanghai Youhe Medical has established itself as an influential and trusted provider in the industry.

CITIC Industrial Elderly Care strategically focuses on market-driven, high-quality, and centralised elderly care services. With a positioning that is "urban, comprehensive, and healthcare and wellness-oriented", the company offers three main product offerings: lively residences, elderly care facilities, and Skilled Nursing Facility. This approach has led to the development of three brands rooted in the Chinese word Xin (信): "Xinlan, Xinfu & Xinyue, and Xinyang". The company's primary focus is on the major cities of Shanghai and Hangzhou. Currently, it has been providing a total of 3,300 beds, successfully operating 8 premium projects.

In 2023, CITIC Industrial Elderly Care successfully launched two major projects with a capacity of over 1,000 beds each: Youyou Xinfu in Pudong and Xinlan Tianti in Chongming. Throughout the year, the company's three main product lines witnessed a net increase of approximately 600 occupied beds, with over 1,000 elderly residents by the year end. The annual operating revenue experienced a year-on-year growth of 35%.

Moving forward, CITIC Industrial Elderly Care will maintain its focus on market-driven, chain-based, centralised elderly care services. With Shanghai as its central base in the Yangtze River Delta region, the company plans to gradually expand its business nationwide. Through internal expansion, acquisitions, and capital operations, it strives to become a leading enterprise in the Chinese elderly care industry with distinctive features, excellent capabilities, and leading scale.

Key Projects in Operation

Project	Category	Location & Capacity
Xinlan Tiandi, Chongming	Resort-style cultural and tourism-based elderly care community	Located in Chongming District, Shanghai, the facility covers approximately 216 acres with a building area of around 160,000m^2, accommodating over 1,000 beds.
Youyou Xinfu, Pudong	Urban integrated healthcare and wellness community	Located in Pudong New Area, Shanghai, the facility covers approximately 70,000m^2 with over 1,000 beds.
Xinyue 88, Hangzhou	Urban integrated healthcare and wellness community	Located in Shangcheng District, Hangzhou, Zhejiang Province, the facility covers approximately 20,000m^2 with over 260 beds.
Xinyang Home Baoshan Dachang Elderly Care Home	Elderly nursing care facility	The facility has over 260 beds, located in Baoshan District, Shanghai,
Xinyang Home Jinxiu Elderly Care Home, Pudong	Elderly nursing care facility	The facility has over 170 beds, located in Pudong New Area, Shanghai
Xinyang Home Xinjiangwan Elderly Care Home, Yangpu	Elderly nursing care facility	The facility has over 160 beds, located in Yangpu District, Shanghai
Xinyang Home Aiqinren Nursing Home	Skilled Nursing Facility	The facility has over 170 beds, located in Yangpu District, Shanghai
Xinyang Home Zhenyue Nursing Home	Skilled Nursing Facility	The facility has over 300 beds, located in Yangpu District, Shanghai

Our Businesses

General Aviation: As a leading company in the aviation industry, CITIC Offshore Helicopter (COHC) operates a full-service general aviation business with comprehensive capabilities and is the first and only mainboard-listed company in the general aviation industry in China (000099.SZ). COHC's range of offshore and onshore services spans offshore oil air services, air emergency rescue, aircraft maintenance, port navigation-support, offshore wind power, and drone operation. In late July 2023, the company participated in an emergency assistance to Zhuozhou City in Hebei province, in which 49 individuals were rescued through aerial operations, and approximately 2.6 tonnes of relief supplies were air-dropped. Additionally, COHC successfully completed flight support missions for the 39th Antarctic scientific expedition and the 13th Arctic scientific expedition, organised by the country.

Headquartered in Shenzhen, Guangdong Province, COHC owns four heliports in Shenzhen, Hainan, Tianjin, and Zhanjiang. Its bases, take-off and landing points form a network covering all provinces, municipalities, and autonomous regions within the country, except Tibet; in overseas areas such as the North and South Poles; and in Myanmar. COHC has the largest civil helicopter fleet in Asia and operated 89 helicopters comprising 15 world-class helicopter models as of the end of 2023. During the year, COHC maintained its leading market share in offshore oil helicopter flight services. It is the sole provider of helicopter pilots to ports across the country, and the only supplier of helicopters for China's national arctic scientific expeditions. COHC is also the sole general aviation company in the country that engages in offshore oil flight services overseas.

PROPERTY DEVELOPMENT, OPERATION AND MANAGEMENT

CITIC Pacific Properties, positioned as a developer and manager of premier properties, is focused on mixed-use, commercial, and residential projects with operations that extend across the commercial lifecycle to include investment, project development, marketing, and property management. It currently owns and manages properties in regions including the Yangtze River Delta, the Greater Bay Area, the Yangtze River Economic Belt, and the Bohai Rim Economic Circle.

During the reporting period, CITIC Pacific Properties successfully delivered high-quality projects in mainland China, such as portions of Wuhan Harbour City and Optics Valley Innovation Tiandi, Phase II of CBD project's residential part and Nove Mansion in Jinan, as well as the residential part of Guangzhou Harbour City Phase I, all of which received recognition from the market. In 2023, CITIC Pacific Properties successfully navigated the challenges posed by the ongoing market downturn, achieving a remarkable 44% increase in annual sales and a significant 56% increase in collection amounts compared to the previous year. In addition, CITIC Pacific Properties acquired three new projects in Shanghai, Nanjing, and Wuxi. As of the end of 2023, CITIC Pacific Properties had a land reserve area of approximately 5.3 million square metres in mainland China, of which the area of its equity interest amounted to around 3.87 million square metres. As for the investment property business, CITIC Pacific Properties maintained its momentum by expanding its operational scale. During this period, both Dream Gala and T Center in Shanghai were officially unveiled in the third quarter, leading regional commercial development and injecting new vitality into CITIC Pacific Properties' brand image. Leveraging its core business, CITIC Pacific Properties made significant strides in the fields of development and construction outsourcing, as well as commercial asset-light management. These breakthroughs resulted in successful project acquisitions in Shanghai, Tianjin, Chongqing, and Yangzhou.

In Hong Kong, the Jardine's Lookout project located at Tai Hang Road has been officially named "JARDINI". The construction of the superstructure of this high-end residential development, with a total gross floor area of about 12,000 square metres, is currently in progress. The project located at Lai Kong Street in Kwai Chung has commenced preliminary work for site leveling and foundation construction. The project encompasses a total construction area of approximately 23,000 square metres, including development of a public transport terminus and community facilities, and is set to be developed into a premium residential area. The Discovery Bay development is a 50-50 joint-venture between CITIC Pacific and HKR International. Construction for the residential development with a total gross floor area of about 124,000 square metres in the northern part of Discovery Bay is progressing in phases. The foundation work of the first portion of Phase 19, with a total gross floor area of about 44,000 square metres, has been completed. The existing residential projects for sale are Poggibonsi and IL PICCO comprising 196 residential units and 21 garden houses respectively. By the end of 2023, a total of 192 units and 8 houses had been sold. During the period, the redevelopment of Skyway House was initiated. The project is adjacent to the MTR Olympic Station and is planned to build a 21 storey high quality commercial building with a total gross area of approximately 32,000 square metres. In 2023, the Hong Kong real estate market experienced a slow recovery due to uncertain global economic factors and a high-interest rate environment. Rental activity was low, and commercial rents were under pressure. However, the average occupancy rate of the company's investment properties remained at approximately 96%.

CITIC Urban Development & Operation

continued to work on its key projects in 2023. A number of major milestones have been achieved in the construction of supporting public facilities of the urban development project in CITIC Coastal City in Shantou. The Shantou Bay Tunnel has been completed and opened to traffic. The municipal public facilities in the expropriation area have been largely completed and are operational, showcasing a modern urban image. The Ningbo Fenghua Innovation Industrial Complex project has made steady progress in land consolidation and industrial upgrading. With a focus on "biopharmaceutical+intelligent manufacturing", construction of approximately 180,000 square metres of modern factories have been completed. As a result, it has successfully attracted high-quality industrial projects to establish a presence in the area. In 2023, the project was selected as one of the top ten demolition

and conversion industry demonstration projects in Zhejiang Province and was included in the first list of iconic incubation projects under the "2070" initiative in Ningbo City.

Our Businesses

Key Development Projects

CITIC Pacific Properties

Yangpu District Badaitou Project, Shanghai

The project is located in the central area of Yangpu District, Shanghai, adjacent to the north bank of Huangpu River and stands across the river from the Harbour City project, together with which forms a collaborative linkage as "Two Banks, Twin Stars". The project plan is to develop historical and cultural style villas, as well as upscale high-rise buildings on the eastern waterfront of Shanghai. It also aims to develop Grade A office buildings and a commercial block which will facilitate a high-end lifestyle featuring local Shanghai culture and art. Currently, it is in the early planning and design stage.

Harbour City, Guangzhou, Guangdong province

The project is located in the key riverfront area of Liwan District, Guangzhou, with a rare first-class view of the Pearl River. It will be developed into an international waterfront metropolis consisting of residential, retail, and office properties. After completion, the project will become a new landmark for commercial, cultural and recreational activities along the riverfront area of Guangzhou, and a new integrated urban centre. Part of Phase I has been completed, while part of the construction remains to be finalised. Meanwhile, construction of the initial batch of phase II is currently underway.

Harbour City, Wuhan, Hubei province

This project is located between the first and second ring roads of Wuhan in the Riverside Commercial Zone of the CBD, which has the highest growth potential and a convenient location in the city. Currently some lots of the project have been completed, while construction is underway on others.

Optics Valley Innovation Tiandi, Wuhan, Hubei province

This large-scale mixed-use project is being co-developed with Shui On Group. It is located in the heart of the East Lake High-tech Development Zone in Wuhan. Parts of the project have been completed and delivered. Construction is currently underway for the remaining lots.

T Center, Nanjing, Jiangsu province

This site will be developed into a mixed-use urban complex above a subway station, consisting of office towers, serviced apartments, and retail shops. Construction of the project is currently underway.

CBD Project, Jinan, Shandong province

This mixed-use project is jointly developed by the company and a state-owned enterprise in Jinan, Shandong province, which will be developed into a new landmark in the CBD area. Construction for the residential portion has been completed and delivered, while construction of the office buildings is currently underway.

Jade Mansion, Jinan, Shandong province

The project is located in the Science and Technology City district, which is the northern expansion area of Jinan's CBD. It is planned to be developed into a high-quality residential area with an international park ambience. Currently, it is in the construction phase.

Southern New City Project, Nanjing, Jiangsu province

The project is a premium residential development jointly developed by the company and a state-owned enterprise in Nanjing. Located in the core area of the Southern New Town in Nanjing, the project aims to create high-comfort residences with energy efficient technology. It strives to become a benchmark project in the Southern New Town. Currently, it is in the stage of conceptual design.

Nove Mansion, Jinan, Shandong province

The project is situated in the central area of Jinan's CBD, and stands as one of the best examples of high-end boutique residences in the city. The project has been completed and is ready for delivery.

Harbour City, Qingdao, Shandong Province

The project is located in the waterfront area of Happy Marina City, the main district in the north of Qingdao, offering picturesque and panoramic sea views. The project is intended to be developed into a coastal city complex consisting of boutique residences, offices, and retail properties. Currently, it is in the construction phase.

Our Businesses

100% owned

Taihu New City Project, Suzhou, Jiangsu province

This large-scale mixed-use project is located at the core of Taihu New City, a CBD of Suzhou with a rare view of Taihu Lake and access to convenient public transport. The residential segment has been completed and construction of the office buildings is currently underway.

100% owned

In Lake Ville, Wuxi, Jiangsu province

The project is located in the central area of the Li Lake section of Wuxi Economic Development Zone. It boasts an outstanding landscape and is positioned as a high-end upgraded residential development in Wuxi. Currently, it is in the construction phase.

98% owned

Jade Mansion Wuxi, Jiangsu province

The project is located in the Binhu District of Wuxi and is positioned as a high-end quality residential project. It is currently in the construction phase.

100% owned

Maison De Verre, Yangzhou, Jiangsu province

The project is an upgraded residential development situated in the Jiangwang section of the western district of Yangzhou. The project has been completed and is ready for occupancy.

CITIC Urban Development & Operation

Regional development project

CITIC Coastal City, Shantou, Guangdong province

The project is the largest integrated urban and regional development project since the establishment of the Shantou Special Economic Zone. It is a new type of urbanisation project jointly developed by CITIC Urban Development & Operation and the Shantou Municipal Government. The collaboration includes primary development and consolidation of land, construction of infrastructure including a cross-harbour tunnel and municipal roads, provision of ancillary public service facilities such as schools and hospitals, and construction of large-scale venues including convention centres, museums, and exhibition centres.

90% owned

Fenghua Industrial Complex, Ningbo, Zhejiang province

This development is a demonstration project for urban renewal in Ningbo's Yongjiang Innovation Corridor. The project is being developed by CITIC Urban Development & Operation with a multi-faceted investment, financing, and construction model that integrates land development, industrial investment promotion, and industrial operation. The completed residential and commercial community, along with the industrial park, will be able to accommodate over 30,000 people to live and work there, and has potential to become a model for new urbanisation in the Yangtze River Delta region.

Major Investment Properties

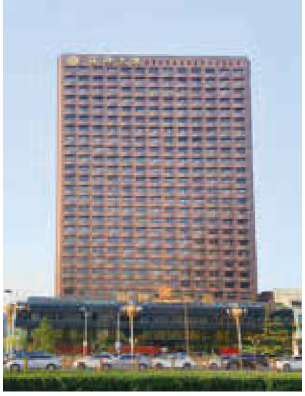
CITIC Tower, Beijing

Purpose: Office
Ownership: 100%
Approx. gross area: 437,000m^2

CITIC Mansion, Beijing

Purpose: Office
Ownership: 100%
Approx. gross area: 140,200m^2

CITIC Building, Beijing



Purpose: Office
Ownership: 100%
Approx. gross area: 62,200m^2

Harbour City, Shanghai

Purpose: Office & Retail
Ownership: 50%
Approx. gross area: 472,600m^2

CITIC Square, Shanghai

Purpose: Office & Retail
Ownership: 100%
Approx. gross area: 132,300m^2

CITIC Pacific Tower, Wuhan

Purpose: Office
Ownership: 100%
Approx. gross area: 55,100m^2

CITIC Tower, Hong Kong

Purpose: Office & Retail
Ownership: 100%
Approx. gross area: 52,000m^2

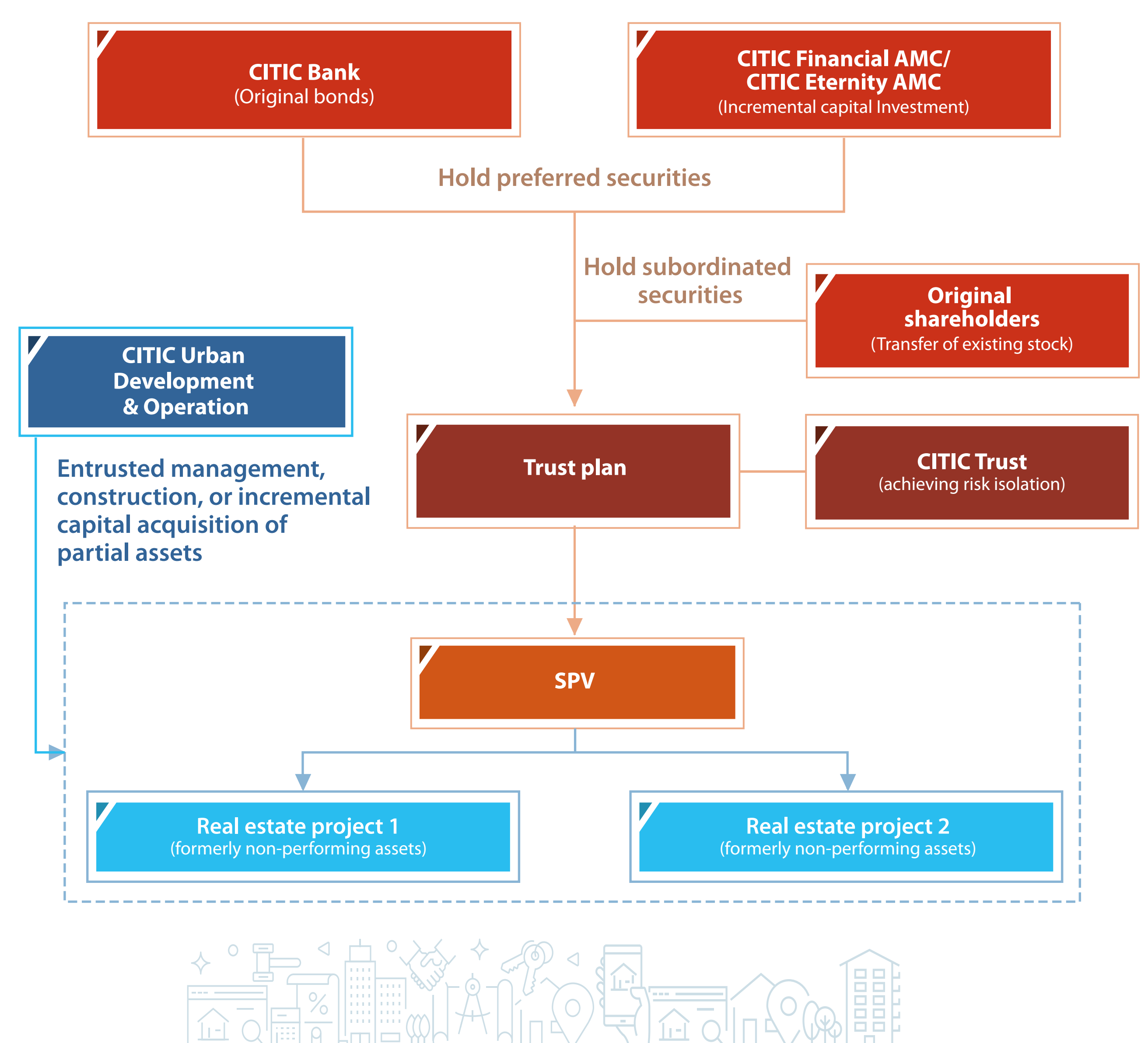
RISK MITIGATION THROUGH COLLABORATION

In 2023, the company diligently implemented the national policy requirements regarding the prevention and mitigation of major financial risks. Leveraging its integrated operational advantages, the company made significant strides in promoting collaborative risk resolution, yielding tangible results.

The company adopted an innovative and collaborative risk resolution model with CITIC's unique characteristics. Capitalising on its advantages of extensive industry coverage and comprehensive financial licences, the company established a collaborative risk resolution "joint fleet", engaging in countercyclical operations. Through synergies between its industrial and financial sectors, as well as within the financial sector itself, the company broadened its operational scope for non-performing assets, extended the value creation chain, and facilitated the preservation, appreciation, and realisation of distressed assets. In terms of industry-finance collaboration, the company's industrial subsidiaries utilised market-oriented approaches to acquire and restructure problem assets from its financial subsidiaries. This approach not only facilitated the efficient disposal of financial risks but also enhanced the company's industrial structure and competitiveness. Leveraging its strengths in real estate development and operation, the company employed various models such as entrusted management and construction to revitalise real estate risk projects of financial subsidiaries, thereby providing professional support and driving its own transformational development. In terms of finance-finance collaboration, the company capitalised on CITIC Financial AMC and CITIC Trust's expertise in countercyclical operations and asset isolation respectively. The company harnessed its collective resources and professional advantages to create a joint effort for addressing and resolving risks. To effectively mitigate existing risks, it implemented various measures, including injecting additional capital, strengthening safeguard measures, and implementing risk isolation strategies. The collaborative model for resolving risks, characterised by its unique CITIC attributes, has developed over time, facilitating a transition from risk asset disposition to risk asset management and operation.

The company has been enhancing the mechanism for synergistic risk management. It upholds the principles of legal compliance, substantive risk mitigation, and maximising group interests. The company strengthened the coordinated efforts of the entire group, continuously improving supporting mechanisms, standardising workflow, and harnessing the potential of collaborative risk mitigation. Guided by the principle of "One CITIC, One Customer", the company fostered a culture of resource sharing, information sharing, and experience sharing to harness collective strength. By capitalising on the benefits of strategic decision-making, the company actively sought policy support from local governments.

With a focus on achieving economic and social benefits, the company successfully mitigated risks in a diverse portfolio of major projects, amounting to RMB30 billion, through collaborative risk management, effectively reducing the non-performing loan levels of financial subsidiaries and expediting the revitalisation of distressed assets. Moreover, more than 20 real estate relief projects were implemented, resulting in the delivery of over 50,000 housing units and facilitating the restart of key projects in cities such as Shenzhen, Shanghai, and Nanning. These endeavors not only generated profits for the company but also supported local governments in ensuring the timely completion of housing projects, safeguarding livelihoods, and maintaining stability. CITIC made valuable contributions to the prevention and resolution of systemic financial risks through its intelligence and robust capabilities.



By adhering to integrity and innovation, creating a unique CITIC model for mitigating real estate risks.

By providing support to ensure the delivery of housing projects and well-being of the people, we can achieve significant social benefits.

Financial Review

In 2023, the international political and economic landscape was characterised by a high degree of volatility and instability. Major developed countries experienced a slowdown in economic growth. Meanwhile, emerging markets and developing economies displayed divergent trends. China, in particular, faced a range of difficulties and challenges, including slowing demand, excessive capacity in certain industries, and weak expectations in its economy. Despite the increasingly challenging and complex domestic and international environment, the Group managed to overcome difficulties, and achieve sustained operational growth with revenue reaching RMB680.8 billion, representing a year-on-year increase of 2.6%. The net profit amounted to RMB105.3 billion, with profit attributable to ordinary shareholders totalling RMB57.6 billion. After excluding the one-time impact of the consolidation of **CITIC Securities** in the same period prior year, the Group's net profit and profit attributable to ordinary shareholders recorded a year-on-year increase of 10% and 5.4%, respectively.

The comprehensive financial services segment focused on serving the real economy and strengthening the strategic support for state-owned enterprises. This segment recorded a year-on-year increase of 0.5% and 5.1% in revenue and profit attributable to ordinary shareholders, respectively. In particular, **CITIC Bank** continued to optimise its loan structure and enhance its asset quality, achieving a 7.9% year-on-year increase in profit attributable to the bank's shareholders. **CITIC Securities** accelerated its drive in establishing a world-class investment bank and maintained a leading position in its core business domestically. Despite the impact of sluggish industry growth, its net profit decreased but maintained a leading position in the market. **CITIC Trust** focused on developing asset servicing and management trust businesses. Its trust assets under management increased by 34% compared to the beginning of the year, and asset quality continued to improve. **CITIC-Prudential Life** actively responded to the C-ROSS Phase II, as well as requirements of integrated written premium transformation, and made continuous improvements to its product structure. This led to the increase in the value of new business.

The non-financial segments recorded a year-on-year increase of 4.0% and 5.3% in revenue and profit attributable to ordinary shareholders, respectively. Among which, the **advanced intelligent manufacturing segment** accelerated its global capacity expansion and the overseas sales of core products showed significant growth. As a result, its profit attributable to ordinary shareholders increased by 56% year-on-year. The **advanced materials segment** focused on strengthening its supply chain and enhancing industrial resilience. CITIC Metal successfully went public, establishing a solid foundation for sustainable development. The successful mergers and acquisitions of Tianjin Pipe and Nanjing Iron & Steel significantly enhanced the competitiveness of the "bar, wire, tube and plate" product lines. This segment's revenue increased by 10% year-on-year, effectively overcoming insufficient downstream demand. Net profit attributable to ordinary shareholders decreased slightly by 2.1% year-on-year. The **new consumption** and **new-type urbanisation segments** tapped into the business potential of digital communication, agricultural technology, cultural and creative retail, and deeply integrated with the Belt and Road Initiative and regional development strategies. However these two segments were affected by the rise of new energy vehicles and the downturn in the real estate industry, resulting in 3% and 13% declines in revenue, respectively. Excluding provisions, the operating profit remained stable year-on-year and decreased by 12% respectively.

Earnings per share and dividends

Earnings per share of profit attributable to ordinary shareholders was RMB1.98 in 2023, a decrease of 11% from RMB2.23 in 2022. As at 31 December 2023, the number of outstanding ordinary shares was 29,090,262,630.

At the forthcoming annual general meeting, the Board will recommend a final dividend of RMB0.335 per share to ordinary shareholders. Together with the interim dividend of RMB0.18 per share paid-in November 2023, the total ordinary dividend will be RMB0.515 (2022: HK$0.651 per share, equivalent to RMB0.587). This equates to an aggregate cash distribution of RMB14,981 million.

Segment Results

Comprehensive Financial Services

RMB million	2023	2022 (Restated)	Increase/(Decrease) Amount	Change
Revenue from external customers	268,048	266,604	1,444	0.5%
Net profit	94,429	87,264	7,165	8.2%
Profit attributable to ordinary shareholders	50,496	48,068	2,428	5.1%
Total assets	10,609,132	9,969,800	639,332	6.4%

In 2023, this segment achieved revenue of RMB268.048 billion, and profit attributable to ordinary shareholders of RMB50.496 billion, up by 0.5% and 5.1% year-on-year, respectively.

CITIC Bank successfully navigated challenges such as narrowing net interest margins, generating RMB205.6 billion in revenue, a decrease of 2.6% year-on-year. It recorded a profit attributable to shareholders of RMB67 billion, up by 7.9% year-on-year. The non-performing loan (NPL) ratio continued to decrease for three consecutive years, with a year-on-year decrease of 0.09 percentage points to 1.18%. The balance of NPLs decreased by 0.6% to RMB64.8 billion compared to the beginning of the year. The provision coverage ratio increased by 6.4 percentage points to 207.59%, indicating an improved ability to mitigate risks. The size of both deposits and loans increased by 5.9% and 6.7% respectively, compared to the beginning of the year. The balances of key areas such as green loans, strategic emerging industries, medium and long-term loans for manufacturing, inclusive loans, and agricultural-related loans all experienced double-digit growth.

CITIC Securities is committed to establishing itself as a world-class investment bank. During the year, it continuously enhanced its core competitiveness, maintaining a leading position in the domestic market across key sectors including investment banking, wealth management and asset management. With a strong focus on serving the real economy, CITIC Securities actively supported direct financing for enterprises. It increased its market share in both domestic equity and bond underwriting by 2.2 and 0.5 percentage points respectively, solidifying its position as the industry leader. Despite challenges posed by market volatility, CITIC Securities recorded RMB83.7 billion in revenue, representing a 2.6% year-on-year decrease. Its profit attributable to the parent company's shareholders was RMB19.7 billion, a decline of 7.5% year-on-year.

CITIC Trust accelerated business transformation during the reporting year. However, a decline in trust service fees had an impact on its financial performance. CITIC Trust recorded RMB5 billion in revenue and profit attributable to the parent company of RMB2.6 billion, a year-on-year decline of 23% and 13%, respectively. It focused on the development of low-risk service trust business. The trust assets under management reached RMB2.1 trillion, representing a 34% increase from the beginning of the year and reaching a historical high. Among which, the proportion of transformational and innovative business in the asset portfolio accounted for 67%.

CITIC-Prudential Life[Note] actively responded to the C-ROSS Phase II and requirements of integrated written premium transformation. It achieved a total premium income of RMB31.6 billion, an increase of 1% year-on-year. Embedded value and asset size reached RMB38 billion and RMB236.3 billion, respectively, representing 4% and 13% increases compared to the beginning of the year. By focusing on customers' health, retirement, and wealth management needs, CITIC-Prudential Life improved its diversified product portfolio and continuously optimised its product structure. The new business value rate increased by 8.7 percentage points year-on-year.

Note: CITIC-Prudential Life is a joint venture of CITIC Limited, which holds 50% equity interests, without consolidating its financial statements.

Financial Review

Advanced Intelligent Manufacturing

RMB million	2023	2022 (Restated)	Increase/(decrease) Amount	Change
Revenue from external customers	50,434	51,599	(1,165)	(2.3%)
Net profit	1,734	1,182	552	47%
Profit attributable to ordinary shareholders	827	531	296	56%
Total assets	60,415	58,955	1,460	2.5%

In 2023, this segment achieved revenue of RMB50.434 billion and profit attributable to ordinary shareholders of RMB0.827 billion, decreasing by 2.3% and increasing by 56% respectively, year-on-year.

CITIC Dicastal remains committed to advancing its core technology through iterative upgrades. It unveiled its achievements of "integrated die-casting" which contributed to the transformation of traditional manufacturing processes in the automotive industry. Sales of aluminium wheels and casting grew by 10% and 20% respectively, year-on-year, further increasing its market share. CITIC Dicastal made continuous efforts to enhance operations at its overseas production base, bolstering its global marketing and service capabilities. The Mexican production facility started operating at full capacity, and the Moroccan aluminium casting production base reached production capacity, with overseas sales revenue accounting for nearly 50% of total sales.

CITIC Heavy Industries provides critical components for China's vital equipment, with several heavy-duty machinery achieving breakthroughs in world-record specification. Driven by steady and stable growth in the heavy machinery business, CITIC Heavy Industries recorded a year-on-year increase of 8% in revenue and 164% increase in profit attributable to ordinary shareholders, respectively. CITIC Heavy Industries has been active in expanding its footprint in international markets. It successfully introduced its machinery products and services in key sectors such as mining and construction materials to markets across Africa, South America, Central Asia, and Southeast Asia. During the reporting year, overseas market orders grew by 17%, surpassing RMB3 billion for the first time.

Advanced Materials

RMB million	2023	2022 (Restated)	Increase/(decrease) Amount	Change
Revenue from external customers	267,513	242,577	24,936	10%
Net profit	14,872	14,464	408	2.8%
Profit attributable to ordinary shareholders	12,731	13,004	(273)	(2.1%)
Total assets	363,781	234,215	129,566	55%

In 2023, this segment successfully acquired controlling stakes in Tianjin Pipe and Nanjing Iron & Steel, achieving revenue of RMB267.513 billion, representing a year-on-year growth of 10%. Overcoming the impact of declining prices of bulk commodities, its profit attributable to ordinary shareholders reached at RMB12.731 billion, a year-on-year decrease of 2.1%.

CITIC Pacific Special Steel implemented multiple measures to overcome the adverse impact of declining market demand. Its revenue increased by 16% year-on-year to RMB114 billion, while the net profit attributable to shareholders of the listed company decreased by 19% to RMB5.7 billion, both outperforming the overall industry trend. CITIC Pacific Special Steel successfully acquired a controlling stake in Tianjin Pipe and achieved a specialised seamless steel pipe production capacity of 5 million tonnes, leading the global market in scale. It seized opportunities in the development of industries such as wind power and new energy vehicles, with sales volumes of energy and automotive steel increasing by 56% and 20% respectively. In the reporting year, CITIC Pacific Special Steel achieved a record-breaking annual total sales volume of 18.89 million tonnes, representing a 24% year-on-year increase. Its subsidiary, Xingcheng Special Steel, was honoured as the first Factory Lighthouse in the global special steel industry, demonstrating the significant achievements resulting from the company's digital transformation efforts.

CITIC Pacific Mining continued to maintain its position as the largest supplier of magnetite concentrate to China, with an annual production of over 20 million wet metric tonnes for five consecutive years. It actively implemented measures to increase efficiency and reduce costs, achieving a profit attributable to the parent company of USD540 million, representing a year-on-year increase of 14%. Due to physical space constraints for mining operations, the estimated production of magnetite concentrate in 2024 is 14 million tonnes.

CITIC Metal's overseas resource business has yielded impressive results. The Kamoa-Kakula Copper Mine in Congo (Kinshasa) has consistently surpassed production records. The company effectively handled community roadblock issues at the Las Bambas Copper Mine in Peru. The two mines achieved a total annual copper production of 690,000 tonnes, marking a year-on-year growth of 19%. The increased sales of copper products by 19% propelled the rapid expansion of the non-ferrous metal business. In the reporting year, CITIC Metal recorded revenue of RMB125 billion, a year-on-year increase of 4.9% and profit attributable to shareholders of the listed company was RMB2.1 billion, which decreased by 7.1% compared to the previous year.

CITIC Resources continued to improve its production efficiency in the oil and gas sector. It achieved its annual target with an equity crude oil production of 9.16 million barrels. In non-oil businesses, efforts to restore production capacity at the Portland Aluminium Plant have been progressing well, and coal shipment volumes have been gradually increasing. However, due to a combination of factors including the decline in crude oil and electrolytic aluminium prices, CITIC Resources' revenue decreased by 35% to HK$3.8 billion, and profit attributable to the parent company decreased by 59% to HK$550 million year-on-year.

Financial Review

CITIC Pacific Energy's phase one project in Xilinhot City, Inner Mongolia, with a centralised wind power capacity of 1,000 MW was connected to the power grid, having started to produce electricity, the distributed photovoltaic capacity amounted to 440MW. The electricity generation of new energy doubled year-on-year and the proportion of new energy installed capacity increased by 12.87 percentage points to reach 15.14%. Benefiting from the decrease in coal-fired power generation costs and an increase in sales volume of Xin Julong coal mine, CITIC Pacific Energy achieved a profit attributable to the parent company of RMB1.05 billion, an increase of 11% year-on-year.

New Consumption

RMB million	2023	2022 (Restated)	Increase/(Decrease) Amount	Change
Revenue from external customers	51,422	53,037	(1,615)	(3.0%)
Net profit	1,638	1,114	524	47%
Profit attributable to ordinary shareholders	1,032	533	499	94%
Total assets	55,704	55,397	307	0.6%

In 2023, this segment recorded RMB51.422 billion in revenue, a 3.0% year-on-year decline due to the impact of slowing domestic consumption demand. It recorded profit attributable to ordinary shareholders of RMB1.032 billion, an increase of 94% year-on-year.

CITIC Press has been actively exploring the integration of generative artificial intelligence technology into key aspects of the publishing industry's production process. It recently launched the AIGC Smart Publishing Platform, aiming to improve publishing efficiency and enhance precision marketing strategies. Its market share in book publishing increased by 0.22 percentage points, reaching 3.25%, maintaining its position as the leading domestic publishing company. Due to the impact of weak consumer demand in the book market, CITIC Press experienced a 4.7% year-on-year decline in operating revenue to RMB1.7 billion. The net profit attributable to shareholders of the listed company also decreased by 7.7% to RMB120 million.

CITIC Telecom International has made significant contributions to the digital transformation of Macau. The number of its 5G users in the Macau market quickly surpassed 500,000, with a market share of 75%. CITIC Telecom International tackled the growing market competition pressure in traditional business, resulting in a steady business revenue of nearly HK$10 billion. Its profit attributable to ordinary shareholders increased by 3.4% year-on-year, reaching HK$1.2 billion.

Dah Chong Hong (DCH) has been actively promoting the expansion of its automotive business and strengthening cooperation with new energy vehicle manufacturers such as Xiaopeng. As a result, the sales volume of new energy vehicles increased by 36% year-on-year. However, due to the narrowing gross profit margin of conventional vehicles, as well as weak consumer demand for food products in Hong Kong, DCH's revenue amounted to RMB40.9 billion, a decline of 4.4% year-on-year. Its profit attributable to the parent company decreased by 74% to RMB140 million year-on-year.

CITIC Agriculture continued to drive the integration of "Two Longs," namely Longping High-tech and Longping Agriscience. Longping High-tech achievement of financial consolidation with Longping Agriscience has resulted in a significant increase in its industry position and international influence. The market share of domestic hybrid rice and corn seeds increased by 3 and 2.6 percentage points respectively year-on-year. Longping High-tech achieved double-digit growth in revenue and has successfully turned its year-on-year loss into a profit.

New-Type Urbanisation

RMB million	2023	2022 (Restated)	Increase/(decrease) Amount	Change
Revenue from external customers	43,367	49,593	(6,226)	(13%)
Net profit	2,020	853	1,167	137%
Profit attributable to ordinary shareholders	2,163	1,846	317	17%
Total assets	338,424	336,976	1,448	0.4%

In 2023, this segment generated revenue of RMB43.367 billion, a 13% year-on-year decline. This segment achieved profit attributable to ordinary shareholders of RMB2.163 billion, representing a year-on-year increase of 17%. After excluding the impact of provisions, its operating profit decreased by 12% year-on-year.

The property development and operation companies managed to withstand the downward pressure in the real estate industry. Operating revenue decreased slightly by 4.4% year-on-year to RMB10.4 billion, while operating profit of RMB5.5 billion remained relatively steady compared to the previous year. The sales of real estate projects have been progressing well with key development such as the second phase of CBD project in Jinan and Harbour City in Guangzhou being delivered successfully. Projects such as Jiuzhu in Wuxi and Harbour City in Wuhan ranked among the top in terms of signed contracts in their respective regions. This segment continued to carry out collaborative risk mitigation through industrial and financial integration, with the implementation of five projects in the reporting year, including Yalong in Shanghai and Zhongxinli in Shenzhen. The sales contract rate of Kaisa Group's asset portfolio Hongshuwan project reached 85%, and the Dongjiaotou project reached agreement on a land exchange and allocation plan, successfully resolving the land ownership confirmation issues.

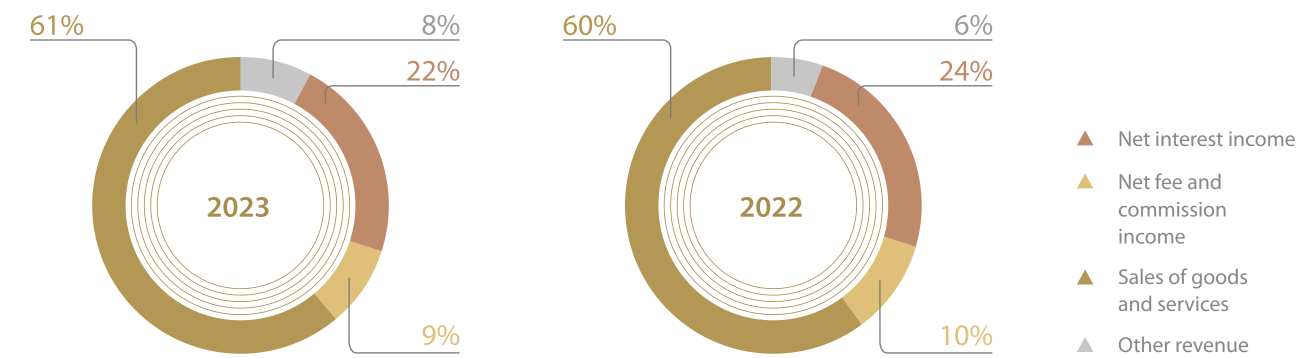
The construction and engineering and urban operation companies experienced a 13% year-on-year decline in revenue, amounting to RMB34.5 billion, due to a challenging external operating environment. The operating profit also decreased by 45% to RMB1.1 billion. During the year, these companies seized the opportunities in the markets along "the Belt and Road Corridor" and deeply integrated into the national regional development strategy. Despite the challenging circumstances faced by the industry, they achieved a total of RMB21.3 billion in newly signed effective contracts throughout the year. A number of major projects accomplished significant milestones, such as the Algeria East-West Highway and Linqing Expressway achieving full line connectivity. The largest semi-underground Futian Water Purification Plant in Asia was successfully completed, and the first integrated development of an above-ground and underground water reclamation plant in China, the Ningbo Submerged Reclaimed Water Plant, commenced operations.

Group Financial Results

Revenue

By nature

RMB million	Year ended 31 December 2023	2022 (Restated)	Increase/(Decrease) Amount	%
Net interest income	148,519	157,569	(9,050)	(5.7%)
Net fee and commission income	61,590	65,254	(3,664)	(5.6%)
Sales of goods and services	417,580	401,842	15,738	3.9%
– Sales of goods	372,072	351,297	20,775	5.9%
– Revenue from construction contracts	16,356	21,089	(4,733)	(22%)
– Revenue from other services	29,152	29,456	(304)	(1.0%)
Other revenue	53,143	38,773	14,370	37%



Expected credit losses and other impairment losses

In 2023, expected credit losses and asset impairment losses of RMB70,210 million were recorded, a decrease of 19% from the previous year. CITIC Bank provided provision of RMB62,204 million expected credit losses for its loans and advances to customers.

Net finance charges

In 2023, the finance costs of the Group amounted to RMB12,172 million, a year-on-year increase of RMB3,700 million, or 44%, mainly due to the increase in interest expenses from loans.

In 2023, the finance income of the Group amounted to RMB1,832 million, a year-on-year increase of RMB425 million, or 30%, mainly due to the increase in interest income from bank deposits.

Income tax

In 2023, income tax of the Group was RMB18,013 million, a decrease of RMB3,456 million, or 16%, as compared with last year, consistent with the decrease in profit before taxation.

Group Cash Flows

	CITIC Limited Year ended 31 December				CITIC Bank Year ended 31 December			
			Increase/(Decrease)				Increase/(Decrease)	
RMB million	2023	2022 (Restated)	Amount	%	2023	2022 (Restated)	Amount	%
Net cash (used in)/generated from operating activities	(22,798)	166,193	(188,991)	(114%)	(918)	195,066	(195,984)	(100%)
Net cash (used in)/generated from investing activities	(38,280)	48,345	(86,625)	(179%)	1,887	(115,873)	117,760	102%
Including: Proceeds from disposal and redemption of financial investments	2,807,715	2,605,903	201,812	7.7%	2,768,331	2,580,725	187,606	7.3%
Payments for purchase of financial investments	(2,829,310)	(2,704,515)	(124,795)	(4.6%)	(2,753,726)	(2,690,472)	(63,254)	(2.4%)
Net cash used in financing activities	(11,058)	(93,804)	82,746	88%	(63,102)	(32,539)	(30,563)	(94%)
Including: Proceeds from bank and other loans and debt instruments issued	1,630,176	1,080,173	550,003	51%	1,096,139	850,086	246,053	29%
Repayment of bank and other loans and debt instruments issued	(1,553,791)	(1,096,140)	(457,651)	(42%)	(1,106,000)	(836,677)	(269,323)	(32%)
Interest paid on bank and other loans and debt instruments issued	(43,735)	(41,865)	(1,870)	(4.5%)	(24,724)	(26,513)	1,789	6.7%
Dividends paid to non-controlling interests	(21,624)	(18,930)	(2,694)	(14%)	–	–	–	–
Net (decrease)/increase in cash and cash equivalents	(72,136)	120,734	(192,870)	(160%)	(62,133)	46,654	(108,787)	(233%)
Cash and cash equivalents at the beginning of the Period	427,809	295,821	131,988	45%	307,871	252,818	55,053	22%
Effect of exchange rate changes	3,710	11,254	(7,544)	(67%)	3,264	8,399	(5,135)	(61%)
Cash and cash equivalents at the end of the Period	359,383	427,809	(68,426)	(16%)	249,002	307,871	(58,869)	(19%)

Capital Expenditure

RMB million	Year ended 31 December 2023	2022	Increase/(Decrease) Amount	%
Comprehensive financial services	9,889	12,249	(2,360)	(19%)
Advanced intelligent manufacturing	2,032	1,805	227	13%
Advanced materials	20,123	10,850	9,273	85%
New consumption	4,345	1,502	2,843	189%
New-type urbanisation	3,611	3,930	(319)	(8.1%)
Total	40,000	30,336	9,664	32%

Capital Commitments

As at 31 December 2023, the contracted capital commitments of the Group amounted to approximately RMB15,201 million. Details of capital commitments are disclosed in note 49(f) to the financial statements.

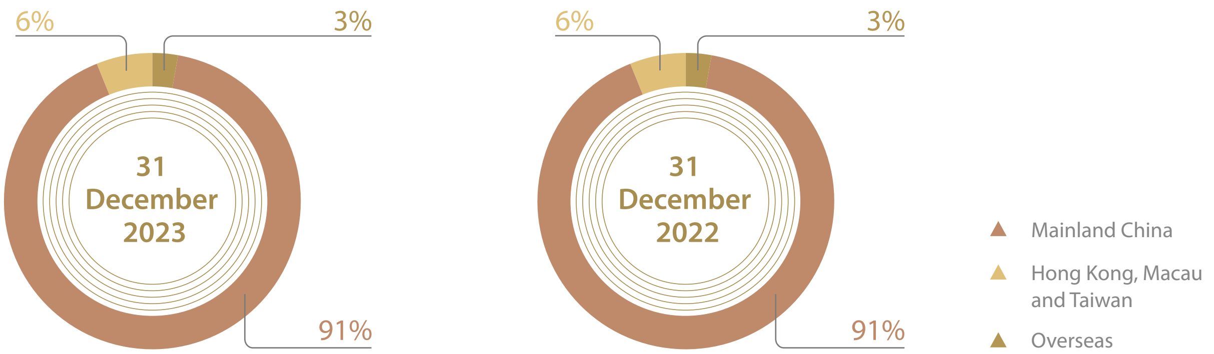
Group Financial Position

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/(Decrease) Amount	%
Total assets	11,330,920	10,542,043	788,877	7.5%
Loans and advances to customers and other parties	5,380,140	5,042,734	337,406	6.7%
Investments in financial assets	3,356,367	3,143,196	213,171	6.8%
Cash and deposits	625,135	677,327	(52,192)	(7.7%)
Trade and other receivables	254,452	211,392	43,060	20%
Fixed assets	210,719	159,803	50,916	32%
Placement with banks and non-bank financial institutions	237,742	217,354	20,388	9.4%
Total liabilities	9,994,138	9,307,366	686,772	7.4%
Deposits from customers	5,459,993	5,150,772	309,221	6.0%
Deposits from banks and non-bank financial institutions	893,565	1,103,099	(209,534)	(19%)
Debt instruments issued	1,221,107	1,182,140	38,967	3.3%
Borrowing from central banks	273,226	119,421	153,805	129%
Trade and other payables	391,948	379,948	12,000	3.2%
Bank and other loans	235,770	156,709	79,061	50%
Total ordinary shareholders' funds	703,178	660,109	43,069	6.5%

Total assets

Total assets increased from RMB10,542,043 million as at 31 December 2022 to RMB11,330,920 million as at 31 December 2023, mainly attributable to an increase in loans and advances to customers and other parties as well as investments in financial assets.

BY GEOGRAPHY



Loans and advances to customers and other parties

As at 31 December 2023, the net loans and advances to customers and other parties of the Group were RMB5,380,140 million, an increase of RMB337,406 million or 6.7% compared to 31 December 2022. The proportion of loans and advances to customers and other parties to total assets was 47.48%, a decrease of 0.35 percentage points compared to 31 December 2022.

Financial Review

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/(Decrease) Amount	%
Loans and advances to customers and other parties measured at amortised cost				
Corporate loans	2,625,019	2,465,643	159,376	6.5%
Discounted bills	1,784	3,704	(1,920)	(52%)
Personal loans	2,294,540	2,126,533	168,007	7.9%
Accrued interest	20,188	17,385	2,803	16%
Total loans and advances to customers and other parties measured at amortised cost	4,941,531	4,613,265	328,266	7.1%
Impairment allowances	(139,679)	(137,495)	(2,184)	(1.6%)
Carrying amount of loans and advances to customers and other parties measured at amortised cost	4,801,852	4,475,770	326,082	7.3%
Loans and advances to customers and other parties at fair value through profit or loss				
Corporate loans	5,558	3,881	1,677	43%
Loans and advances to customers and other parties measured at fair value through other comprehensive income				
Corporate loans	58,064	54,851	3,213	5.9%
Discounted bills	514,666	508,232	6,434	1.3%
Carrying amount of loans and advances to customers and other parties measured at fair value through other comprehensive income	572,730	563,083	9,647	1.7%
Net loans and advances to customers and other parties	5,380,140	5,042,734	337,406	6.7%

Investments in financial assets

As at 31 December 2023, the investments in financial assets of the Group were RMB3,356,367 million, an increase of RMB213,171 million, or 6.8% compared with 31 December 2022. The proportion of investments in financial assets to total assets was 29.62%, a decrease of 0.19 percentage points compared with 31 December 2022.

(a) Analysed by types

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/(Decrease) Amount	%
Debt securities	2,116,909	1,938,976	177,933	9.2%
Investment management products managed by non-bank financial institutions	35,614	58,777	(23,163)	(39%)
Investment funds	553,540	555,883	(2,343)	(0.4%)
Trust investment plans	205,542	232,572	(27,030)	(12%)
Certificates of deposit and certificates of interbank deposit	126,908	96,531	30,377	31%
Equity investment	278,361	233,828	44,533	19%
Wealth management products	6,161	3,022	3,139	104%
Investments in creditor's rights on assets	1,900	1,900	–	–
Others	40,193	36,319	3,874	11%
Subtotal	3,365,128	3,157,808	207,320	6.6%
Accrued interest	19,861	16,958	2,903	17%
Less: allowance for impairment losses	(28,622)	(31,570)	2,948	9.3%
Total	3,356,367	3,143,196	213,171	6.8%

(b) Analysed by measurement attribution

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/(Decrease) Amount	%
Financial assets at amortised cost	1,076,039	1,124,596	(48,557)	(4.3%)
Financial assets at FVPL	1,292,115	1,135,886	156,229	14%
Debt investments at FVOCI	967,803	873,367	94,436	11%
Equity investments at FVOCI	20,410	9,347	11,063	118%
Total	3,356,367	3,143,196	213,171	6.8%

Deposits from customers

As at 31 December 2023, deposits from customers of the Group were RMB5,459,993 million, an increase of RMB309,221 million or 6.0% compared to 31 December 2022. The proportion of deposits from customers to total liabilities was 54.63%, a decrease of 0.71 percentage points compared to 31 December 2022.

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/(Decrease) Amount	Increase/(Decrease) %
Corporate deposits				
Time deposits	1,755,882	1,854,108	(98,226)	(5.3%)
Demand deposits	2,149,823	1,931,755	218,068	11%
Subtotal	3,905,705	3,785,863	119,842	3.2%
Personal deposits				
Time deposits	1,125,384	942,803	182,581	19%
Demand deposits	340,432	349,013	(8,581)	(2.5%)
Subtotal	1,465,816	1,291,816	174,000	13%
Outward remittance and remittance payables	19,022	14,420	4,602	32%
Accrued interest	69,450	58,673	10,777	18%
Total	5,459,993	5,150,772	309,221	6.0%

Bank and other loans

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/(Decrease) Amount	Increase/(Decrease) %
Comprehensive financial services	10,344	12,716	(2,372)	(19%)
Advanced intelligent manufacturing	6,018	12,840	(6,822)	(53%)
Advanced materials	90,205	41,813	48,392	116%
New consumption	6,608	5,670	938	17%
New-type urbanisation	54,245	50,270	3,975	7.9%
Operation management	125,712	94,793	30,919	33%
Elimination	(58,000)	(62,014)	4,014	6.5%
Subtotal	235,132	156,088	79,044	51%
Accrued interest	638	621	17	2.7%
Total	235,770	156,709	79,061	50%

Debt instruments issued

RMB million	As at 31 December 2023	As at 31 December 2022 (Restated)	Increase/(Decrease) Amount	%
Comprehensive financial services	1,133,946	1,081,892	52,054	4.8%
Advanced intelligent manufacturing	–	–	–	–
Advanced materials	5,259	5,011	248	4.9%
New consumption	3,184	3,129	55	1.8%
New-type urbanisation	–	–	–	–
Operation management	74,009	86,878	(12,869)	(15%)
Elimination	(2,818)	(1,831)	(987)	(54%)
Subtotal	1,213,580	1,175,079	38,501	3.3%
Accrued interest	7,527	7,061	466	6.6%
Total	1,221,107	1,182,140	38,967	3.3%

Total ordinary shareholders' equity

As at 31 December 2023, total ordinary shareholders' equity of the Group amounted to RMB703,178 million, an increase of RMB43,069 million as compared with 31 December 2022.

Risk Management

CITIC Limited has established a risk management and internal control system covering all business segments to identify, assess and manage various risks in the Company's business activities. The business, operating results, financial position and profitability of CITIC Limited may be subject to a number of risk factors and uncertainties, directly or indirectly, relating to the Company. The risk factors set out below are not exhaustive and CITIC Limited, in addition to these risk factors, may also be exposed to other unknown risks or risks that may not be material at present but may become material in future.

Financial Risk

As a sub-committee of the Executive Committee, the Asset and Liability Management Committee ("ALCO") has been established to monitor financial risks of the Group in accordance with the relevant treasury and financial risk management policies.

Asset and liability management

CITIC Limited's sources of funds for different businesses include long-term and short-term debt and equity, of which ordinary shares, preferred shares and perpetual securities are the alternative forms of equity financing instruments. CITIC Limited manages its capital structure to finance its overall operations and growth by using different sources of funds. The type of funding is targeted to match the characteristics of our underlying business.

1. Debt

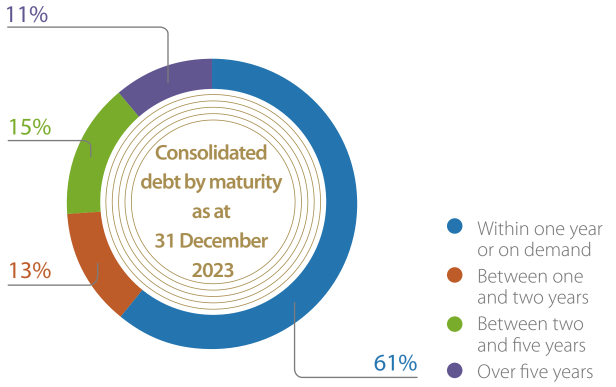
ALCO centrally manages and regularly monitors the existing and projected debt levels of CITIC Limited and its major non-financial subsidiaries to ensure that the Group's debt size, structure and cost are at reasonable levels.

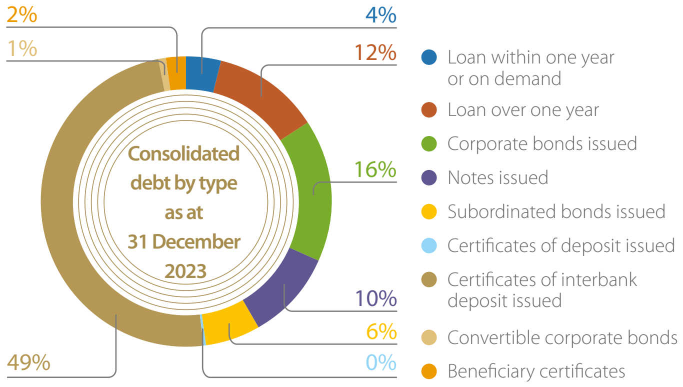
As at 31 December 2023, consolidated debt of CITIC Limited(1) was RMB1,448,712 million, including loans of RMB235,132 million and debt instruments issued(2) of RMB1,213,580 million. Debt of CITIC Bank(3) accounted for RMB934,994 million. CITIC Limited attaches importance to cash flow management, the head office of CITIC Limited had cash and deposits of RMB2,137 million and available committed facilities of RMB27,787 million.

The details of debt are as follows:

As at 31 December 2023	***RMB million***
Consolidated debt of CITIC Limited	1,448,712
Among which: Debt of CITIC Bank	934,994

Note:
(1) Consolidated debt of CITIC Limited is the sum of "bank and other loans" and "debt instruments issued" in the Consolidated Balance Sheet of CITIC Limited excluding interest accrued;
(2) Debt instruments issued include corporate bonds, notes, subordinated bonds, certificates of deposit issued, certificates of interbank deposit issued, convertible corporate bonds and beneficiary certificates excluding interest accrued;
(3) Debt of CITIC Bank refers to CITIC Bank's consolidated debt securities issued, including long-term debt securities, subordinated bonds, certificates of deposit issued, certificates of interbank deposit issued and convertible corporate bonds excluding interest accrued and convertible corporate bonds that has been subscribed by another subsidiary of the group.





The debt to equity ratio of CITIC Limited as at 31 December 2023 is as follows:

RMB million	Consolidated
Debt	1,448,712
Total equity[(4)]	1,336,782
Debt to equity ratio	108%

Note:
(4) Total consolidated equity is based on the "total equity" in the Consolidated Balance Sheet.

2. Liquidity risk management

The objective of liquidity risk management is to ensure that CITIC Limited always has sufficient cash to repay its maturing debt, perform other payment obligations and meet other funding requirements for normal business development.

CITIC Limited's liquidity management involves the regular cash flow forecast for the next three years and the consideration of its liquid assets level and new financings necessary to meet future cash flow requirements.

CITIC Limited centrally monitors and graded manages its own liquidity and that of its major non-financial subsidiaries and improves the efficiency of fund utilisation. With flexible access to domestic and overseas markets, CITIC Limited seeks to diversify sources of funding through different financing instruments, in order to raise low-cost funding of medium and long terms, maintain a mix of staggered maturities and minimise refinancing risk.

Details of liquidity risk management are set out in Note 50(b) to the consolidated financial statements.

3. Contingent liabilities and commitments

Details of contingent liabilities and commitments of CITIC Limited as at 31 December 2023 are set out in Note 49 to the consolidated financial statements.

Risk Management

4. Pledged loan

Details of cash and deposits, inventories, trade and other receivables, fixed assets, intangible assets, right-of-use assets pledged as security for CITIC Limited's loan as at 31 December 2023 are set out in Note 44(d) to the consolidated financial statements.

5. Credit ratings

	Standard & Poor's	Moody's
31 December 2023	BBB+/Positive	A3/Stable

Treasury risk management

Treasury risk management essentially covers the following financial risks inherent in CITIC Limited's businesses:

- Interest rate risk
- Currency risk
- Counterparty risk for financial products
- Commodity risk
- Market price risk

CITIC Limited manages the above risks by using appropriate financial derivatives or other means, and priority will be given to simple, cost-efficient and effective hedge instruments which meet the HKFRS 9 in performing treasury risk management responsibilities. To the extent possible, gains and losses of the derivatives offset the losses and gains of the assets, liabilities or transactions being hedged.

CITIC Limited is committed to establishing a comprehensive and uniform treasury risk management system. Within the group-wide treasury risk management framework, member companies are required to, according to their respective business characteristics and regulatory requirements, implement suitable treasury risk management strategies and procedures and submit reports on a regular and ad hoc basis.

1. Interest rate risk

CITIC Limited regularly monitors current and projected interest rate changes, with each of the operating entities of the Group implementing its own interest rate risk management system covering identification, measurement, monitoring and control of market risks. Interest rate risk is managed by taking into account market conditions and controlled at a reasonable level.

For our financial subsidiaries, repricing risk and benchmark risk are the main sources of interest rate risk. Observing the principle of prudent risk appetite, they closely track changes in the macroeconomic situation and internal business structure, continue to optimise the maturity structure of deposits, make timely adjustments to the loan repricing lifecycle, and take the initiative to manage sensitive gaps in interest rates for the overall objective of achieving steady growth both in net interest income and economic value within a tolerable level of interest rate risk.

For our head office and non-financial subsidiaries, the interest rate risk arises primarily from debt. Borrowings at floating rates expose CITIC Limited to cash flow interest rate risk, while borrowings at fixed rates expose CITIC Limited to fair value interest rate risk. Based on its balance sheet and market conditions, CITIC Limited and its non-financial subsidiaries will conduct analysis and sensitivity testing on interest rate risk, adopt a flexible approach in choosing financing instruments at floating and fixed rates, or choose to employ, at the suitable time, the interest rate swaps and other derivative instruments approved for use by the ALCO to manage interest rate risk.

Details of interest rate risk management are set out in Note 50(c) to the consolidated financial statements.

2. Currency risk

CITIC Limited has major operations in mainland China, Hong Kong and Australia, with Renminbi ("RMB"), Hong Kong dollar ("HKD") and United States dollar ("USD") as functional currencies respectively. The Group's member companies are exposed to currency risk from gaps between financial assets and liabilities, future commercial transactions and net investments in foreign operations that are denominated in a currency that is not the member company's functional currency. The reporting currency of the consolidated financial statements of CITIC Limited is RMB. Translation exposures from the consolidation of subsidiaries, whose functional currency is not RMB, are not hedged by using derivative instruments as no cash exposures are involved.

CITIC Limited measures its currency risk mainly by currency gap analysis. Where it is appropriate, the Group seeks to lower its currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currency or using forward contracts, cross currency swaps and other derivative instruments, provided that hedging is only considered for firm commitments and highly probable forecast transactions.

Details of currency risk management are set out in Note 50(d) to the consolidated financial statements.

3. Counterparty risk for financial products

CITIC Limited has business with various financial institutions, including deposits, interbank lending, financial investment products and derivative financial instruments. To mitigate the risk of non-recovery of deposited funds or financial instrument gains, member companies of CITIC Limited approve and adjust the list of counterparties and credit limits of approved financial institutions through internal credit extension processes. A regular report is required.

4. Commodity risk

Some businesses of CITIC Limited involve the production, procurement, and trading of commodities, and they face exposure to price risks of commodities such as iron ore, crude oil, gas and coal.

To manage some of its raw material exposures such as supply shortages and price volatility, CITIC Limited has entered into long-term supply contracts for certain inputs or used plain vanilla futures, forward contracts and other derivative instruments for hedging. While CITIC Limited views that natural offsetting is being achieved to a certain extent across its different business sectors, it performs a continual risk management review to ensure commodity risks are well understood and controlled within its business strategies.

5. **Market price risk**

CITIC Limited holds investments in financial assets classified as Derivative financial instruments or Investments in financial assets in the consolidated balance sheet, including shares of listed company. To control price risks arising from such investments, the Group actively monitors the price changes and diversifies the relevant investment risks through appropriate asset allocation.

Economic Environment

CITIC Limited operates diversified businesses globally in various countries and regions. As a result, its financial condition, operational results and business prospects are, to a significant degree, subject to the development of both international and domestic economies, as well as the political and legislative environment.

As China's economy is undergoing structural changes, the formation of new growth drivers involves further reforms in a variety of areas, including politics, economy, technology, culture and society. The global economy is still on the way of recovery, but the performances in main economic entities and regions are divergent, and challenges from trade friction and other aspects are increasing. The growth prospect is with uncertainty. If negative economic factors appear in countries and regions in which CITIC Limited operates, there might be an adverse impact on its operational results, financial condition and profitability.

Operational Risk

The financial services segment of the CITIC Limited covers various sectors, including banking, securities, trust, insurance and asset management. As information technology is widely applied in the modern financial services industry, the reliability of computer systems, computer networks and information management software is essential to both traditional financial and innovative businesses. Unreliable information technology systems or underdeveloped network technologies may result in inefficient trading systems, business interruption, or loss of important information, thus affecting the reputation and service quality of financial institutions and even incurring economic losses and legal disputes.

CITIC Limited carries out resources and energy, manufacturing, engineering construction, property development and management, and other businesses in countries and regions across the world, and these businesses might continue to encounter a diversity of operational difficulties. Certain difficulties, if beyond the control of CITIC Limited, might result in production delays or increases in production costs. These operational risks include delay of government payments, deterioration of tax policies, labour disputes, unforeseen technical failures, various disasters and emergencies, unexpected changes in mineral, geological or mining conditions, pollution and other environmental damage, as well as potential disputes with foreign partners, customers, subcontractors, suppliers or local residents or communities. Such risks would cause damage or loss to the relevant businesses of CITIC Limited, which in turn could adversely affect its operations, financial condition and profitability.

Credit Risk

With the proliferation of new market entities, innovative business models, new products, businesses and counterparties, credit risks could increase in both width and complexity. In this unpredictable economic climate, with extensive business operations and counterparties, the Company pays close attention to market developments and credit risks arising from business partners. If the Company fails to investigate and prevent such risks, they may have an adverse impact on its operations, financial condition and profitability.

Competitive Markets

CITIC Limited operates in highly competitive markets. Failure to compete in terms of product specifications, service quality, reliability or price may have an adverse impact on the Company.

- The comprehensive financial services business faces fierce competition from domestic and international commercial banks and other financial institutions.
- The engineering construction business is challenged by global peers as well as China's large state-owned enterprises and private companies.
- Resources and energy, manufacturing, property development and management, and other businesses in different sectors also face severe competition over resources, technologies, prices and services.

Intensification of competition might result in lower product prices, narrower profit margins as well as loss of market share for CITIC Limited.

Other External Risks and Uncertainties

Impact of local, national and international laws and regulations

CITIC Limited faces local business risks in different countries and regions. Such risks might have a significant impact on the financial condition, operations and business prospects of CITIC Limited in the relevant markets. The investments of CITIC Limited in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investment of CITIC Limited, and delay or impede its business operations and hence adversely affect revenue and profit.

Impact of new accounting standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") issues new and revised Hong Kong Financial Reporting Standards ("HKFRSs") from time to time. As the accounting standards continue to evolve, HKICPA might further issue new and revised HKFRSs in the future. The new accounting policies, if required to be adopted by CITIC Limited, could have a significant impact on its financial condition and operations.

Natural disasters or events, terrorism and diseases

The business of CITIC Limited could be affected by events such as earthquakes, typhoons, tropical cyclones, inclement weather, acts or threats of terrorism, or outbreaks of highly contagious diseases, which would directly or indirectly reduce the supply of essential goods or services or reduce economic activities on a local, regional or global scale. Any of these disasters might damage the businesses of CITIC Limited, which would have a material adverse impact on the financial condition and operations of CITIC Limited.

Five Year Statistics

Operating Results

RMB million	2019	2020	2021	2022 (Restated)	2023
	Year ended 31 December				
Revenue	498,070	492,678	588,651	663,438	680,832
Profit before taxation	84,417	87,067	100,587	127,292	123,287
Net profit	68,744	72,107	83,264	105,823	105,274
Profit attributable to ordinary shareholders	47,392	50,456	58,307	64,931	57,594
Basic earnings per share (RMB)	1.63	1.73	2.00	2.23	1.98
Diluted earnings per share (RMB)	1.63	1.73	2.00	2.23	1.98
Dividend per share (HK$)	0.465	0.488	0.606	0.651	N/A
Dividend per share (RMB)	N/A	N/A	N/A	N/A	0.515
Return on net assets (%)	9.3%	9.2%	9.9%	10.2%	8.4%
Dividend payout ratio (%)	25%	25%	25%	25%	26%

Financial Condition

RMB million	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022 (Restated)	As at 31 December 2023
Total assets	7,425,948	8,198,270	8,736,482	10,542,043	11,330,920
Total liabilities	6,624,681	7,349,357	7,783,496	9,307,366	9,994,138
Total ordinary shareholders' funds	529,877	567,498	614,350	660,109	703,178
Ordinary shareholders' funds per share (RMB)	18.21	19.51	21.12	22.69	24.17
Credit ratings					
– Standard & Poor's	BBB+/Stable	BBB+/Stable	BBB+/Positive	BBB+/Stable	BBB+/Positive
– Moody's	A3/Stable	A3/Stable	A3/Stable	A3/Stable	A3/Stable

Note:

The Hong Kong Institute of Certified Public Accountants ("HKICPA") issued HKFRS 17 – Insurance Contracts in 2017. The Group has adopted HKFRS 17 with a date of initial application as 1 January 2023 as required and has made restatements to comparative information with the 2022 financial statements.

Corporate Governance Report

Corporate Governance Practices

CITIC Limited is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. We attach importance to our people, our code of conduct, and our corporate policies and standards, which together form the basis of our governance practices. We respect and are committed to comply with the laws, rules and regulations of each country and area in which we operate, and we strive to ensure for our people a healthy and safe working environment which is our paramount concern. We endeavour to contribute to the sustainable development of CITIC Limited, with particular focus on our accountability to shareholders and stakeholders. This report describes how CITIC Limited has applied its corporate governance practices to its everyday activities.

CITIC Limited has applied the principles and complied throughout the year ended 31 December 2023 with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception of code provisions C.2.1 (separate roles of the chairman and the president) and C.2.7 (meeting of the chairman with the independent non-executive directors without the presence of other directors), as further elucidated below.

Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments.

Corporate Strategy, Business Model and Culture

CITIC Limited is one of China's largest conglomerates and a constituent of the Hang Seng Index. CITIC has built a remarkable portfolio of businesses and our platform is unique in its diversity and scale, allowing CITIC to capture emerging opportunities in China and around the world.

To better prepare for continued change and uncertainty, China is accelerating its dual circulation economic strategy, which prioritises the development of a dominant domestic economy supplemented by international trade. In alignment with China's 14th Five-Year Plan, and to adapt to the increasingly complex operating environment, CITIC has announced an updated strategic vision to build a lasting enterprise and solidify the CITIC brand's strong market position. CITIC has also outlined an updated development strategy focused on comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. These five segments will be matrixed with five platforms: the financial, industrial, capital investment, capital operations and strategic investment platforms. We will leverage integration, collaboration and expansion to build a lasting enterprise and solidify the CITIC brand's positioning as a leader in the fields in which we operate.

The comprehensive financial services segment will establish a financial holding company with global influence and high competitiveness to become an international leader in the integrated financial services space.

We will also strive to become a pioneer in the advanced intelligent manufacturing sector, with the aim of achieving operational breakthroughs in critical technologies and reinforcing our leading market position in China.

Corporate Governance Report

The goal of our advanced materials segment is to ensure supply chain stability. This segment will improve environmental protection efficiency in traditional fields, fill the gaps in emerging industries and maintain the stability of the industrial chain and supply chain to ensure national resources security.

Our new consumption segment strives to be a trendsetter in the consumer market. In response to the consumption upgrade trend, this segment leverages new technologies to promote industrial development, technological breakthroughs and efficiency improvements that contribute to China's cultural development, revitalisation of the seed industry and the creation of a "digital China".

In the new-type urbanisation segment, we have positioned ourselves as a builder of smart cities. With our people-oriented mindset, we can provide smart-city solutions with integrated capabilities in planning, design, investment and financing, construction, development and operation.

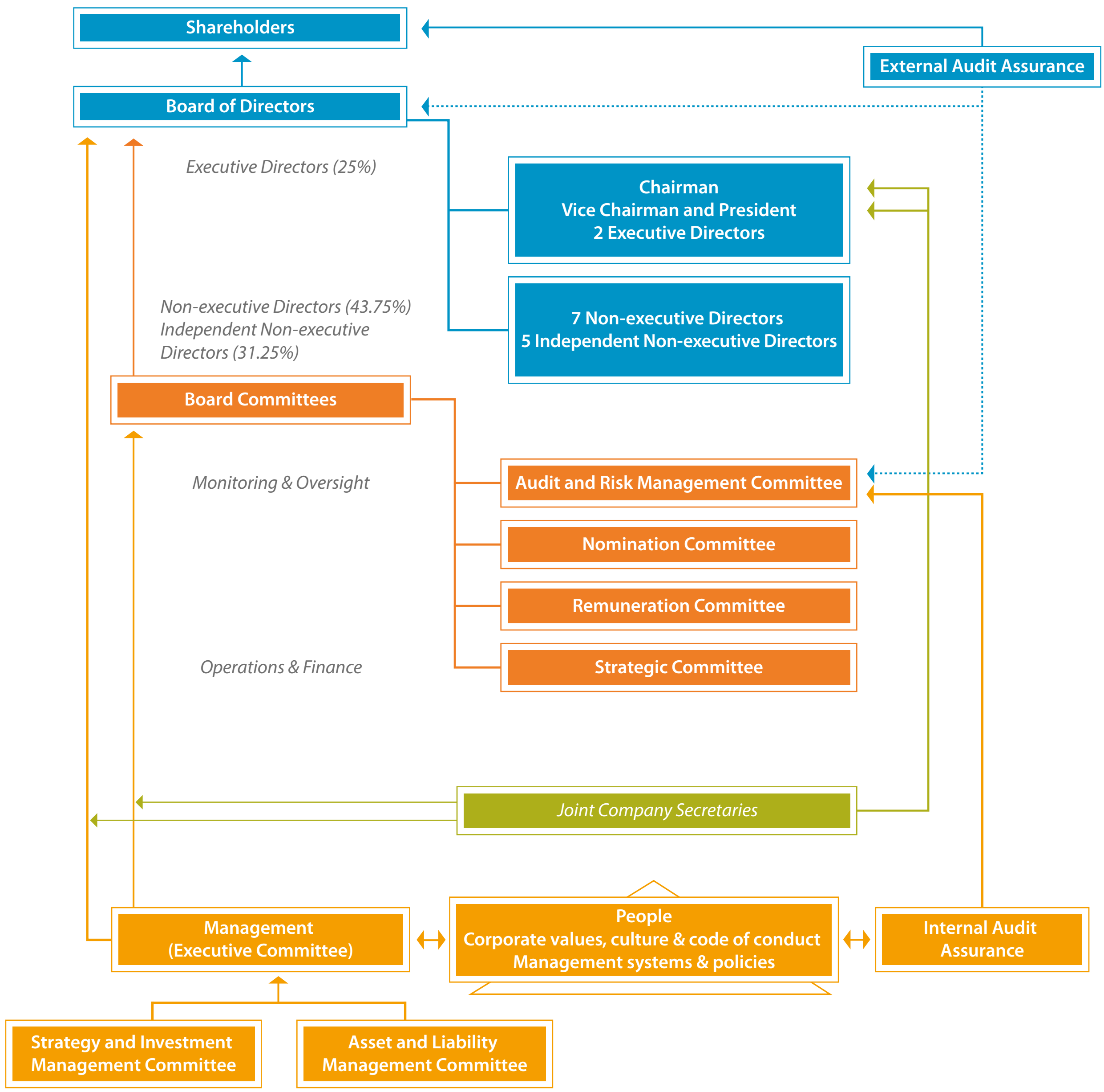
In 2023, we remain committed to the country's long-term development objectives in our quest to become a world-class enterprise. Focusing on three fundamental questions – who is the competition, on what basis should we compete and how to outcompete – we have defined goals for each stage of growth, with a long-term view and holistic perspective, in the spirit of reform. We believe this approach will enable our development to progress at a steady pace. In the years ahead, we will take "honesty and trustworthiness, to seek interest without compromising moral principles, to be prudent and cautious in work, to uphold fundamental principles and break new ground, to be compliant with law and regulations" as the fundamental guidance of corporate culture construction, continue to emphasise the CITIC-Style as well as our values of Honesty, Innovation, Cohesion, Harmony, Dedication and Excellence. We look forward to an exciting chapter of high-quality development, with a focus on creating value and prosperity for society and sustainable returns for our shareholders.

Board's Role

The board plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is forward looking, change embracing and competitiveness focused. Further, the board has taken up the roles such as reviewing the progress report on business operations and key projects/developments of CITIC Limited at each regular board meeting; promoting the long-term sustainable success of CITIC Limited so as to enhance the shareholders' value; ensuring ongoing effective communication with shareholders and engagement with key shareholders for developing the purpose and value of CITIC Limited. A strategic committee has been established to consider the strategic development of CITIC Limited. At the strategic committee and board retreat meeting held each year, the board discussed about CITIC Limited's strategic development, business plan and corporate governance taking into account the internal and external changing environment. These discussions allow the board members to share their insights on the culture of CITIC Limited and raise awareness of shareholders perspectives which in turn support the board to create greater alignment between culture and strategy of CITIC Limited.

Taking into account the corporate culture in a range of contexts, the board considers that the culture and the purpose, value and strategy of CITIC Limited are aligned.

Corporate Governance Structure



Board of Directors

Overall accountability

The members of the board of directors are individually and collectively accountable to the shareholders for the success and sustainable development of CITIC Limited. The board provides direction and approval in relation to matters concerning CITIC Limited's business strategies, policies and plans, while the day-to-day business operations are delegated to the executive committee. In discharging their corporate accountability, directors of CITIC Limited are required to pursue excellence in the interests of the shareholders and fulfil their fiduciary duties by applying the required levels of skill, care and diligence to a standard in accordance with the statutory requirements.

During the year under review, the board performed a self-evaluation of its performance and reviewed the contribution required from a director to perform his/her responsibilities. The board is of the view that all directors have given sufficient time and attention to CITIC Limited's affairs and the board operates effectively as a whole. The board also noted the time involved by the directors in CITIC Limited and other public companies held by the directors.

Board composition and changes

CITIC Limited announced the following changes in board and board committees composition.

On 9 January 2023, Mr Yue Xuekun was appointed as a non-executive director of CITIC Limited.

On 15 March 2023, Mr Liu Zhengjun and Mr Wang Guoquan were appointed as executive directors of CITIC Limited.

On 26 March 2023, Mr Tang Jiang, a non-executive director of CITIC Limited, passed away.

On 26 October 2023, Mr Mu Guoxin was appointed as a non-executive director of CITIC Limited.

On 1 December 2023, Mr Zhang Lin, a non-executive director of CITIC Limited, was appointed as a member of the audit and risk management committee of CITIC Limited.

On 13 December 2023, Mr Zhu Hexin resigned as chairman of the board and executive director, chairman of nomination committee, chairman of strategic committee and chairman of executive committee of CITIC Limited.

On 29 December 2023, Mr Li Zimin was appointed as a non-executive director of CITIC Limited.

On 29 January 2024, Mr Xi Guohua was appointed as chairman of the board, chairman of nomination committee, chairman of strategic committee and chairman of executive committee of CITIC Limited and ceased to be vice chairman and president of CITIC Limited.

On 28 March 2024, Mr Zhang Wenwu was appointed as executive director, vice chairman and president, a member of the nomination committee, a member of strategic committee and vice chairman of executive committee of CITIC Limited.

The appointment of the above directors were recommended by the nomination committee.

Mr Zhang Wenwu has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 25 March 2024, and has confirmed that he understood his obligations as a director of the Company.

CITIC Limited believes that the board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of CITIC Limited's business.

Following the appointment of Mr Zhang Wenwu as an executive director of CITIC Limited, the board comprises 16 members consisting of four executive directors, seven non-executive directors and five independent non-executive directors. As a result, the number of independent non-executive directors falls below the requirement of having at least one-third of the board members required under Rule 3.10A of the Listing Rules. CITIC Limited will identify a suitable candidate to act as an independent non-executive director as soon as practicable within three months from the effective date of appointment of Mr Zhang Wenwu as required by Rule 3.11 of the Listing Rules.

In relation to the seven non-executive directors who are not independent (as considered by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")), Ms Yu Yang, Mr Zhang Lin, Ms Li Yi and Mr Yue Xuekun are all non-executive directors of CITIC Group Corporation (the controlling shareholder of CITIC Limited) whilst Mr Yang Xiaoping is the senior vice chairman of CP Group, Mr Mu Guoxin is the appointed director and supervisor of the National Council for Social Security Fund, PRC (a shareholder of CITIC Limited) and Mr Li Zimin is an executive director and president of China CITIC Financial Asset Management Co., Ltd. (formerly China Huarong Asset Management Co., Ltd. (a shareholder of CITIC Limited)).

Pursuant to the code provision of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The requirement under this code provision is clearly stipulated in Article 104(A) of CITIC Limited's articles of association. All directors, including the non-executive directors, shall hold office for not more than three years since his/her re-election by shareholders at the general meeting. In accordance with Article 95 of CITIC Limited's articles of association, any director appointed by the board subsequent to the last annual general meeting either to fill a casual vacancy or as an additional director shall hold office only until the next following annual general meeting, or if earlier, the next following extraordinary general meeting of CITIC Limited and shall then be eligible for re-election at such meeting. With a view of enhancing a culture of good corporate governance, all directors of CITIC Limited shall retire voluntarily at each annual general meeting. All retiring directors are eligible for re-election at the annual general meeting during which they retire. Separate resolutions are proposed for the election of each director and his/her re-election is subject to a vote of shareholders. Each director has entered into an appointment letter with CITIC Limited. Induction materials are provided to the newly appointed directors upon their appointment.

CITIC Limited maintains on its website and on Hong Kong Exchanges and Clearing Limited's ("HKEX") website an updated list of directors identifying their roles and functions and whether they are independent non-executive directors. The bio data of the current directors together with, if any, information about the relationship (including financial, business, family or other material relationship) amongst the directors, are set out on pages 137 to 142 and on the website of CITIC Limited.

Board Independence

The independent non-executive directors of CITIC Limited have the required integrity and experience in bringing to the board independent advice and judgement. The majority of members of all governance related committees are independent non-executive directors.

Each independent non-executive director has given written confirmation to CITIC Limited of his independence as regards all the factors set out in Rule 3.13 of the Listing Rules. CITIC Limited is satisfied with the independence of each independent non-executive director and still considers that all independent non-executive directors are independent.

The board, when it considers necessary, has the right to seek advice from independent professionals at CITIC Limited's expense in order to facilitate proper discharge of their duties and responsibilities. Besides, the chairman shall meet with the independent non-executive directors in a separate meeting without the presence of executive directors and non-executive directors once a year. At every board meeting, the chairman encourages all directors including the independent non-executive directors to express their views in an open and candid manner.

Any director who holds interest as a connected person or has a material interest in the connected transaction will abstain from voting on the board resolutions to approve the connected transaction, i.e. only independent directors shall give their views/opinions and approve the transactions whether they agree to the terms and conditions of the transactions. Independent non-executive directors bring a wide range and balance of skills as well as international business experience and, through their contribution to the board meetings and board committee meetings, give their opinions on the proposals, strategies and bring independent judgement on issues of business performance and risk.

At the end of every year, the board performs a self-evaluation of its performance and reviews each director's contribution and their time commitment to the board. The performance and time contribution of the independent non-executive directors are assessed annually as part of the board's performance self-evaluation. Independence of independent non-executive directors is assessed upon appointment and annually to ensure that they remain independent and are able to provide independent, balanced and impartial views to the board.

The board reviewed and considered that the features and mechanisms described above are effective in ensuring that independent views and input are provided to the board.

Board responsibilities and delegation

The board collectively determines the overall strategies of CITIC Limited, monitors performance and the related risks and controls in pursuit of the strategic objectives of CITIC Limited. Day-to-day operation and management powers are delegated to the executive committee which reports to the board. All board members have separate and independent access to the management, and are provided with full and timely information about the conduct of the business and development of CITIC Limited, including reports and recommendations on significant matters. All board members are provided with monthly management updates on the latest development of CITIC Limited's businesses. Should separate independent professional advice be considered necessary by the directors, independent professional services would be made available to the directors upon request.

The board is also responsible for CITIC Limited's risk management and internal control systems and reviewing their effectiveness. The audit and risk management committee which acts on behalf of the board conducts a review of the effectiveness of the risk management and internal control systems annually and reports to the board on such review. Details are set out in the section below headed "Risk management and internal control".

The board is committed to overseeing the Environmental, Social and Governance ("ESG") matters. Details of the board's overall responsibility for ESG-related strategy, performance and reporting are set out in the standalone ESG Report which is published on the same date of this annual report and available on the websites of both HKEX and CITIC Limited.

The board has delegated certain functions to the respective committees, the details of which are set out below. Matters specifically reserved for the board include approval of financial statements, dividend policy, significant changes in accounting policies, material contracts, changes to appointments such as directors, company secretary and external auditor, remuneration policy for directors and senior management, terms of reference of board committees and shareholders' communication policy.

CITIC Limited has arranged Directors & Officers Liability and Company Reimbursement Insurance for its directors and officers.

Details of the responsibilities, membership, attendance and activities during the year under review of each board committee are set out on pages 108 to 119.

Board meetings and attendance

The board meets regularly to review the financial and operating performance of CITIC Limited and to discuss future strategy. Four regular board meetings were held in 2023. At the board meetings, the board reviewed significant matters including CITIC Limited's annual and half-year financial statements, annual budget, proposals for final and interim dividends, annual report and half-year report, discloseable transactions, connected transaction and continuing connected transactions. At each regular board meeting, the board received a written report from the president on CITIC Limited's major businesses, investments and projects, and corporate activities.

A schedule of board meeting dates is fixed for each year in advance. At least 14 days' formal notice of all regular board meetings is given to all directors, and all directors are given the opportunity to include matters for discussion in the agenda. The agenda and board papers for each meeting are sent to all directors at least three days in advance of every regular board meeting. All minutes of the board meetings are kept at the company secretariat office. Copies are provided to directors and the original minutes are available to all directors for inspection.

As a usual practice, the meeting between the chairman and independent non-executive directors without the presence of other directors is scheduled to be held before the end of each year. On 13 December 2023, Mr Zhu Hexin resigned as the chairman of CITIC Limited and the originally planned meeting with the independent non-executive directors could not be held during the year under review. This is at variance with code provision C.2.7 of the CG Code. However, CITIC Limited is of the view that as the independent non-executive directors had the opportunity to communicate and share their views in every board meeting during the year under review, there were sufficient channels and communication between the chairman and the independent non-executive directors for discussion on any matters relating to CITIC Limited. The new chairman Mr Xi Guohua will meet with the independent non-executive directors without the presence of other directors in the upcoming months.

The attendance record of each director at board meetings and general meeting in 2023 is set out below:

	Attendance	
	Board Meetings in 2023	Annual General Meeting on 21 June 2023
Total Number of Meetings	4	1
Current Directors		
Executive Directors		
Mr Xi Guohua (Chairman)(1)	4	✓
Mr Liu Zhengjun(2)	3	✓
Mr Wang Guoquan(2)	3	
Non-executive Directors		
Ms Yu Yang	4	✓
Mr Zhang Lin	4	✓
Ms Li Yi	4	✓
Mr Yue Xuekun(3)	4	✓
Mr Yang Xiaoping	4	✓
Mr Mu Guoxin(4)	1	N/A
Mr Li Zimin(5)	N/A	N/A
Independent Non-executive Directors		
Mr Francis Siu Wai Keung	4	✓
Dr Xu Jinwu	4	✓
Mr Anthony Francis Neoh	4	✓
Mr Gregory Lynn Curl	4	✓
Mr Toshikazu Tagawa	4	✓
Resigned Directors		
Executive Director		
Mr Zhu Hexin(6)	3	✓
Non-executive Director		
Mr Tang Jiang(7)	N/A	N/A

Notes:
(1) appointed as chairman and ceased to be vice chairman and president with effect from 29 January 2024
(2) appointed as executive director with effect from 15 March 2023
(3) appointed as non-executive director with effect from 9 January 2023
(4) appointed as non-executive director with effect from 26 October 2023
(5) appointed as non-executive director with effect from 29 December 2023
(6) resigned as chairman and executive director with effect from 13 December 2023
(7) passed away on 26 March 2023

Chairman and the president

Mr Zhu Hexin served as the chairman of the board until his resignation on 13 December 2023. During his term as the chairman, Mr Zhu was responsible for leadership and effective functioning of the board, ensuring key issues were promptly addressed by the board, as well as providing strategic direction for CITIC Limited. After Mr Zhu's resignation, Mr Xi Guohua, the vice chairman and president, assumed the roles and duties of the chairman to ensure that the board works effectively and CITIC Limited runs smoothly as well as the responsibilities of the president for the day-to-day management of CITIC Limited and the effective implementation of corporate strategy and policies. Mr Xi was appointed as the chairman of the board with effect from 29 January 2024 and concurrently ceased to be the vice chairman and president. In the interim, Mr Xi continued to take on the daily operation and management of CITIC Limited until the new president is appointed. The above arrangement was capable of facilitating CITIC Limited to make and implement decisions promptly and allowing CITIC Limited to achieve its objectives efficiently and effectively in response to the changing environment. On 28 March 2024, Mr Zhang Wenwu was appointed as vice chairman and president of CITIC Limited. Since then, the chairman and the president have separate defined responsibilities. The chairman is primarily responsible for leadership and effective functioning of the board, ensuring key issues are promptly addressed by the board, as well as providing strategic direction for CITIC Limited while the president is responsible for the day-to-day management of CITIC Limited and the effective implementation of corporate strategy and policies.

Directors' continuous professional development programme

CITIC Limited has a continuous professional development programme ("CPD Programme") for directors with an aim to improve their general understanding of CITIC Limited's businesses, to refresh their knowledge and skills as well as to receive updates on developments in corporate governance practices. Directors may also choose to attend external courses, conferences and luncheons organised by various local organisations.

In addition, each newly appointed director is provided with a package comprising comprehensive induction materials such as the duties and responsibilities of directors under the Listing Rules and the Companies Ordinance, guidelines for directors issued by the Companies Registry of Hong Kong, legal and other regulatory requirements and the governance policies of CITIC Limited to ensure that he/she has a proper understanding of his/her responsibilities under the relevant laws, rules and regulations. During the year under review and up to the date of this report, six directors were appointed. CITIC Limited has arranged for briefings/legal advice given by external legal counsel to the new directors on Hong Kong law and Listing Rules requirements regarding continuing obligations of a Hong Kong listed company and its directors.

Under the CPD Programme of CITIC Limited for the year 2023, directors were provided with the monthly business updates and other reading materials concerning the latest developments in corporate governance practices and relevant legal and regulatory developments. Further, four non-executive directors attended "The 70th Governance Professionals ECPD seminars" in Dalian organised by The Hong Kong Chartered Governance Institute. Directors also attended the strategic committee and board retreat meeting held in November 2023 to discuss the corporate strategy and business development of CITIC Limited. Directors also made site visits to projects and subsidiaries of CITIC Limited in Shanghai in November 2023 arranged by CITIC Limited.

According to the record of the directors' participation in CITIC Limited's CPD Programme kept at the company secretariat office, a summary of training received by the directors for the period from 1 January 2023 to 31 December 2023 is as follows:

	Reading Materials/ Regulatory Updates/Monthly Management Updates	Strategic Committee and Board Retreat Meeting
Current Directors		
Executive Directors		
Mr Xi Guohua	✓	✓
Mr Liu Zhengjun(1)	✓	✓
Mr Wang Guoquan(1)	✓	✓
Non-executive Directors		
Ms Yu Yang	✓	✓
Mr Zhang Lin	✓	✓
Ms Li Yi	✓	✓
Mr Yue Xuekun(2)	✓	✓
Mr Yang Xiaoping	✓	✓
Mr Mu Guoxin(3)	✓	✓
Mr Li Zimin(4)	N/A	N/A
Independent Non-executive Directors		
Mr Francis Siu Wai Keung	✓	✓
Dr Xu Jinwu	✓	✓
Mr Anthony Francis Neoh	✓	
Mr Gregory Lynn Curl	✓	✓
Mr Toshikazu Tagawa	✓	✓
Resigned Directors		
Executive Director		
Mr Zhu Hexin(5)	✓	
Non-executive Director		
Mr Tang Jiang(6)	N/A	N/A

Notes:
(1) appointed with effect from 15 March 2023; induction materials and briefing by external legal counsel were provided in respect of their appointments
(2) appointed with effect from 9 January 2023; induction materials and briefing by external legal counsel were provided in respect of his appointment
(3) appointed with effect from 26 October 2023; induction materials and briefing by external legal counsel were provided in respect of his appointment
(4) appointed with effect from 29 December 2023; induction materials and briefing by external legal counsel were provided in respect of his appointment
(5) resigned with effect from 13 December 2023
(6) passed away on 26 March 2023

Board Committees

The board has appointed a number of committees to discharge the board functions. Sufficient resources are provided to enable the board committees to undertake their specific roles. The respective roles, responsibilities and activities of each board committee are set out below:

Audit and risk management committee

The audit and risk management committee oversees the relationship with the external auditor, and reviews CITIC Limited's financial reporting, annual audit and half-year report. The committee acts on behalf of the board in providing oversight of CITIC Limited's financial reporting system, risk management and internal control systems and environmental, social, and governance practices, reviews and monitors the effectiveness of the internal audit function, and reviews CITIC Limited's policies and practices on corporate governance. The committee currently consists of two non-executive directors and three independent non-executive directors. The chairman of the committee is Mr Francis Siu Wai Keung, an independent non-executive director. Mr Siu has the relevant professional qualification and expertise in financial reporting matters. The audit and risk management committee holds four regular meetings each year (at least two of which are with CITIC Limited's external auditor). At the invitation of the audit and risk management committee, other directors, senior management and other relevant persons, as well as experts or consultants with relevant experience or expertise may also attend the meetings.

Duties of the audit and risk management committee

The authority, role and responsibilities of the audit and risk management committee are set out in written terms of reference. The committee reviews its terms of reference at least once a year to ensure they remain in line with the requirements of the CG Code. Any amendments to the terms of reference are submitted to the board for approval. The terms of reference are available on CITIC Limited's website (https://www.citic.com/uploadfile/2022/1230/20221230438469.pdf) and HKEX's website.

Under its terms of reference, the audit and risk management committee shall

- review and monitor the integrity of CITIC Limited's financial information and provide oversight of the financial reporting system;
- monitor the effectiveness of external audit and oversee the appointment, remuneration and terms of engagement of CITIC Limited's external auditor, as well as its independence;
- oversee CITIC Limited's internal audit, risk management and internal control systems, including the resources for CITIC Limited's internal audit, risk management, accounting and financial reporting functions, staff qualifications and experience, as well as arrangements for concerns raised by staff on financial reporting, internal control and other matters ("whistle-blowing");

- undertake corporate governance functions delegated from the board, including

  (a) reviewing CITIC Limited's policies and practices on corporate governance and making recommendations to the board as well as CITIC Limited's compliance with the CG Code and disclosure in the corporate governance report;

  (b) reviewing and monitoring

    (i) the training and continuous professional development of directors and senior management;

    (ii) CITIC Limited's policies and practices on compliance with legal and regulatory requirements;

    (iii) the code of conduct and compliance manual (if any) applicable to employees and directors;

    (iv) CITIC Limited's whistle-blowing policy and guidelines on implementation; and

    (v) CITIC Limited's code of anti-corruption.

- oversee CITIC Limited's environmental, social, and governance practices; and

- undertake other authorities delegated by the board.

Committee composition and meeting attendance

The composition of the audit and risk management committee during the year under review as well as the meeting attendance of the committee members are as follows:

Membership and Attendance

The bio data of Audit and Risk Management Committee members are set out in the section "Board of Directors" on pages 137 to 142.

Members	Attendance/ Number of Meetings	Date of Appointment
Independent Non-executive Directors		
Mr Francis Siu Wai Keung (Chairman)	4/4	
Dr Xu Jinwu	4/4	
Mr Anthony Francis Neoh	4/4	
Non-executive Directors		
Mr Yang Xiaoping	4/4	
Mr Zhang Lin	N/A	1 December 2023
Other Attendees		
Representatives of Audit and Compliance Department	4/4	
Representatives of Financial Control Department	4/4	
Representatives of Office of the Board of Directors	4/4	
External Auditor	4/4	

Corporate Governance Report

The joint company secretary, Mr Ricky Choy Wing Kay acts as the secretary to the committee. The committee is supported by a working group which consists of representatives from Audit and Compliance Department, Financial Control Department, Office of the Board of Directors and other departments of CITIC Limited. The working group provides services to the committee to ensure that sufficient resources are made available for the committee to perform its duties. An agenda and committee papers are sent to the committee members at least three days prior to each regular meeting. The draft and final version of minutes are circulated to all committee members for their comments and records within a reasonable time after the meeting. Full minutes of the meetings are kept by the joint company secretary.

The chairman of the committee summarises the activities of the committee and issues arising and reports to the board after each audit and risk management committee meeting.

Work done in 2023

The audit and risk management committee performed the following in 2023:

Financial reporting	Reviewed the 2022 annual financial statements, annual report and results announcement
	Reviewed the 2023 half-year financial statements, half-year report and results announcement
	Recommended to the board approval of the 2022 annual report and 2023 half-year report
	Examined checklists for compliance with statutory and Listing Rules requirements for ensuring the integrity of the financial statements
External audit and interim review	Reviewed report provided by the external auditor on their statutory audit of the 2022 annual financial statements and their independent review of the 2023 half-year financial statements
	Discussed financial reporting and control matters set out in the report submitted by the external auditor or addressed in representation letters issued by management to the external auditor, and reviewed the status of assurances provided by the business and functional management with respect to the integrity of the financial statements
	Reviewed the external auditor plans for their independent review of CITIC Limited's 2023 half-year financial statements and their statutory audit of the 2023 annual financial statements, including the audit scope and the nature of their work
	Considered the independence of the external auditor of CITIC Limited

Internal control and internal audit	Examined management's annual self-assessments of the effectiveness of the risk management and internal control of the Group, including adequacy of the staff resources, qualifications and experience of CITIC Limited's internal audit, risk management, accounting and financial reporting functions
	Approved annual internal audit plan and reviewed the overall audit work progress in each committee meeting
	Reviewed internal audit's quarterly reports on risk management and internal control findings, recommendations, progress in rectification and other matters
	Noted any significant changes in financial or other risks faced by CITIC Limited and reviewed management's response to them
	Reviewed the effectiveness of the risk management and internal control systems including material risks relating to environmental, social, and governance
Corporate governance and code requirements	Reviewed reports submitted by the management on CITIC Limited's compliance with the code of conduct, regulatory and statutory obligations, and internal policies regarding the conduct of business and corporate governance work
	Reviewed the training and continuous professional development of directors
	Reviewed CITIC Limited's compliance with the CG Code and disclosure in the corporate governance report

At the meeting held on 25 March 2024, the audit and risk management committee reviewed and approved CITIC Limited's consolidated financial statements for the year ended 31 December 2023 and annual report and considered reports from the external auditor. The audit and risk management committee recommended to the board for approval of CITIC Limited's 2023 financial statements, annual results and report.

Nomination committee

The nomination committee was established by the board with written terms of reference in compliance with the CG Code. The terms of reference are available on CITIC Limited's website (https://www.citic.com/en/investor_relation/corporate_governance/NC_ToR_Eng.pdf) and HKEX's website.

The nomination committee reports directly to the board and its principal duties are:

- to review the structure, size, composition and diversity of the board at least annually and make recommendations on any proposed changes to the board;
- to identify and nominate qualified candidates to become board members and/or to fill casual vacancies for the approval of the board;
- to assess the independence of independent non-executive directors;
- to make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors; and
- to review the board diversity policy and the director nomination policy, and make recommendation on any required changes to the board.

Director Nomination Policy

The nomination committee is authorised by the board to determine the policy for the nomination of directors. The Director Nomination Policy which was adopted in 2018 sets out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship which shall take into consideration the principle of diversity. A summary of the Director Nomination Policy including the objectives and the selection procedures is set out below:

- The policy is for both nomination of directors and recommendation for re-election of retiring directors.
- The nomination committee shall identify individuals from a number of sources including, without limitation, through referrals and recommendations by the management of CITIC Limited, Human Resources Department and external independent professionals.

- In the identification and evaluation process, the nomination committee shall have regard to the selection criteria which include but not limited to

  (i) qualifications, skills, expertise, independence which contribute to the effective carrying out of the board responsibilities;

  (ii) commitment in respect of sufficient time and relevant interest devoted to the business and affairs of CITIC Limited; and

  (iii) board diversity including but not limited to skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service.

- The potential candidates are requested to provide the nomination committee with biographical details.

- The nomination committee shall review the qualification, experience, skills, expertise and the factors of the above selection criteria for the nomination of directors, and shall take into account the factors and requirements as set out in the Listing Rules in the case of nominating or recommending for re-election of independent non-executive directors.

- After the assessment and evaluation, if the nomination committee considers the potential candidate is suitable to be nominated as a director, it will make recommendation for the board’s consideration and approval.

- The board shall approve the nomination and appoint the proposed qualified candidate as director if it agrees with the nomination committee’s recommendation.

- The ultimate responsibility for selection and appointment of directors rests with the entire board.

The nomination committee shall monitor the implementation of the policy and conduct a review on an annual basis.

Corporate Governance Report

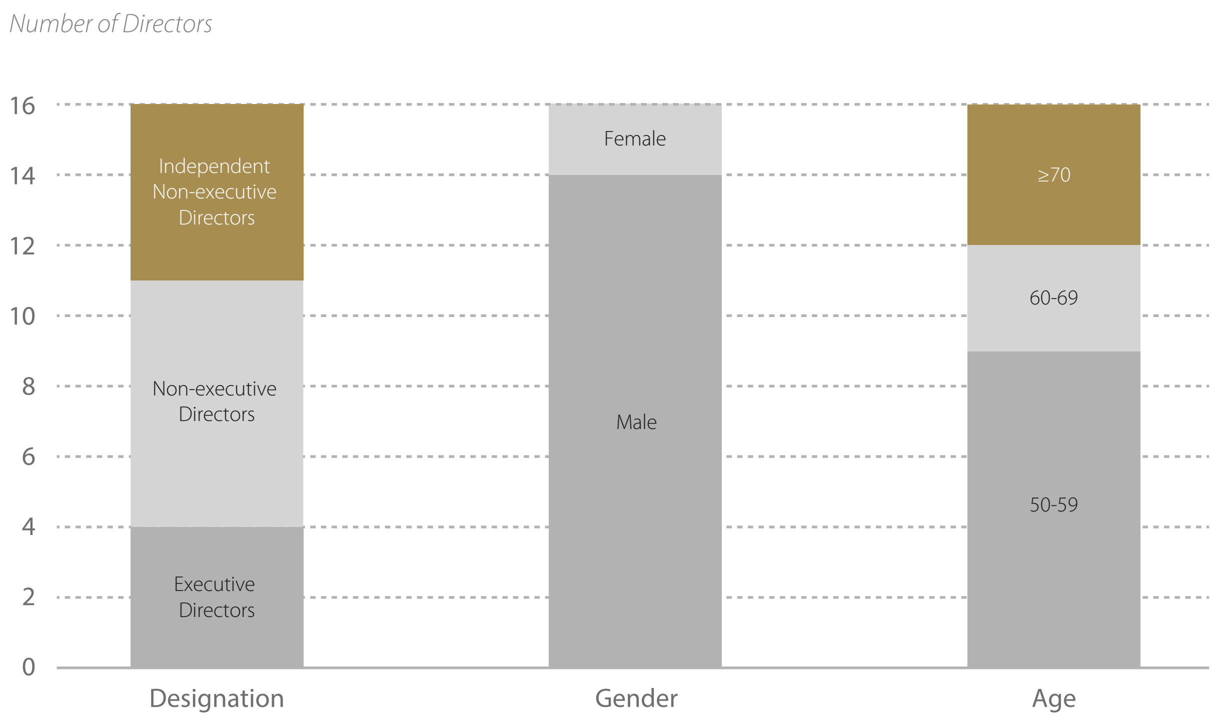
Board Diversity Policy

CITIC Limited recognises and embraces the benefits of diversity in board members. CITIC Limited sees diversity as a whole concept and believes that diversity in all aspects, including experience and expertise, provides CITIC Limited with a high level of corporate governance and penetrating insights into CITIC Limited's businesses and industry.

The Board Diversity Policy was adopted in 2013 and further updated in December 2022, adding a measurable objective of gender diversity.

The Board Diversity Policy sets out the approach to achieve diversity in the board, which includes and makes good use of the difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the board. These differences will be considered in determining the optimum composition of the board and all board appointments will be based on merit, having due regard to the overall effective functioning of the board as a whole. CITIC Limited believes that diversity can strengthen the performance of the board, promote effective decision-making and better corporate governance and monitoring. The nomination committee discusses and agrees annually the relevant measurable objectives that the board has set for implementing this policy and makes recommendation to the board for approval. It also monitors the implementation and effectiveness of this policy and reports to the board on the achievement of the measurable objectives for achieving diversity under this policy.

The following chart shows the diversity profile of the current board members:



The board is comprised of experienced senior management from varied backgrounds, accounting, banking, financial management and tax professionals. Nationalities of the directors are diverse, spanning Chinese, American and Japanese. Such composition serves to enrich the perspective and deliberations of the board.

As at the date of this report, 2 out of 16 directors are females representing 12.5%. The nomination committee will pursue opportunities to increase the proportion of female members when selecting and making recommendations on suitable candidates for board appointments. The goal will be to maintain at least the current level of female representation or improve gender diversity as appropriate.

In considering the board's succession, the nomination committee shall regularly review the composition of the board and status of succession and, as and when appropriate, identify potential candidates in particular qualified female candidates through referrals and recommendation by management, human resources department and external independent professionals. The nomination committee acknowledges the importance of gender diversity when considering potential appointments.

The board sees the increasing importance of gender diversity across the workforce (including senior management) for contribution to the sustainable development of the Group. Currently female representation across the workforce is approximately 35.71%. There is one female representation in senior management.

The nomination committee currently comprises two executive directors, one non-executive director and four independent non-executive directors, and is chaired by the chairman of the board. Mr Zhu Hexin served as chairman until 12 December 2023. Upon his resignation, the chairman of the nomination committee became vacant. Mr Xi Guohua was appointed as chairman with effect from 29 January 2024. Following his appointment, the requirement under Rule 3.27A of the Listing Rules, which stipulates that a listed company must establish a nomination committee chaired by the chairman of the board or an independent non-executive director, had been complied with. The committee meets at least annually and at such other times as it shall require. The joint company secretary, Mr Ricky Choy Wing Kay acts as the secretary to the committee. The committee is provided with sufficient resources enabling it to perform its duties, and it can seek independent professional advice at CITIC Limited's expense if necessary.

Committee composition and meeting attendance

The composition of the nomination committee during the year under review as well as the meeting attendance of the committee members are as follows:

Membership and Attendance

The bio data of Nomination Committee members are set out in the section "Board of Directors" on pages 137 to 142.

Members (Note)	Attendance/ Number of Meetings	Date of Resignation
Executive Directors		
Mr Xi Guohua (appointed as Chairman with effect from 29 January 2024)	1/1	
Mr Zhu Hexin (Chairman)	0/1	13 December 2023
Non-executive Director		
Ms Yu Yang	1/1	
Independent Non-executive Directors		
Mr Francis Siu Wai Keung	1/1	
Dr Xu Jinwu	1/1	
Mr Anthony Francis Neoh	1/1	
Mr Gregory Lynn Curl	1/1	

Note: On 28 March 2024, Mr Zhang Wenwu (an executive director) has been appointed as a member of the nomination committee.

Work done in 2023

The nomination committee completed the following work in 2023:

– recommended the appointment of two executive directors and three non-executive directors to the board for approval;

– made recommendations to the board on re-election of the directors retiring at the annual general meeting of CITIC Limited held on 21 June 2023;

– reviewed the structure, size, composition and diversity of the board;

– reviewed the board diversity policy and discussed the measurable objectives; and

– reviewed the director nomination policy.

During the year under review, one nomination committee meeting was held and five sets of written resolutions were passed by all the committee members. The joint company secretary prepared full minutes of the nomination committee meeting and the draft minutes were circulated to all committee members within a reasonable time after the meeting.

Remuneration committee

The principal role of the remuneration committee is to determine the remuneration packages of individual executive directors and senior management including salaries, bonuses, benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment). The remuneration committee reviews and approves the management's remuneration proposals with reference to the board's corporate goals and objectives, salaries paid by comparable companies, regulations promulgated by national regulatory authorities on the remuneration of directors and senior management, time commitment and responsibilities and employment conditions elsewhere in the Group, so as to align management incentives with shareholder interests.

Remuneration Policy for Directors

The remuneration committee, with delegated responsibility from the board, is to determine the remuneration policy for the directors of CITIC Limited. The Remuneration Policy is a formal and transparent policy and was adopted in December 2022. A summary of the Remuneration Policy is set out below. The remuneration committee shall review the Remuneration Policy from time to time to ensure its effectiveness.

Remuneration of executive directors

- Principle: salary verification is linked to performance appraisal; the interests of shareholders, CITIC Limited and the directors are consistent; and the salary standard is open, fair and transparent.

- Remuneration composition: consists of three parts, i.e. basic annual salary, performance annual salary and tenure incentive income. Basic annual salary is determined according to a certain multiple of the average salary of the on-the-job employees of the central enterprises. The annual performance salary is based on the basic annual salary and is linked to the performance evaluation score of CITIC Limited. The tenure incentive income is based on a certain proportion of the total annual salary within three years of the term, and is linked to the term assessment and evaluation.

Directors' fee and additional remuneration of non-executive directors (including independent non-executive directors)

- In view of high complexity of CITIC Limited's business in terms of scope, diversity and geographic spread, the accountability of the role of non-executive directors (including independent non-executive directors) has been expanded substantially. CITIC Limited shall make payment of directors' fees to non-executive directors (including independent non-executive directors) to attract and retain top-notch talent.

- Directors' fees of non-executive directors (including independent non-executive directors) are determined according to their responsibilities and by reference to market comparables. Such directors' fees and any adjustment thereto are subject to the approval of the shareholders. Non-executive directors (including independent non-executive directors) who serve on the relevant committees of CITIC Limited are entitled to receive additional remuneration.

The committee currently comprises three independent non-executive directors and a non-executive director.
The chairman of the committee is Mr Anthony Francis Neoh, an independent non-executive director.
The committee meets at least once a year. A joint company secretary serves as the secretary of the committee.
The terms of reference are available on CITIC Limited's website
(https://www.citic.com/en/investor_relation/corporate_governance/RC_ToR_Eng.pdf) and HKEX's website.

Committee composition and meeting attendance

The composition of the remuneration committee during the year under review as well as the meeting attendance of the committee members are as follows:

Membership and Attendance

The bio data of Remuneration Committee members are set out in the section "Board of Directors" on pages 137 to 142.

Members	Attendance/ Number of Meetings
Independent Non-executive Directors	
Mr Anthony Francis Neoh (Chairman)	1/1
Mr Francis Siu Wai Keung	1/1
Dr Xu Jinwu	1/1
Non-executive Director	
Mr Zhang Lin	1/1

Work done in 2023

The remuneration committee completed the following work in 2023:

– reviewed the proposal for 2022 remuneration for executives in charge (including executive directors and senior management) of CITIC Limited.

During the year under review, one remuneration committee meeting was held. A joint company secretary prepared full minutes of the remuneration committee meeting and the draft minutes were circulated to all committee members within a reasonable time after the meeting.

In January 2024, one set of written resolutions was passed by all the committee members to approve the proposal for 2022 remuneration for executives in charge of CITIC Limited.

The remuneration paid to the directors, by name, for the year ended 31 December 2023 is set out in Note 13 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2023 is set out below:

Remuneration of senior management other than directors for the full year 2023

Total Remuneration Bands	Number of Executives
Below HK$500,000	0
HK$500,001 – HK$1,000,000	3
	3

Note:

Although the discretionary bonuses have yet to be confirmed by the relevant regulatory authority, it is expected that the unsealed remuneration will have no material impact on the consolidated financial statements of CITIC Limited for 2023.

Strategic committee

A strategic committee has been established to accommodate the strategic development of CITIC Limited and enhance its core competitiveness, make and implement the development plan of CITIC Limited, improve the investment-related decision making procedures and procure well-advised and efficient decision making.

The strategic committee shall be accountable to and report to the board and its powers and functions are:

- considering the major strategic directions of CITIC Limited and making proposals to the board;
- considering the mid-to-long term development plan and 5-year development plan of CITIC Limited and making proposals to the board;
- considering the impact of the macro economic conditions on the development of various business sectors of CITIC Limited and making proposals to the board; and
- other matters in connection with strategy planning pursuant to authorisation of the board.

The committee is chaired by the chairman of the board (Mr Zhu Hexin served as chairman until 12 December 2023 and Mr Xi Guohua was appointed in his stead with effect from 29 January 2024) and other members include an executive director, Mr Zhang Wenwu (who has been appointed as the vice chairman and president of CITIC Limited on 28 March 2024), three non-executive directors, Ms Yu Yang, Ms Li Yi and Mr Yang Xiaoping, and two independent non-executive directors, Mr Anthony Francis Neoh and Mr Toshikazu Tagawa. Mr Li Rucheng (being a former non-executive director of CITIC Limited) serves as a consultant to the committee. During the year under review, one strategic committee meeting was held. The Strategic Development Department prepared full minutes of the strategic committee meeting and the draft minutes were circulated to all the committee members within a reasonable time after the meeting. A joint company secretary is responsible for keeping all the minutes of the meetings.

Management Committees

Executive committee

The Executive Committee is the highest authority of the management of CITIC Limited accountable to the board. The functions and powers of the executive committee are:

- to formulate CITIC Limited's material strategic plans;
- to formulate CITIC Limited's annual material investment and financing plans (including reviewing material investment plans, feasibility studies, proposed disposals/divestments, mergers and acquisitions and other significant transactions of CITIC Limited);
- to review CITIC Limited's annual business plan and finance plans;
- to review monthly reports of CITIC Limited, and to submit to the board before each month-end the monthly report for the previous month;
- to manage and monitor CITIC Limited's core activities;
- to appoint and remove mid-level and above key personnel (other than personnel above the rank of assistant to general manager, and those appointed and removed by the board);
- to approve internal rules on day-to-day operations of CITIC Limited;
- to review and approve proposals to establish and adjust CITIC Limited's management and organisational structure; and
- to discharge other powers and functions conferred on it by the board.

The first three items and other matters within the authority of the board should be submitted for approval by the board, and thereafter implemented by the executive committee.

The committee is chaired by the chairman of the board (Mr Zhu Hexin served as chairman until 12 December 2023 and Mr Xi Guohua was appointed in his stead with effect from 29 January 2024), and other members are Mr Zhang Wenwu (being executive director, vice chairman and president of CITIC Limited, and serves as vice chairman of the committee), Mr Liu Zhengjun (being executive director, vice president of CITIC Limited), Mr Wang Guoquan (being executive director, vice president of CITIC Limited), Mr Cui Jun, Mr Xu Zuo (being vice president of CITIC Limited), Mr Fang Heying (being vice president of CITIC Limited) and Ms Zeng Qi (being vice president of CITIC Limited appointed on 14 March 2024).

Strategy and Investment Management Committee

CITIC Limited has established the strategy and investment management committee as a sub-committee under the executive committee to enhance strategy management, to prevent investment risks and to promote high quality development. The principal responsibilities of the strategy and investment management committee are to

- study and draw up CITIC Limited's integral development, medium and long-term development plan and industries investment guideline, approve development strategies and plans of subsidiaries;
- establish a mechanism of empowered operation and management, organise and implement it; and
- organise and implement full life-circle management of investment activities within the group.

The committee is led by the chairman of the committee, Mr Xi Guohua (being executive director, chairman of CITIC Limited (appointed with effect from 29 January 2024)), vice chairmen of the committee, Mr Liu Zhengjun (being executive director, vice president of CITIC Limited) and Mr Xu Zuo (being vice president of CITIC Limited), and other members of the committee include Mr Liang Huijiang (being Chief Investment Officer of CITIC Limited), responsible persons of the strategic development department, financial control department, legal and compliance functions and treasury department.

Asset and Liability Management Committee

CITIC Limited has established the asset and liability management committee (the "ALCO") as a sub-committee under the executive committee to be in charge of monitoring and controlling the financial risks of CITIC Limited. The principal responsibilities of the ALCO are to

- monitor and control the asset and liability financial position of CITIC Limited on a regular basis;
- monitor and control the following issues of CITIC Limited
  - asset and liability structure
  - counterparties
  - currencies
  - interest rates
  - commodities
  - commitments and contingent liabilities
- review financing plans and manage the cash flow of CITIC Limited on the basis of the annual budget; and
- establish hedging policies and approve the use of new financial instruments for hedging.

The acting chairman of the committee is Mr Cao Guoqiang and other members of the ALCO include responsible persons of the financial control department, treasury department, strategic development department, the office of the board of directors and legal and compliance functions.

Accountability and Audit

Financial reporting

The board recognises the importance of the integrity of its financial information and acknowledges its responsibility for preparing financial statements that give a true and fair view of the Group's affairs, its results and cash flows in accordance with the Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance. The board endeavours to present to shareholders a balanced and understandable assessment of CITIC Limited's performance, position and prospects. Accordingly, appropriate accounting policies are selected and applied consistently, and judgments and estimates made by the management for financial reporting purposes are prudent and reasonable.

New or revised accounting standards became effective during the year under review, and those most significant and relevant to the Group are disclosed in Note 2 to the consolidated financial statements on page 170.

The responsibilities of the external auditors with respect to the accounts for the year ended 31 December 2023 are set out in the Independent Auditor's Report on pages 340 to 350.

External auditors and their remuneration

The external auditors perform independent reviews or audits of the financial statements prepared by the management. PricewaterhouseCoopers ("PwC") was engaged as CITIC Limited's external auditor since 1989 and retired at the close of annual general meeting held on 16 May 2013. KPMG was engaged in place of PwC as CITIC Limited's external auditor and subsequently retired at the close of the annual general meeting held on 2 June 2015 ("2015 AGM"). PwC was appointed as CITIC Limited's external auditor in place of KPMG with effect from the close of the 2015 AGM as its largest listed subsidiary, China CITIC Bank Corporation Limited, was required to change its external auditor. Since then, PwC has been the auditor of CITIC Limited until it retired at the close of annual general meeting held on 21 June 2023 ("2023 AGM") due to restrictions in respect of the years of continuous appointment by a state-owned financial enterprise of an accounting firm. KPMG was appointed as CITIC Limited's external auditor in place of PwC with effect from the close of 2023 AGM.

For 2023, KPMG's fees were approximately as follows:

Statutory audit fee: RMB105 million (2022: RMB135 million).

Fees for other services, including special audits, advisory services relating to systems and tax services: RMB12 million (2022: RMB21 million).

Other audit firms provided statutory audit services at a fee of approximately RMB80 million (2022: RMB46 million) as well as other services for fees of RMB46 million (2022: RMB59 million).

Overview of risk management and internal control

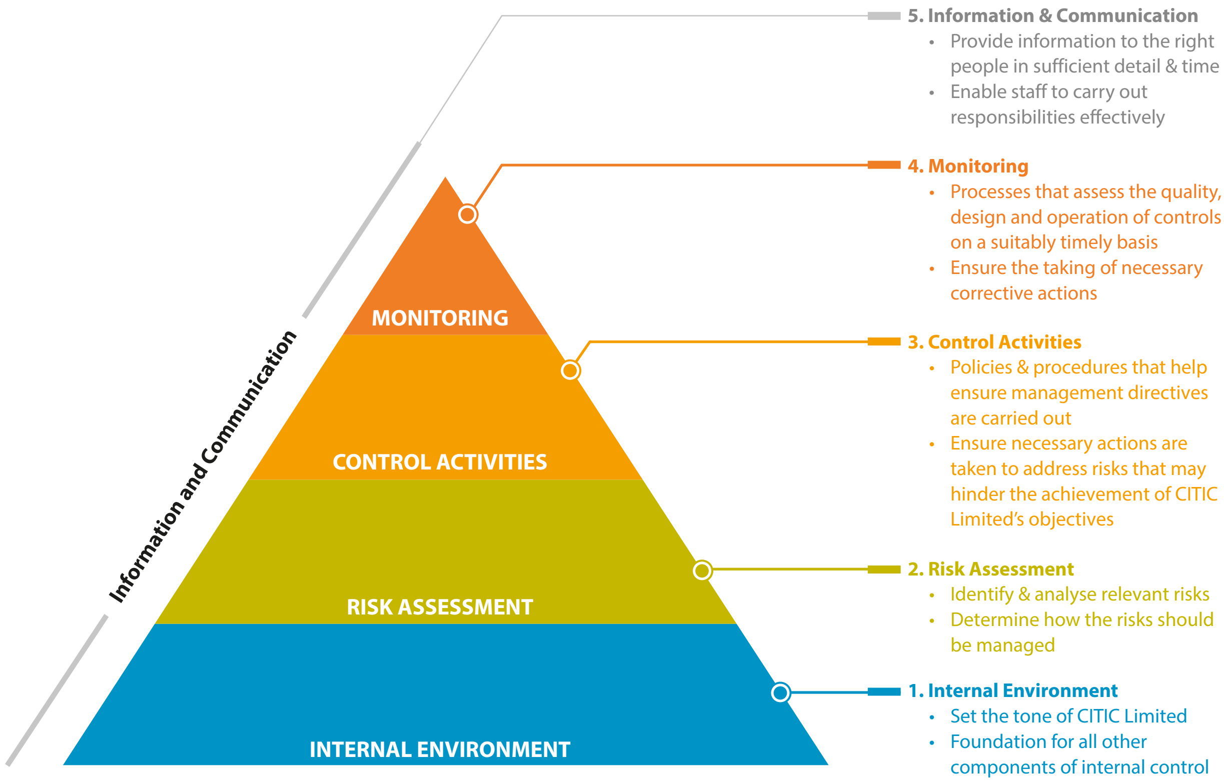
The Group's risk management and internal control systems are designed to reduce or manage risk to an acceptable level for the Group. They do not eliminate the risk of failure to achieve business objectives, however, can only provide reasonable assurance that the business objectives of CITIC Limited in the following areas are achieved:

- effectiveness and efficiency of operations, including the achievement of performance and operating targets and the safeguarding of assets;
- reliability of financial and operating information provided by the management, including management accounts and statutory and financial reports available to public; and
- compliance with applicable laws and regulations by business units and functions.

Overview of risk management and internal control

The risk management and internal control system of CITIC Limited is established along the core concepts of risk management and internal control released by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), and the Basic Standard for Enterprise Internal Control, as well as relevant guidelines and governmental policies.

The framework of risk management and internal control adopted by CITIC Limited is illustrated below:



Corporate Governance Report

The risk management and internal control system of CITIC Limited comprises "Four Levels" and "Three Lines of Defence" under the corporate governance structure. The "Four Levels" are the (i) board of directors and several committees, (ii) management and several committees, (iii) risk management functions of CITIC Limited, and (iv) member companies. The "Three Lines of Defence" are the (i) first line of defence comprised by business units of each level of CITIC Limited, (ii) second line of defence comprised by the risk management functions of each level of CITIC Limited, and (iii) third line of defence comprised by the internal audit departments of each level of CITIC Limited.

The board has overall responsibility for maintaining a sound and effective risk management and internal control system. The audit and risk management committee acts on behalf of the board in providing oversight of the Group's financial reporting system, risk management and internal control systems, reviewing and monitoring the effectiveness of the internal audit function, and reviewing the Group's policies and practices on corporate governance.

As a sub-committee of the Executive Committee, the Asset and Liability Management Committee ("ALCO") has been established to monitor financial risks of the Group in accordance with the relevant treasury and financial risk management policies. Based on the annual budget, ALCO reviews CITIC Limited's financing plan and instruments, oversees fund management and cash flow positions, and manages risks relating to counterparties, interest rates, currencies, commodities, commitments and contingent liabilities. It is also responsible for formulating hedging policy and approving the use of new risk management tools.

Relevant departments of CITIC Limited are responsible for communicating and implementing the decisions, monitoring the adherence of the management policies and preparing relevant reports. All units have the responsibility for identifying, effectively managing and reporting risks on a timely basis, in accordance with the overall risk framework under the management policies and within the scope of authorisation.

CITIC Limited is committed to constantly improving its risk management and internal control framework at all levels; strengthening the risk assessment and monitoring of major projects and key businesses; staying fully informed of the operations, financial condition and major business progress of its subsidiaries through off-site monitoring, on-site inspections and other means to assess the risks that may arise; reporting on a timely basis any weaknesses and potential risks; supervising and implementing management and control measures; and improving the completeness and effectiveness of its risk management and internal control practices across the Group.

Key control policies and measures

The Group's risk management and internal control are primarily the collective responsibilities of management and the employee. For consistent compliance by every person in the Group, the following key control policies and measures have been implemented:

Key control policies and measures	
Internal environment	• The Group has corporate governance policy, human resources policy and code of conduct for its business operation and governance, as well as periodic reviews and refresher training sessions on important ethical practices. • A whistle-blowing policy has been implemented for facilitating internal reporting of suspected malpractice. • An inside information and price sensitive disclosure policy is in place covering the reporting and dissemination of price-sensitive information.
Risk assessment	• The executive committee of CITIC Limited constantly monitors the business, operational and other risks of the business units. • The risk management function identifies and assesses the risks that CITIC Limited is facing through conducting regular risk assessments. It also controls the risks of subsidiaries through regular risk management reporting and risk assessment as well as the monitoring of major projects and businesses. • Risk management reports are collated, prepared and submitted to the board/the audit and risk management committee for deliberation, and corresponding risk management measures will be adopted immediately. • In addition to the departments with risk management function, relevant functions of CITIC Limited will also identify and assess financial and other risks in terms of investment review, strategic planning, financial management and compliance with laws. The long-term objective is to further promote and monitor formal business-wide risk management processes. Further information in this regard is set out in the Risk Management section of this annual report.
Control activities	• Major control systems and processes include budgetary and cost controls, relevant reporting systems and processes for management reporting, corporate policies and procedures for approval, review and segregation of duties across the Group.

Corporate Governance Report

Key control policies and measures	
Monitoring	• Constant monitoring of compliance and review of risk management and internal control are conducted under the supervision of the audit and risk management committee. (Please refer to the section "Monitoring of risk management and internal control effectiveness"). • The joint company secretaries of CITIC Limited and related functions are responsible for the overall assessment and monitoring of established procedures to ensure compliance with the Listing Rules and supervision of compliance matters related to applicable laws and other major requirements. • The internal audit function reports directly to the audit and risk management committee, and is responsible for examination of risk management and internal control.
Information and communication	• Implementation, maintenance and constant development of business and management information systems support CITIC Limited's businesses and operations, including finance, information disclosure and collaborative supervision. • Corporate information is disseminated in a timely manner through the intranet, collaborative office system and corporate email system of CITIC Limited. • A corporate website and shareholders communication policy ensure that shareholders receive complete and clear information about CITIC Limited and are encouraged to participate in general meetings of CITIC Limited.

Monitoring of risk management and internal control effectiveness

During the year, the audit and risk management committee assessed the effectiveness of the risk management and internal control systems on behalf of the board. The reviews covered material controls, including financial, operational and compliance controls, the adequacy of the resources, qualifications and experience of employees in the internal audit, risk management, accounting and financial reporting functions, as well as the sufficiency of training sessions and related budgets.

The main risk management and internal control reviews during the year were as follows:

Monitoring of risk management and internal control	Particulars of major tasks completed	Observations
Internal audit	• Reviewed the internal audit report. • Reviewed the progress and outcomes of internal audit in accordance with the approved annual internal audit plan.	• Internal audit findings and recommendations, and management's remedial actions taken were considered at each audit and risk management committee meeting. • Reported to the board on such reviews when necessary.
Compliance assessment	• Reviewed the establishment of compliance management system, compliance risk control and management of key compliance projects made by CITIC Limited and its business units; reported on an annual basis any matters subject to criminal convictions, administrative punishments and other punitive measures as a result of non-compliance with laws and regulations, listing rules, provisions under industry regulation; rectified non-compliance and ongoing supervision to ensure completion of such rectification.	• No major non-compliance cases were noted during the year, the construction of compliance system still needs to be constantly improved.

Corporate Governance Report

Monitoring of risk management and internal control	Particulars of major tasks completed	Observations
Review of risk management and internal control system	• Reviewed the business operation and risk management, the changes of risks, and ability to respond in several meetings during the year. • Reviewed and confirmed the results of self-assessment on risk management and internal control effectiveness, and the written statements issued by senior management. • Reviewed the results of the comprehensive assessment of the major control and risk management activities undertaken by business units and head office functions. Ensured that the supporting documents of the self-assessments on risk management and internal control by the management were reviewed by the internal audit function or risk management function. • Reviewed the written statements issued by senior management of business units to confirm that their self-assessments remained correct and that their accounts were prepared in accordance with the financial reporting policies of the corporation.	• No material issues were identified during the year, but business units and the Group's head office functions indicated certain areas of risk management and internal control meriting improvement. • Management issued a positive confirmation.
Review of the internal audit, risk management, accounting and financial functions	• Reviewed the self-assessments made by business units and the finance, audit, monitoring and compliance functions on the adequacy of the resources, qualifications and experience of employees in the internal audit, risk management, accounting and financial reporting functions, as well as the sufficiency of training sessions and budget.	• Resources in the internal audit, risk management, accounting and finance functions were adequate. • On the whole, the qualifications and experience of the staff of the internal audit, risk management, accounting and finance functions were satisfactory. • Training activities and budgets were given constant attention and remained satisfactory during the year.

The board and the management will establish sufficient and effective supervision, management and controls through the risk management and internal control framework of CITIC Limited, which will ensure compliance with the Listing Rules and other legal or regulatory requirements of the jurisdictions in which the Group operates, in order to constantly improve the risk management and internal control system.

Internal Audit

CITIC Limited regards internal audit as an important part of the supervisory function of the board and the audit and risk management committee. The primary objective of internal audit, which is set out in the internal audit charter, is to provide independent and objective internal assurance and consulting services, evaluate and improve the effectiveness of risk management and internal control processes for the Company so as to add value and improve the Company's operations and accomplish its objectives.

Authority

Under the internal audit charter of CITIC Limited, the internal audit department can obtain and access all records, personnel and physical properties relevant to internal audit. The head of the internal audit department has unrestricted access to the board and senior management.

Responsibility

The responsibilities of the internal audit are set out in the internal audit charter, which stipulates that (a) examination and assessment are conducted in respect of risk management and internal control to evaluate whether risks related to the following are effectively controlled: achievement of strategic objectives, reliability and integrity of financial and operational information, efficiency and effectiveness of operations, safeguarding of assets, and compliance with the laws, regulations and policies of the Company; (b) track and examine corrective actions in respect of audit findings; (c) special audits are conducted when required by the board and senior management.

Internal audit staffing and tasks completed in 2023

At 31 December 2023, CITIC Limited had approximately 650 internal audit staff members in the internal audit departments of the head office and major subsidiaries, providing audit services to various business units and functions of the Company.

During the year, the internal audit department prepared an annual internal audit plan in accordance with risk-based principles. Pursuant to the approved annual plan, detailed audit planning for each audit was devised, followed by field audits and discussions with management. Audit reports addressed to the management were prepared by the internal audit department after completion of the audits. Work reports were also tabled for review at each meeting of the audit and risk management committee, which included audit findings and follow-up results, work progress and staffing of internal audit. The internal audit department issued audit reports on various business segments and subsidiaries of the Company.

Other tasks performed by the internal audit department during the year included the following:

- Implementation of internal audit assessment to evaluate the audit work of major subsidiaries in terms of management, quality, performance, communication and coordination, in order to facilitate the effective execution of internal audit.

- Professional training and sharing sessions for internal audit staff to enhance their audit skills and knowledge.

Business Ethics

Code of Conduct

At CITIC, we are committed to upholding "The CITIC-Style 中信風格" which is the cornerstone of our corporate culture, and also the fundamental code of the Company for guiding the business practice and conduct of our people:

Compliance	遵紀守法
Integrity	作風正派
Veracity	實事求是
Innovation	開拓創新
Modesty	謙虛謹慎
Cooperation	團結互助
Diligence	勤勉奮發
Efficiency	雷厲風行

We stick to core values and corporate culture & spirits with the characteristics of "CITIC-Style", think highly of employees' integrity, morality and professional integrity. The company's Code of Conducts requires employees to strictly obey the laws, regulations and disciplines in their operational activities. It is a code that the employees must abide by and a standard for assessing professional conducts of employees. In 2023, we organised trainings in terms of professional integrity, anti-fraud and anti-corruption based on the types of industries and levels of posts. Various publicizing platforms including the internal network, official accounts of Wechat and APP were utilised to educate and guide employees to establish and maintain their excellent conducts and behaviors. The heads of every branches were required to conduct education, supervision and assessment regarding employees' conducts. The company developed the system of regular self-criticism to detect the risks to honesty and justice, to investigate and punish all sorts of illegal behaviors, to analyze and evaluate the effective implementation of this system, to propose advices for further improvement and correction, and to stably improve the levels of internal control management.

Code of Anti-Corruption

CITIC Limited upgraded the code of anti-corruption ("Anti-corruption Code") in December 2022. CITIC Limited believes that honesty, integrity and fair play are important assets. CITIC Limited will respect and adhere to the laws of the countries in which it operates and all directors and employees of the Group must ensure that the Group's reputation is not tarnished by dishonesty, lack of integrity or corruption. The Group fully supports the global campaign against corruption and has zero tolerance for corruption and any fraudulent practices. The Anti-corruption Code and the code of conduct for employees of CITIC Limited stipulate the Company's policy on matters of personal conduct of all employees (including directors, employees and anyone working on the business or affairs of the Company). The Anti-corruption Code applies to the Company and to its subsidiaries and all businesses the Company manages or controls wherever they are located.

The audit and risk management committee, with delegated authority from the board, shall review the Anti-corruption Code from time to time, recommend changes and evaluate its effectiveness.

Whistle-blowing policy

CITIC Limited is committed to achieving and maintaining high standards of integrity and ethical business practices. The whistle-blowing mechanism is an important part of the Company's internal control and risk management system, and an effective way to detect misconducts or significant risks within the Company. The whistle-blowing policy aims to safeguard the interests and reputation of the Company, to strengthen the corporate governance and internal control, and to prevent acts that harm the interests of the Company and its shareholders. The whistle-blowing policy was updated during the year under review.

The internal whistle-blowing mechanism sets out a series of principles and procedures to (i) encourage the reporting of actual or suspected inappropriate behavior, misconducts or violations occurring within the Company or involving the Company itself or its employees; (ii) guide the Company's senior management and employees in handling reports in a fair and appropriate manner; and (iii) prevent malicious allegations and protect whistleblowers from retaliation.

The audit and risk management committee, with delegated authority from the board, shall review the whistle-blowing mechanism periodically to improve its effectiveness.

Inside information/price sensitive information disclosure policy

CITIC Limited has adopted an inside information/price sensitive information disclosure policy setting out the practices and procedures for monitoring business and corporate developments and events so that any potential inside information/price sensitive information is promptly identified and relayed to the board to enable it to make timely decisions on disclosure, if necessary, and for taking appropriate measures to preserve confidentiality of inside information/price sensitive information until proper dissemination of the inside information/price sensitive information via the electronic publication system operated by the Hong Kong Stock Exchange.

Corporate Governance Report

Good employment practices

In Hong Kong, CITIC Limited has followed the guide to good employment practices issued by the Employers' Federation of Hong Kong to ensure legally compliant, non-discriminatory and professional employment practices are implemented.

Directors' and relevant employees' securities transactions

CITIC Limited has adopted the model code for securities transactions by directors of listed issuers ("Model Code") contained in Appendix C3 to the Listing Rules. All directors and senior management confirmed that they have complied with the required standard set out in the Model Code throughout 2023. The interests of directors in the securities of CITIC Limited as at 31 December 2023 are set out in the Report of the Directors on page 156 of this annual report.

In addition to the requirements set out in CITIC Limited's code of conduct, the joint company secretaries regularly write to executive management and other relevant employees who are privy to unpublished inside information/ price sensitive information, as reminders of their responsibility to comply with the provisions of the Model Code and keep the matter confidential until announced. They are also specifically reminded not to engage in any insider dealings as stipulated under Section 270 of the Securities and Futures Ordinance.

Joint Company Secretaries

Mr Zhang Yunting and Mr Ricky Choy Wing Kay (being a qualified solicitor in Hong Kong) are the joint company secretaries of CITIC Limited during the year under review. All directors have access to the advice and services of the joint company secretaries on board procedures and corporate governance matters as and when required. The joint company secretaries report to the chairman and/or vice chairman/president of CITIC Limited. Mr Zhang and Mr Choy took no less than 15 hours of relevant professional training respectively during the year under review.

Investor Relations

CITIC Limited aims to generate sustainable shareholder value. We recognise that effective management of stakeholder relationships, including those with investors, is key to realising that value. We believe that our objectives and shareholder objectives should be aligned for long-term value creation and hope that our shareholders agree with our conviction that sustainable long-term growth is more important than short-term gains.

CITIC Limited acknowledges its responsibility to engage with shareholders and respond respectfully to their questions. We aspire to transparent and open communications and are committed to timely disclosure of relevant and material information. We meet with investors regularly to update them on our business progress and strategy. In addition, we respond promptly to questions received from the media and individual shareholders. We endeavour to share financial and non-financial information that is relevant and material, and clearly communicate our business strategy through biannual and other timely communications. In all cases, great care is taken to ensure that price sensitive information is not disclosed selectively. When announcements are made through the Hong Kong Stock Exchange, the same information will be made available on CITIC Limited's website.

Shareholders' Communication Policy

CITIC Limited considers effective communication with shareholders essential to enable them to have a clear assessment of the enterprise performance as well as to ensure the board of directors is accountable. The Shareholders' Communication Policy of CITIC Limited was updated in 2022 to emphasise our commitment to enhancing communication with shareholders (both individual and institutional) and the investment community and to require the policy to be reviewed annually to ensure its continued effectiveness.

The full text of the Shareholders' Communication Policy of CITIC Limited is available on the Company's website. The major means of communication with shareholders of CITIC Limited are set out below:

- **Contact details provided to shareholders**
  Shareholders and the investment community shall be provided with contact details of CITIC Limited such as mailing address, email address and telephone number in order to enable them to make any query in respect of CITIC Limited. The Company supports the use of electronic and other means of communicating with shareholders and investors.

- **Information disclosure at corporate website**
  CITIC Limited endeavours to disclose all material information about the Group to all interested parties as widely and in as timely a manner as possible. CITIC Limited maintains a corporate website at https://www.citic.com/en/, where important information about CITIC Limited's activities and corporate matters such as annual reports and half-year reports to shareholders, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders.

  When announcements are made through the Hong Kong Stock Exchange, the same information will be made available on CITIC Limited's website.

  During the year under review, CITIC Limited has issued announcements in respect of notifiable transactions, connected transactions, continuing connected transactions and overseas regulatory announcements, which can be viewed on CITIC Limited's website (https://www.citic.com/en/investor_relation/announcements_circulars/).

- **General meetings with shareholders**
  CITIC Limited's annual general meeting provides a useful platform for direct communication between the board and shareholders. Separate resolutions are proposed on each substantial separate issue at the general meetings. The annual general meetings and other general meetings will be conducted with instant translation to encourage shareholders' participation.

- **Communication with investors**
  CITIC Limited's policy is to proactively meet with investors and analysts and participate in investor road shows. Upon the release of financial results, CITIC Limited holds investor and analyst presentations and webcasts the meetings along with accompanying presentations so they can be followed online at the same time as the meeting.

The board has reviewed the Shareholders' Communication Policy. Having considered the above measures in place for shareholders to communicate their views, the board was satisfied that the Shareholders' Communication Policy was appropriate and effective, and had been properly implemented during the year under review.

Constitutional Documents

There were no changes in the articles of association of CITIC Limited during the year under review. The latest version of the articles of association is available on the websites of HKEX and CITIC Limited.

Dividend policy

In compliance with the requirement for a policy on payment of dividends under the code provision of the CG Code, CITIC Limited has adopted a dividend policy in 2018 to enhance its transparency and to facilitate shareholders and investors to make their investment decisions.

CITIC Limited attaches importance to providing reasonable returns for investors. The dividend policy of CITIC Limited maintains continuity and stability and takes into consideration the long-term interests of CITIC Limited, overall interests of all shareholders and the sustainable development of CITIC Limited. CITIC Limited expects to pay dividends twice each financial year and cash dividend distribution is preferred. The payment of dividend is also subject to any restrictions under Hong Kong legislation and CITIC Limited's articles of association. According to the articles of association, CITIC Limited in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the board of directors. No dividend shall be payable except out of the profits of CITIC Limited.

Voting by poll

Resolutions put to vote at the general meetings of CITIC Limited (other than on procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the websites of HKEX and CITIC Limited respectively on the same day as the poll.

Shareholders' rights

Set out below is a summary of certain rights of the shareholders of CITIC Limited as required to be disclosed pursuant to the mandatory disclosure requirement under the CG code:

Convening of extraordinary general meeting on requisition by shareholders

In accordance with Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholder(s) of CITIC Limited representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of CITIC Limited are entitled to send a request to CITIC Limited to convene an extraordinary general meeting ("EGM"). The written requisition must state the general nature of the business to be dealt with at the EGM and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM. The request must be authenticated by the shareholder(s) making it and deposited at the registered office of CITIC Limited at 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong for the attention of the joint company secretaries in hard copy form or sent to CITIC Limited in electronic form. The requisition may consist of several documents in like form, each signed by one or more of the shareholder(s) concerned.

Pursuant to Section 567 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the directors of CITIC Limited must within 21 days after the date on which the written requisition is received by CITIC Limited proceed to duly convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given. If the directors do not do so, the shareholder(s) who requested for the EGM, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM pursuant to Section 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), provided that the EGM so convened shall not be held after the expiration of 3 months from the date of the original requisition.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the directors of CITIC Limited.

Procedures for directing shareholders' enquiries to the board

Shareholders may at any time send their enquiries and concerns to the board of directors of CITIC Limited in writing to CITIC Limited of which contact details are set out in the section headed "Shareholders' Enquiries" of CITIC Limited's Shareholders' Communication Policy or through writing to the joint company secretaries whose contact details are as follows:

The Joint Company Secretaries
CITIC Limited
32nd Floor, CITIC Tower,
1 Tim Mei Avenue, Central, Hong Kong
Email: contact@citic.com
Tel No.: +852 2820 2184
Fax No.: +852 2918 4838

The joint company secretaries will forward the shareholders' enquiries and concerns to the board of directors and/or relevant board committees of CITIC Limited, where appropriate, to answer the shareholders' questions.

Corporate Governance Report

Procedures for putting forward proposals at general meetings by shareholders

Shareholders are requested to follow Sections 615 and 616 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for including a resolution at the annual general meeting of CITIC Limited ("AGM"). The requirements and procedures are set out below:

(i) Any number of shareholders representing at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at the AGM to which the requisition relates, or at least 50 shareholders having a right to vote on the resolution at the AGM to which the requisition relates, may submit a requisition in writing to put forward a resolution which may properly be moved at the AGM.

(ii) CITIC Limited shall not be bound by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to give notice of the proposed resolution or to circulate a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution to shareholders of CITIC Limited entitled to receive notice of the AGM unless a copy of the requisition specifying the resolution of which notice is to be given and signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) is deposited at the registered office of CITIC Limited at 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong for the attention of the joint company secretaries in hard copy form or is sent to CITIC Limited in electronic form not later than (i) 6 weeks before the AGM to which the requisition relates; or (ii) if later, the time at which notice is given of the AGM.

The procedures for shareholders to propose a person for election as a director of CITIC Limited is available on CITIC Limited's website.

Board of Directors

XI Guohua *(Executive Director and Chairman)*
Age 60: an executive director and chairman of strategy and investment management committee of the Company since August 2020, has been appointed as chairman of the board, chairman of nomination committee, chairman of strategic committee and chairman of executive committee of the Company with effect from 29 January 2024. He has been appointed as the chairman of CITIC Group Corporation with effect from 10 December 2023 and the chairman of CITIC Corporation Limited with effect from 22 January 2024. Mr Xi is currently the chairman of CITIC Financial Holdings Co., Ltd.. He formerly served as director of CRRC Zhuzhou Institute Co., Ltd., vice president of China Northern Locomotive & Rolling Stock Industry (Group) Corporation, executive director and CEO of China CNR Corporation Limited, executive director, vice chairman and CEO of CRRC Corporation Limited, vice chairman and president of CRRC Group Co., Ltd., chairman of Xinxing Cathay International Group Co., Ltd., director and president of China FAW Group Corporation Limited. Mr Xi has engaged in industry for more than 35 years and has accumulated a lot of practical experience. Mr Xi graduated from Central South University, majoring in control theory and control engineering. He obtained a Master's degree, a Doctor's degree in engineering and is a professorate senior engineer.

ZHANG Wenwu *(Executive Director, Vice Chairman and President)*
Age 51: an executive director, vice chairman and president, a member of the nomination committee, a member of the strategic committee and vice chairman of the executive committee of the Company with effect from 28 March 2024. Mr Zhang is currently the vice chairman and president of CITIC Group Corporation. He has been appointed as the vice chairman and president of CITIC Corporation Limited with effect from 28 March 2024. Mr Zhang previously served as deputy general manager of the finance & accounting department of the head office of Industrial and Commercial Bank of China Limited ("ICBC"), deputy head of Liaoning Branch, executive director and chief financial officer of ICBC-AXA Assurance Co., Ltd., director of the office of the supervisory board of the head office, general manager of the finance & accounting department of the head office, senior executive vice president of ICBC. Mr Zhang graduated from the University of International Business and Economics, and he obtained a Doctorate in management from Renmin University of China. He is a senior accountant.

LIU Zhengjun *(Executive Director)*
Age 58: an executive director of the Company since 2023. Mr Liu has been the vice president of the Company and a member of the executive committee since 2018. Currently he is an executive director and vice president of CITIC Group Corporation and CITIC Corporation Limited. Mr Liu started working in July 1988. He formerly served as deputy director, director of Jinan Regional Office of National Audit Office of the People's Republic of China ("CNAO"), director general of Department of Public Finance Audit of CNAO, director general of Changchun Regional Office of CNAO, director general of Department of Non-profit Government Agencies Audit of CNAO, director general of Law Department of CNAO. Mr Liu is currently the chairman of China CITIC Financial Asset Management Co., Ltd. (formerly known as China Huarong Asset Management Co., Ltd.). Mr Liu has been the secretary of the Party Committee, chairman of CITIC Construction Company Limited and ceased to be the chairman of CITIC Trust Co., Ltd., all with effect from 1 March 2024. He graduated from Nankai University in finance with a Master's degree and Doctorate in economics.

Board of Directors

WANG Guoquan (formerly known as WANG Guoquan) *(Executive Director)*
Age 51: an executive director of the Company since 2023. Mr Wang has been the vice president of the Company and a member of the executive committee since 2020. Currently he is an executive director and vice president of CITIC Group Corporation and CITIC Corporation Limited, chairman of CITIC Networks Co., Ltd., chairman of the board (redesignated as deputy chairman from January 2022 in accordance with the biennial rotation arrangement) and non-executive director of Asia Satellite Telecommunications Holdings Limited and chairman of CITIC Agriculture Technology Co., Ltd.. Mr Wang has resigned as a non-executive director of CITIC Telecom International Holdings Limited with effect from 1 December 2023. Mr Wang previously served as the deputy general manager of China Telecom Hebei Branch; since 2012, he has successively served as the general manager of Hebei Branch of China Telecom and the general manager of marketing department of China Telecom Group Co., Ltd.; from December 2018, he served as the deputy general manager of China Telecom Group Co., Ltd. and from August 2019, he served as an executive director of China Telecom Corporation Limited. Mr Wang graduated from Renmin University of China with an Executive Master of Business Administration.

YU Yang *(Non-executive Director)*
Age 59: a non-executive director, a member of the nomination committee and the strategic committee of the Company since 2020. Ms Yu is currently a non-executive director of CITIC Group Corporation and CITIC Corporation Limited, and director of CITIC Financial Holdings Co., Ltd.. She worked with several posts in Ministry of Finance as assistant engineer of Computing Center, engineer of Xingcai Company, deputy general manager and general manager of Zhongcaixin company, deputy director of Comprehensive Department, director of office, director of secretariat of Network Information Center Office, and chief engineer of Network Information Center (deputy director general level). Ms Yu graduated from Shandong University in computer science with a Bachelor's degree in engineering. She is a senior engineer.

ZHANG Lin *(Non-executive Director)*
Age 58: a non-executive director and a member of the remuneration committee of the Company since 2022, and a member of the audit and risk management committee of the Company since December 2023. Mr Zhang is currently a non-executive director of CITIC Group Corporation, CITIC Corporation Limited and CITIC Securities Company Limited, and a director of CITIC Financial Holdings Co., Ltd.. He worked with several posts in Ministry of Finance as senior staff member at China Enterprise Division of Finance Department of Gansu Province, senior staff member, principal staff member, deputy director of the Executive Office of Gansu Supervision & Inspection Office, assistant inspector of Gansu Supervision & Inspection Office, deputy inspector, leader of Discipline Inspection and Supervision Group of Ningxia Supervision & Inspection Office, chief inspector of Shaanxi Supervision & Inspection Office, director of Shaanxi Supervision Bureau. Mr Zhang graduated from Lanzhou University with a Bachelor's degree in Business Administration. He has the qualification of Chinese certified public accountant.

LI Yi (formerly known as LI Ruyi) *(Non-executive Director)*
Age 54: a non-executive director and a member of the strategic committee of the Company since 2022. Ms Li is currently a non-executive director of CITIC Group Corporation and CITIC Corporation Limited. She worked as reporter of Anyang Daily, cadre of the publicity and education department of Anyang Municipal Commission for Discipline Inspection, deputy director of *Bronze Mirror* Editorial Office, deputy director (at section chief level) of the publicity and education department of Anyang Municipal Commission for Discipline Inspection, chief officer, deputy division chief and division chief of the educational affairs department of Beidaihe campus of China Academy of Discipline Inspection and Supervision of the CCDI and the NCS, division chief and division chief of the second division of the inspection leading group office of the Ministry of Finance, deputy inspector and secondary inspector of the Party committee of the Ministry of Finance, secondary inspector and deputy director of the cadre education center of the Ministry of Finance. Ms Li graduated from Henan University with Bachelor of Arts in Chinese Language and Literature Editing.

YUE Xuekun *(Non-executive Director)*
Age 57: a non-executive director of the Company since 2023. Mr Yue is currently a non-executive director of CITIC Group Corporation and CITIC Corporation Limited. He has successively served as the manager in charge of Beijing Tianyuanzhuang Hotel, senior staff member and principal staff member of the Property Right Registration Office of the General Department of National Administrative Bureau of the State Owned Property of the People's Republic of China, the deputy director of the Youth Work Department of the Party Committee and the secretary of the Youth League Committee (deputy director level) of National Administrative Bureau of the State Owned Property, the assistant investigator, deputy director and director of the General Department of the Party Committee of the Ministry of Finance of the People's Republic of China, the chairman (deputy director general level) of the labour union of the Ministry of Finance, and the director general of the Bureau of Retired Cadres of the Ministry of Finance. Mr Yue graduated from Jiangxi University of Finance and Economics in trade and economics with a Bachelor's degree. He also obtained a Master's degree in public management.

YANG Xiaoping *(Non-executive Director)*
Age 60: a non-executive director of the Company since 2015. Mr Yang has rich management experiences of conglomerates. He is a member of the audit and risk management committee and the strategic committee. He is currently the senior vice chairman of CP Group, the vice chairman and CEO of CPG China, executive director and the vice chairman of C.P. Lotus Corporation, CEO of CT Bright Holdings Limited, non-executive director of Ping An Insurance (Group) Company of China, Ltd. and Honma Golf, and an independent director of Jingdong Technology Holding Co., Ltd. (formerly known as "Jingdong Digits Technology Holding Co., Ltd"). Mr Yang has resigned as non-executive director and vice chairman of the board of China Minsheng Investment (Group) Corp., Ltd. and non-executive director and vice chairman of True Corporation Public Company Limited. He was a non-executive director of Chery Holding Group Co., Ltd.. Mr Yang is also a member of the 12th National Committee of Chinese People's Political Consultative Conference, vice president of China Rural Research Institute of Tsinghua University, deputy director of Management Committee, Institute for Global Development of Tsinghua University and president of Beijing Association of Foreign Investment Enterprises. Mr Yang Xiaoping graduated from the School of Economics and Management of Tsinghua University with doctoral degree and has both studying and working experiences in Japan.

MU Guoxin *(Non-executive Director)*
Age 57: a non-executive director of the Company since October 2023. Mr Mu is currently the appointed director and supervisor of the National Council for Social Security Fund, PRC (the SSF), a non-executive director of Bank of Communications Co., Ltd. and a director of COFCO Fortune Co., Ltd.. He worked at the Ministry of Finance, and was an officer (during which period he had grass-roots work experience in Zhuozhou Finance Bureau of Hebei Province), a staff member, a deputy principal staff member of the First Division of the Accounting Affairs Management Department; a deputy principal staff member, a principal staff member of the General Division of the Accounting Department; a deputy division director of the Second Division of Systems of the Accounting Department. At SSF, he had successively held the posts of Deputy Director (during which period he studied in the cadre training class of the Central Party School and State Organs Branch), Director, Deputy Director General (during which period he studied in Peking University cooperated with the National Academy of Governance majoring in Public Management) and Director General of the Finance and Accounting Department. Mr Mu graduated from the Central Institute of Finance, majoring in Accounting, with a bachelor degree. He also obtained a master degree majoring in Public Administration.

Board of Directors

LI Zimin *(Non-executive Director)*
Age 52: a non-executive director of the Company since December 2023. Mr Li is currently an executive director and president of China CITIC Financial Asset Management Co., Ltd. (formerly known as China Huarong Asset Management Co., Ltd.) (the "China CITIC Financial AMC"). He served as a salesman, project manager of CITIC Trust Co., Ltd. ("CITIC Trust"), the project manager, senior manager and expert of the annuity trust department of CITIC Trust, the head of the corporate integrated financial services team, the general manager of the investment banking department I and the business director, deputy general manager, general manager (during which period he was awarded a doctor's degree in Management from the University of Chinese Academy of Sciences) of CITIC Trust and a non-executive director of China Hongqiao Group Limited. He has served as president of China CITIC Financial AMC since 31 October 2022 and an executive director of China CITIC Financial AMC since 19 January 2023.

Francis SIU Wai Keung *(Independent Non-executive Director)*
Age 69: an independent non-executive director of the Company since 2011. Mr Siu has the relevant professional qualification and expertise in financial reporting matters. He is the chairman of the audit and risk management committee and a member of the remuneration committee and the nomination committee. He is an independent non-executive director of China Communications Services Corporation Limited and Morgan Stanley Securities (China) Co., Ltd.; and the chairman and an independent non-executive director of BHG Retail Trust Management Pte. Ltd.. He has served as a non-executive director of the Accounting and Financial Reporting Council since 1 October 2019 with a term up to 30 September 2025. Mr Siu joined KPMG Manchester, UK in 1979 and returned to Hong Kong in 1986 and became a partner of KPMG Hong Kong in 1993. From 2000 to 2002, he was a senior partner of KPMG Shanghai Office. From 2002 to March 2010, he was a senior partner of KPMG Beijing Office, and a senior partner of Northern Region, KPMG China.

XU Jinwu *Dr-Ing. (Independent Non-executive Director)*
Age 74: an independent non-executive director of the Company since 2012. Dr Xu is a member of the audit and risk management committee, the remuneration committee and the nomination committee. He is the executive director of The Chinese Society for Metals (中國金屬學會) and the former chairman of the Metallurgical Equipment Committee of The Chinese Society for Metals (中國金屬學會冶金設備分會). He was appointed as the president of University of Science and Technology Beijing in 2004 and retired in 2013. He served as an independent director of Ningbo Donly Transmission Equipment Co., Ltd. from January 2006 to January 2012 and Xinyu Iron & Steel Co., Ltd. from April 2006 to April 2009.

Anthony Francis NEOH *(Independent Non-executive Director)*
Age 77: an independent non-executive director of the Company since 2014. Mr Neoh is the chairman of the remuneration committee, and a member of the audit and risk management committee, the nomination committee and the strategic committee. He has until October 2016, been a member of the International Advisory Council of the China Securities Regulatory Commission ("CSRC"). He also previously served as chief advisor to the CSRC, a member of the Hong Kong Special Administrative Region Basic Law Committee under the Standing Committee of the National People's Congress, chairman of the Hong Kong Securities and Futures Commission, a member of the Hong Kong Stock Exchange Council and its Listing Committee, and chaired its Disciplinary Committee and Debt Securities Group, and Deputy Judge of the Hong Kong High Court. From 1996 to 1998, he was chairman of the Technical Committee of the International Organization of Securities Commissions. He was appointed as Queen's Counsel (now retitled as Senior Counsel) in Hong Kong in 1990. Mr Neoh graduated from the University of London with a degree in Law in 1976. He is a barrister of England and Wales and admitted to the State Bar of California. In 2003, he was conferred the Degree of Doctor of Laws, *honoris causa*, by the Chinese University of Hong Kong. He was formerly elected Honorary Fellow of the Hong Kong Securities Institute and Academician of the International Euro-Asian Academy of Sciences in 2009. In 2013, he was awarded the Degree of Doctor of Social Science, *honoris causa*, by the Open University of Hong Kong and in 2016, he was also awarded the Degree of Doctor of Social Science, *honoris causa*, by Lingnan University. Mr Neoh has ceased to act as an independent non-executive director of Industrial and Commercial Bank of China Limited with effect from 8 March 2024. He was formerly the chairman of the Independent Police Complaints Council and his term of appointment ended on 31 May 2021. He was formerly a non-executive director of Global Digital Creations Holdings Limited. He also previously served as an independent non-executive director of Link Asset Management Limited (manager of Link Real Estate Investment Trust), China Shenhua Energy Company Limited, Bank of China Limited, China Life Insurance Company Limited and New China Life Insurance Company Ltd..

Gregory Lynn CURL *(Independent Non-executive Director)*
Age 75: an independent non-executive director and a member of the nomination committee of the Company since 2019. Mr Curl joined Temasek International as president on 1 September 2010 following his retirement from Bank of America ("BAC") in March 2010. He became vice chairman – Asia of Temasek International Pte. Ltd. on 1 January 2023. He brings with him a banking career of over 30 years. During his time with BAC, Mr Curl served in a number of senior executive capacities including vice chairman of corporate development, and last held the position of chief risk officer. He was a member of the International Advisory Council of National Financial Regulatory Administration (formerly China Banking and Insurance Regulatory Commission). Mr Curl was appointed as an independent non-executive director of the Company in May 2011 and was re-designated as a non-executive director in August 2014 by reason of a shareholding interest held by Temasek group in a subsidiary of CITIC Pacific Limited (further details of which are set out in the Company's announcement dated 25 August 2014). Such shareholding interest has since been disposed. Mr Curl held such position until September 2014. He was also a director of the University of Virginia's Jefferson Scholars Foundation, The Enstar Group, Inc., Grupo Financiero Santander Serfin, and a non-executive director of China Construction Bank Corporation. He is a director of Post Holdings, Inc. (listed on the New York Stock Exchange), chairman and director of Rivulis Irrigation Ltd (Israeli company) and Rivulis Pte Ltd (Singapore private company). Mr Curl received a Bachelor degree in Political Science from Southwest Missouri State University and a Master degree in Government from the University of Virginia. He was named a Woodrow Wilson Fellow in 1970 and was a Philip Dupont Scholar and a McIntire Fellow at the University of Virginia.

Board of Directors

Toshikazu TAGAWA *(Independent Non-executive Director)*
Age 70: an independent non-executive director of the Company and a member of the strategic committee of the Company since 2021. Mr Tagawa joined Audit Firm Asahi & Co. (now known as KPMG AZSA LLC) in November 1979, where he performed audit engagements. From November 1984 to June 2008, he worked as a tax professional at Ernst & Young ("EY") New York office for 18 years, EY San Francisco office for 4 years and Arthur Andersen New York office for 2 years, and became an EY US tax partner in 1996. From July 2008 to June 2010, he was stationed as a tax partner at EY Tax Co. in Japan. From July 2010 to June 2012, Mr Tagawa was stationed as a tax partner at Shanghai office of EY China, managing tax engagements of the Japanese Business Services in China. Mr Tagawa retired from EY US in June 2012. From July 2012 to April 2015, he assumed the position of Managing Director of the Financial Services Department of Ernst & Young ShinNihon LLC. From May 2015 to December 2020, he was appointed as a director and CFO of "Japan SR Association" which managed Super Rugby Japan team. He was appointed as a member of the Audit & Supervisory Board of Sumitomo Mitsui DS Asset Management Co., Ltd. as of June 2016 and CEO of Ranzan USA Corp. as of September 2018. He has been appointed as an external auditor of Sumitomo Rubber Industries, Ltd. with effect from 28 March 2024. Mr Tagawa graduated from Kobe University of Commerce (now known as University of Hyogo) with a Bachelor degree in Business Administration in March 1977. From September 2016 to March 2019, he was a visiting professor in the Faculty of Economics at Musashi University. Mr Tagawa is a licensed Certified Public Accountant.

Senior Management

CUI Jun
Age 59: a member of the executive committee of the Company since 2018. Mr Cui currently serves as leader of Discipline Inspection and Supervision Group of CITIC Group Corporation for The Central Commission for Discipline Inspection of the CPC and The National Supervisory Commission. He formerly served as presiding judge of the second economic tribunal, presiding judge of the second civil tribunal, vice president of High People's Court of Heilongjiang Province, chief of Supervision Department of Heilongjiang Province, executive deputy secretary of CPC Party Discipline Inspection Commission and deputy director general of Supervision Commission of Heilongjiang Province, and the secretary of the CPC Party Discipline Inspection Commission of CITIC Group Corporation. He graduated from Jilin University in jurisprudence with a Master's degree and Doctorate in law.

XU Zuo
Age 58: vice president of the Company and a member of the executive committee since 2019. Currently Mr Xu is vice president of CITIC Group Corporation and CITIC Corporation Limited. Mr Xu started his career in Bohai Aluminium Co., Ltd. in 1987. He participated in the establishment of Dicastal Wheel Manufacturing Co., Ltd. in 1988, and has successively held the posts of senior manager, assistant to president, vice president, president and vice chairman. He was chairman of supervisory and advisory board meeting of the KSM Castings Group GmbH in Germany. Mr Xu has over 30 years' working experience in automotive parts manufacturing, over 20 years' experience in the international market development, overseas acquisitions and restructuring. He graduated from Renmin University of China, with an Executive Master of Business Administration. He is a professor and also a senior economist.

FANG Heying
Age 57: vice president of the Company and a member of the executive committee since 2020. Currently Mr Fang is vice president of CITIC Group Corporation and CITIC Corporation Limited. He is also a director of CITIC International Financial Holdings Limited and CITIC Bank International Limited. Mr Fang has been appointed as the chairman of the board and ceased to be the vice chairman of China CITIC Bank Corporation ("China CITIC Bank") with effect from 3 August 2023. Mr Fang joined CITIC Bank in December 1996, he successively served as vice president of Hangzhou Branch, president of Suzhou Branch, head of financial market business of head office, president, vice president and chief financial officer of China CITIC Bank, etc. Mr Fang is a senior economist. He graduated from Hunan University of Finance and Economics with a Bachelor Degree in Finance, and later obtained an Executive Master of Business Administration from Peking University.

ZENG Qi
Age 53: vice president of the Company and a member of the executive committee with effect from 14 March 2024. Ms Zeng is a member of the Party Committee, vice president of CITIC Group Corporation and vice president of CITIC Corporation Limited since January 2024. She started her career in August 1993, and formerly served as deputy general manager of the Operation and Management Department, deputy general manager of the Settlement and Cash Management Department, vice president of Hebei Branch and a member of the Party Committee of the Industrial and Commercial Bank of China. She also served as general manager of the Settlement and Cash Management Department from December 2014 and general manager of the Personal Finance Department from May 2021. Ms Zeng is a member of the Communist Party of China and obtained a Doctorate in law.

Report of the Directors

The directors have pleasure in presenting to shareholders their report for the year ended 31 December 2023.

Principal Activities

CITIC Limited is one of China's largest conglomerates and its subsidiaries are engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation both in China and overseas.

Subsidiary Companies

The name of the principal subsidiaries, their countries of incorporation, principal activities and shares issued are set out in note 61 to the consolidated financial statements.

Business Review

A fair review, discussion and analysis of the Group's business as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the material factors underlying its results and financial position are set out in the sections headed "Chairman's Letter to Shareholders", "Our Businesses" and "Financial Review" on pages 4 to 89 of this annual report. A description of the principal risks and uncertainties facing the Group is set out in the "Risk Management" section on pages 90 to 95 of this annual report. Particulars of important events affecting CITIC Limited that have occurred since the end of the financial year 2023 (if any) and the likely future development in CITIC Limited's business can also be found in this annual report. The above discussions form an integral part of the Report of the Directors.

In addition, an account of CITIC Limited's performance by reference to environmental and social-related key performance indicators and policies is provided in the standalone Environmental, Social and Governance Report 2023, which is published on the same date of this annual report and available on the websites of both Hong Kong Exchanges and Clearing Limited ("HKEX") and CITIC Limited.

Dividends

On 31 August 2023, the board of directors of CITIC Limited has resolved to declare an interim dividend of RMB0.18 per share (equivalent to HK$0.1964844 per share)(2022: HK$0.20 per share equivalent to RMB0.1746636 per share) for the year ended 31 December 2023 which was paid on 16 November 2023. At the board meeting held on 28 March 2024, the directors recommended a final dividend ("2023 Final Dividend") of RMB0.335 per share (2022: HK$0.451 per share equivalent to RMB0.4120958 per share) in respect of the year ended 31 December 2023. Subject to approval of the shareholders at the forthcoming annual general meeting of CITIC Limited to be held on 18 June 2024 (the "2024 AGM"), the proposed 2023 Final Dividend will be paid on Friday, 16 August 2024 to shareholders on CITIC Limited's register of members at the close of business on Wednesday, 26 June 2024. This represents a total distribution for the year of RMB14,981 million.

The proposed 2023 Final Dividend will be payable in cash to each shareholder in HK Dollars ("HK$") (at the average benchmark exchange rate of RMB to HK$ as published by the People's Bank of China during the five business days ending on 18 June 2024 (inclusive), being the date of the 2024 AGM) unless an election is made to receive the same in Renminbi ("RMB").

Shareholders will be given the option to elect to receive all (but not part) of the 2023 Final Dividend in RMB, such dividend will be paid at RMB0.335 per share. To make such election, shareholders should complete the Dividend Currency Election Form, which is expected to be despatched to shareholders in early July 2024 as soon as practicable after the record date of 26 June 2024 to determine shareholders' entitlement to the proposed 2023 Final Dividend, and return it to CITIC Limited's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 18 July 2024.

Shareholders who are minded to elect to receive all (but not part) of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Friday, 16 August 2024 at the shareholders' own risk.

If no election is made by a shareholder or no duly completed Dividend Currency Election Form in respect of that shareholder is received by CITIC Limited's Share Registrar, Tricor Tengis Limited, by 4:30 p.m. on Thursday, 18 July 2024, such shareholder will automatically receive the 2023 Final Dividend in HK$. All dividend payments in HK$ will be made in the usual way on Friday, 16 August 2024.

If shareholders wish to receive the 2023 Final Dividend in HK$ in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the proposed dividend payment.

Donations

Donations made by CITIC Limited and its subsidiary companies during the year are set out in the standalone Environmental, Social and Governance Report 2023, which is published on the same date of this annual report and available on the websites of both HKEX and CITIC Limited.

Share Capital and Reserves

Movements in the share capital and reserves of CITIC Limited and the Group during the year are set out in note 47 to the consolidated financial statements.

Fixed Assets

Movements in fixed assets during the year are set out in note 34 to the consolidated financial statements.

Major Customers and Suppliers

During the year, both the aggregate percentage of purchases from the Group's five largest suppliers and the aggregate percentage of sales to the Group's five largest customers were less than 30% of the total purchases and sales of the Group respectively.

Borrowings and Debt Instruments Issued

Particulars of borrowings and debt instruments issued in respect of CITIC Limited and its subsidiary companies as at 31 December 2023 are set out in notes 44 and 45 to the consolidated financial statements.

Equity-linked Agreements

No equity-linked agreements that will or may result in CITIC Limited issuing shares or that require CITIC Limited to enter into any agreements that will or may result in CITIC Limited issuing shares were entered into by CITIC Limited during the year or subsisted at the end of the year.

Directors

The directors of CITIC Limited during the year and up to the date of this report are:

Executive Directors

Mr Xi Guohua *(Chairman)* *	
Mr Zhang Wenwu *(Vice Chairman and President)*	*(appointed on 28 March 2024)*
Mr Liu Zhengjun	*(appointed on 15 March 2023)*
Mr Wang Guoquan (formerly known as Wang Guoquan)	*(appointed on 15 March 2023)*
Mr Zhu Hexin *(Chairman)*	*(resigned on 13 December 2023)*

* appointed as Chairman and ceased to be Vice Chairman and President on 29 January 2024

Non-executive Directors

Ms Yu Yang	
Mr Zhang Lin	
Ms Li Yi (formerly known as Li Ruyi)	
Mr Yue Xuekun	*(appointed on 9 January 2023)*
Mr Yang Xiaoping	
Mr Mu Guoxin	*(appointed on 26 October 2023)*
Mr Li Zimin	*(appointed on 29 December 2023)*
Mr Tang Jiang	*(passed away on 26 March 2023)*

Independent Non-executive Directors

Mr Francis Siu Wai Keung
Dr Xu Jinwu
Mr Anthony Francis Neoh
Mr Gregory Lynn Curl
Mr Toshikazu Tagawa

Mr Zhu Hexin has confirmed that he has no disagreement with the board and there is no matter relating to his resignation that need to be brought to the attention of the shareholders of CITIC Limited.

Pursuant to Article 95 of the articles of association of CITIC Limited, Mr Zhang Wenwu, Mr Mu Guoxin and Mr Li Zimin who were appointed by the board as directors of CITIC Limited since the annual general meeting in 2023 shall hold office only until the next following annual general meeting, or if earlier, the next following extraordinary general meeting of CITIC Limited and, being eligible, offer themselves for re-election. With a view of enhancing a culture of good corporate governance, all the remaining directors of CITIC Limited, namely, Mr Xi Guohua, Mr Liu Zhengjun, Mr Wang Guoquan, Ms Yu Yang, Mr Zhang Lin, Ms Li Yi, Mr Yue Xuekun, Mr Yang Xiaoping, Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh, Mr Gregory Lynn Curl and Mr Toshikazu Tagawa will also retire voluntarily at the 2024 AGM and all being eligible for re-election.

The bio data of the current directors and senior management are set out in the "Board of Directors" and "Senior Management" sections on pages 137 to 143 of this annual report.

Directors of Subsidiaries

The list of directors who have served on the boards of the subsidiaries of CITIC Limited during the year and up to the date of this report is available on CITIC Limited's website at www.citic.com.

Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed in the sections headed "Connected Transaction" and "Non-Exempt Continuing Connected Transactions" below and "Material related parties" in note 51 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to CITIC Limited's business to which CITIC Limited's subsidiaries, fellow subsidiaries or its holding company was a party or were parties and in which a director of CITIC Limited or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Service Contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts concerning the management and/or administration of the whole or any substantial part of the business of CITIC Limited were entered into during the year or existed at the end of the year.

Permitted Indemnity

Pursuant to CITIC Limited's articles of association and subject to the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), every director or other officers of CITIC Limited shall be entitled to be indemnified out of the assets of CITIC Limited against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. CITIC Limited has arranged Directors & Officers Liability and Company Reimbursement Insurance for its directors and officers to protect them against potential costs and liabilities arising from claims brought against them.

Related Party Transactions

CITIC Limited and its subsidiaries entered into certain transactions in the ordinary course of business and on normal commercial terms which were "Material related parties", the details of which are set out in note 51 to the consolidated financial statements of CITIC Limited. Some of these transactions also constituted "Connected Transaction" and/or "Continuing Connected Transactions" under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as summarised below.

Connected Transaction

The following connected transaction of CITIC Limited was conducted during the year under review, in respect of which the particulars were previously disclosed by way of an announcement, and is required under the Listing Rules to be disclosed in this annual report.

On 18 September 2023, CITIC Urban Development & Operation Co., Ltd. ("CITIC Urban Development & Operation", an indirect wholly-owned subsidiary of CITIC Limited) entered into an equity transfer agreement (the "Equity Transfer Agreement") with CITIC Zhengye Holdings Group Limited ("CITIC Zhengye Group", a wholly-owned subsidiary of CITIC Group Corporation ("CITIC Group")), pursuant to which CITIC Urban Development & Operation agreed to acquire the entire interest in CITIC Zhengye Investment Co., Ltd. ("CITIC Zhengye Investment", a wholly-owned subsidiary of CITIC Group prior to entry into the Equity Transfer Agreement), together with the shareholders' loan and other indebtedness owed by CITIC Zhengye Investment to CITIC Zhengye Group, at an aggregate consideration of RMB881,601,529.69. After the completion of the aforesaid acquisition, CITIC Zhengye Investment has become an indirect wholly-owned subsidiary of CITIC Limited and its financial results have been consolidated into the accounts of the Group.

CITIC Group is the controlling shareholder of CITIC Limited and CITIC Zhengye Group is a wholly-owned subsidiary of CITIC Group. CITIC Zhengye Group is therefore an associate of CITIC Group and a connected person of CITIC Limited. Accordingly, the aforesaid acquisition constitutes a connected transaction of CITIC Limited under the Listing Rules.

Non-Exempt Continuing Connected Transactions

During the year under review, the Group engaged in the following non-exempt continuing connected transactions with CITIC Group and/or its associates (the "Connected Persons"), particulars of which were previously disclosed in the announcements of CITIC Limited and are required under the Listing Rules to be disclosed in this annual report and the consolidated financial statements of CITIC Limited.

1. Financial Assistance Framework Agreement — financial assistance (including in the form of entrusted loans and financing guarantee) and commercial loans provided by the Group to the Connected Persons

   The Financial Assistance Framework Agreement dated 17 November 2022 (“2022 Financial Assistance FA”) ended on 30 June 2023. Considering the business development needs of the Group and CITIC Group, CITIC Limited entered into a new financial assistance framework agreement (“2023 Financial Assistance FA”) with CITIC Group on 31 March 2023 under which the Group would continue to provide financial assistance (including in the form of entrusted loans and financing guarantee) and commercial loans to the Connected Persons. Details of the above were set out in CITIC Limited’s announcement dated 31 March 2023.

   2022 Financial Assistance FA

   Period: commencing from 1 January 2023 and ended on 30 June 2023

Maximum	*for the period from 01/01/2023 to 30/06/2023*
Daily Balance:	RMB9,000,000,000

   The maximum daily balance of the financial assistance under the 2022 Financial Assistance FA for the period from 1 January 2023 to 30 June 2023 was approximately RMB5,275,112,739.69.

   2023 Financial Assistance FA

   Period: commencing from 1 July 2023 and ending on 31 December 2025

Maximum	*for the period from 01/07/2023 to 31/12/2023*	*for the year ending 31/12/2024*	*for the year ending 31/12/2025*
Daily Balance:	RMB15,000,000,000	RMB16,800,000,000	RMB18,500,000,000

   The maximum daily balance of the financial assistance under the 2023 Financial Assistance FA for the period from 1 July 2023 to 31 December 2023 was approximately RMB5,561,675,557.84.

2. Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement — procurement of aluminium alloy hubs and the raw materials by the Group from the Connected Persons

   Both the Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement dated 1 April 2021 and the supplemental agreement thereto dated 1 April 2022 (collectively “Original Aluminium Alloy Hub and Raw Materials Procurement FA”) ended on 31 December 2023. Considering the business development needs of the Group, CITIC Limited entered into a new aluminium alloy hub and raw materials procurement framework agreement (“New Aluminium Alloy Hub and Raw Materials Procurement FA”) with CITIC Group on 20 November 2023 under which the Group would continue to procure aluminium alloy hubs and the raw materials from the Connected Persons. Details of the above were set out in CITIC Limited’s announcement dated 20 November 2023.

Report of the Directors

Original Aluminium Alloy Hub and Raw Materials Procurement FA

Period:	commencing from 1 April 2021 and ended on 31 December 2023
Adjusted Annual Caps:	*for the year ended 31/12/2023*
– Aluminium Alloy Hubs	RMB680,000,000
– Raw Materials	RMB1,200,000,000
Total Annual Caps:	RMB1,880,000,000

New Aluminium Alloy Hub and Raw Materials Procurement FA

Period: commencing from 1 January 2024 and ending on 31 December 2026

Annual Caps:	*for the year ending 31/12/2024*	*for the year ending 31/12/2025*	*for the year ending 31/12/2026*
– Aluminium Alloy Hubs	RMB680,000,000	RMB680,000,000	RMB680,000,000
– Raw Materials	RMB1,200,000,000	RMB1,200,000,000	RMB1,200,000,000

The transaction amounts under the Original Aluminium Alloy Hub and Raw Materials Procurement FA for the year ended 31 December 2023 were approximately RMB489,657,767.18 for Aluminium Alloy Hubs and approximately RMB593,384,153.34 for the Raw Materials.

3. Asset Transfer Framework Agreement and Financial Consulting Service and Asset Management Service Framework Agreement

References are made to the announcement dated 27 August 2020 and the circular dated 12 October 2020 issued by China CITIC Bank Corporation Limited ("CITIC Bank", a non-wholly-owned subsidiary of CITIC Limited), and the announcement of CITIC Limited dated 9 June 2021 with respect to, among other things, the asset transfer framework agreement ("2020 Asset Transfer FA") and the financial consulting service and asset management service framework agreement ("2020 Financial Consulting Service and Asset Management Service FA"), both entered into on 27 August 2020 between CITIC Bank and CITIC Group, which ended on 31 December 2023. CITIC Bank entered into on 8 November 2023 with CITIC Group a new asset transfer framework agreement ("New Asset Transfer FA") in relation to the transfer of loans and other related assets, and a new financial consulting and asset management service framework agreement ("New Financial Consulting and Asset Management Service FA") in relation to the entrusted disposal of overdue personal credit assets and written-off overdue corporate assets. The transactions contemplated under both New Asset Transfer FA and New Financial Consulting and Asset Management Service FA entered into between CITIC Bank and the Group are intra-group transactions not constituting continuing connected transactions of CITIC Limited, while those entered into between CITIC Bank and CITIC Group and its associates (excluding the Group) constitute continuing connected transactions of CITIC Limited. Details of the above were set out in CITIC Limited's announcement dated 20 November 2023.

2020 Asset Transfer FA

Period:	commencing from 1 January 2021 and ended on 31 December 2023
	for year ended 31/12/2023
Annual Cap:	RMB6,600,000,000

New Asset Transfer FA

Period: commencing from 1 January 2024 and ending on 31 December 2026

	for the year ending 31/12/2024	*for the year ending 31/12/2025*	*for the year ending 31/12/2026*
Annual Cap:	RMB9,000,000,000	RMB9,000,000,000	RMB9,000,000,000

The transaction amount under the 2020 Asset Transfer FA for the year ended 31 December 2023 was approximately RMB1,309,991,274.34.

2020 Financial Consulting Service and Asset Management Service FA

Period:	commencing from 1 January 2021 and ended on 31 December 2023
	for year ended 31/12/2023
Annual Cap: *(Service Fee)*	RMB400,000,000

New Financial Consulting Service and Asset Management Service FA

Period: commencing from 1 January 2024 and ending on 31 December 2026

	for the year ending 31/12/2024	*for the year ending 31/12/2025*	*for the year ending 31/12/2026*
Annual Cap: *(Service Fee)*	RMB400,000,000	RMB400,000,000	RMB400,000,000

The service fee under the 2020 Financial Consulting Service and Asset Management Service FA for the year ended 31 December 2023 was approximately RMB18,894,000.00.

4. Comprehensive Information Services Framework Agreement — comprehensive information services provided by CITIC Guoan Industry Group Co., Ltd. and/or its associates to the Group

CITIC Limited entered into a comprehensive information services framework agreement ("Comprehensive Information Services FA") with CITIC Guoan Industry Group Co., Ltd. ("CITIC Guoan") on 20 November 2023 under which CITIC Guoan would continue to provide comprehensive information services to the Group. CITIC Guoan has become an associate of CITIC Group since 28 September 2023. Details of the above were set out in CITIC Limited's announcement dated 20 November 2023.

Report of the Directors

Comprehensive Information Services FA

Period:	commencing from 20 November 2023 and ending on 31 December 2025		
	for the period from 28/09/2023 to 31/12/2023	*for the year ending 31/12/2024*	*for the year ending 31/12/2025*
Annual Cap: *(Service Fee)*	RMB2,000,000,000	RMB4,000,000,000	RMB4,500,000,000

The service fee under the Comprehensive Information Services FA for the period from 28 September 2023 to 31 December 2023 was approximately RMB500,000,388.88.

The independent non-executive directors of CITIC Limited have reviewed the aforesaid continuing connected transactions for the year ended 31 December 2023 (collectively the "Transactions") and confirmed that:

a. the Transactions have been entered into in the ordinary and usual course of business of the Group;

b. the Transactions have been entered into on normal commercial terms or better; and

c. the Transactions were entered into according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of CITIC Limited as a whole.

CITIC Limited's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised), *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 148 to 152 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

Share Option Plan Adopted by Subsidiaries of CITIC Limited

CITIC Telecom International Holdings Limited ("CITIC Telecom")

CITIC Telecom adopted a share option plan (the "CITIC Telecom Share Option Plan") on 17 May 2007, which was valid and effective till 16 May 2017. The major terms of the CITIC Telecom Share Option Plan are as follows:

1. The purpose of the CITIC Telecom Share Option Plan is to attract and retain the best quality personnel for the development of CITIC Telecom's businesses; to provide additional incentives to CITIC Telecom Directors, Officers and Employees (as defined here below); and to promote the long term financial success of CITIC Telecom by aligning the interests of grantees to shareholders of CITIC Telecom.

2. The grantees of the CITIC Telecom Share Option Plan are any person employed by CITIC Telecom or any of its subsidiaries and any person who is an officer or director of CITIC Telecom or any of its subsidiaries (collectively the "CITIC Telecom Directors, Officers and Employees") as the board of CITIC Telecom may, in its absolute discretion, select.

3. The total number of shares of CITIC Telecom (the "CITIC Telecom Shares") issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the CITIC Telecom Shares in issue. Where any further grant of options to a grantee would result in the CITIC Telecom Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the CITIC Telecom Shares in issue, such further grant shall be subject to separate approval by the shareholders of CITIC Telecom in general meeting.

4. The exercise period of any option granted under the CITIC Telecom Share Option Plan must not be more than ten years commencing on the date of grant.

5. The acceptance of an offer of the grant of the options must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee.

6. The subscription price determined by the board of CITIC Telecom will not be less than the higher of (i) the closing price of CITIC Telecom's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on the date of grant; and (ii) the average closing price of CITIC Telecom's shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

As approved at the annual general meeting of CITIC Telecom held on 25 April 2014, the mandate limit is refreshed so that taking into account the overriding limit of the CITIC Telecom Share Option Plan, the total number of the CITIC Telecom Shares which may be issued upon the exercise of all options to be granted under the CITIC Telecom Share Option Plan, together with all outstanding options granted and yet to be exercised under the CITIC Telecom Share Option Plan, shall not exceed 333,505,276 CITIC Telecom Shares, being 10% of the number of the CITIC Telecom Shares in issue as at the date of approval of the refreshment of the mandate limit.

Particulars of the outstanding share options granted under the CITIC Telecom Share Option Plan and their movements during the year ended 31 December 2023 are as follows:

Date of grant	Number of share options	Exercise period	Exercise price per share HK$
24.03.2017	45,339,500	24.03.2018 – 23.03.2023	2.45
24.03.2017	45,339,500	24.03.2019 – 23.03.2024	2.45

The grantees were CITIC Telecom Directors, Officers and Employees. None of these options were granted to the directors, chief executives or substantial shareholders of CITIC Limited.

Report of the Directors

The first 50% of the share options granted on 24 March 2017 have expired at the close of business on 23 March 2023. The above outstanding options granted and accepted under the CITIC Telecom Share Option Plan can be exercised in whole or in part within 5 years from the date of commencement of the exercise period.

As at 1 January 2023, options for 18,938,500 CITIC Telecom Shares were outstanding under the CITIC Telecom Share Option Plan. During the year ended 31 December 2023, options for 11,754,500 CITIC Telecom Shares were exercised, options for 3,384,500 CITIC Telecom Shares have lapsed. No share options were granted nor cancelled in 2023. As at 31 December 2023, options for 3,799,500 CITIC Telecom Shares under the CITIC Telecom Share Option Plan were exercisable.

A summary of the movements of the share options during the year ended 31 December 2023 is as follows:

Employees of CITIC Limited/CITIC Telecom under continuous contracts (as defined in the Employment Ordinance)

			Number of share options		
Date of grant	**Exercise period**	**Balance as at 01.01.2023**	**Exercised during the year ended 31.12.2023** *(Note 1)*	**Lapsed during the year ended 31.12.2023** *(Note 2)*	**Balance as at 31.12.2023**
24.03.2017	24.03.2018 – 23.03.2023	7,533,500	4,215,000	3,318,500	–
24.03.2017	24.03.2019 – 23.03.2024	11,405,000	7,539,500	66,000	3,799,500

Notes:
(1) The weighted average closing price of CITIC Telecom Shares immediately before the dates on which the options were exercised was HK$2.95.
(2) These are in respect of options granted to some employees under continuous contracts who have subsequently resigned. Such options have lapsed during the year ended 31 December 2023.

CITIC Resources Holdings Limited ("CITIC Resources")

The share option scheme adopted by CITIC Resources on 30 June 2004 (the "Old Scheme") for a term of 10 years expired on 29 June 2014. The share options granted under the Old Scheme have been lapsed. To enable CITIC Resources to continue to grant share options as an incentive or reward to eligible persons, a new share option scheme was adopted by CITIC Resources on 27 June 2014 (the "New Scheme").

Pursuant to the New Scheme, CITIC Resources may grant options to eligible persons to subscribe for shares of CITIC Resources subject to the terms and conditions stipulated therein. A summary of some of the principal terms of the New Scheme is as follows:

(a) To allow CITIC Resources (i) to be competitive and to be able to attract, retain and motivate appropriate personnel to assist the CITIC Resources group in attaining its strategic objectives by offering share options to enhance general remuneration packages; (ii) to align the interests of the directors and employees of the CITIC Resources group with the performance of CITIC Resources and the value of the shares; and (iii) to align the commercial interests of business associates, customers and suppliers of the CITIC Resources group with the interests and success of the CITIC Resources group.

(b) The eligible persons include employees and directors of CITIC Resources and any of its subsidiaries (including their respective executive and non-executive directors), business associates and advisers who will provide or have provided services to the CITIC Resources group.

(c) The total number of shares which may be issued upon the exercise of all outstanding options granted under the New Scheme and any other schemes of CITIC Resources shall not exceed 10% of the total number of shares of CITIC Resources in issue as at the date of adoption of the New Scheme.

(d) The total number of shares issued and to be issued upon the exercise of the options granted to an eligible person (including any exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant shall not exceed 1% of the total number of shares of CITIC Resources in issue at the date of grant.

(e) The period during which an option may be exercised is determined by the board of directors of CITIC Resources at its absolute discretion, except that no option may be exercised after 10 years from the date of grant.

(f) The minimum period for which an option must be held before it can be exercised is one year.

(g) The exercise price payable in respect of each share of CITIC Resources shall be not less than the greater of (i) the closing price of the shares of CITIC Resources on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant (which must be a business day); (ii) the average closing price of the shares of CITIC Resources on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares of CITIC Resources.

(h) The New Scheme remains in force until 26 June 2024 unless otherwise terminated in accordance with the terms stipulated therein.

Share options do not confer rights on the holders to dividends or to vote at general meetings.

No share options were granted under the New Scheme during the year ended 31 December 2023.

Directors' Interests in Securities

As at 31 December 2023, the interests and short positions of the directors of CITIC Limited in the shares, underlying shares and debentures of CITIC Limited or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to CITIC Limited and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by CITIC Limited pursuant to section 352 of the SFO, or as otherwise notified to CITIC Limited and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Interest in Associated Corporation of CITIC Limited

Name	Name of associated corporation	Capacity/ nature of interest	Number of shares held	Approximate percentage of shareholding in the issued shares (A Shares) of the associated corporation
Yue Xuekun	CITIC Securities Company Limited	Beneficial owner/ Interest of spouse	181,435 A Shares	0.0015%

Save as disclosed above, as at 31 December 2023, none of the directors of CITIC Limited had nor were they taken or deemed to have, under Part XV of the SFO, any interest or short positions in the shares, underlying shares and debentures of CITIC Limited or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by CITIC Limited pursuant to section 352 of the SFO or as otherwise notified to CITIC Limited and the Hong Kong Stock Exchange pursuant to the Model Code as set out in the Listing Rules.

Arrangement to Acquire Shares or Debentures

Save for the share option plans as disclosed above, at no time during the year was CITIC Limited, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the directors of CITIC Limited (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, CITIC Limited or any other body corporate.

Interests of Substantial Shareholders

As at 31 December 2023, substantial shareholders of CITIC Limited (other than directors of CITIC Limited) who had interests or short positions in the shares or underlying shares of CITIC Limited which would fall to be disclosed to CITIC Limited under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by CITIC Limited under section 336 of the SFO, or which were notified to CITIC Limited and the Hong Kong Stock Exchange, were as follows:

Name	Nature of interest/capacity	Number of ordinary shares held	Approximate percentage to the total number of issued shares
CITIC Group Corporation ("CITIC Group") (Note 1)	Interests in a controlled corporation and interests in a section 317 concert party agreement	21,270,800,597 (Long position)	73.12% (Long position)
CITIC Glory Limited ("CITIC Glory") (Note 2)	Beneficial owner	7,446,906,755 (Long position)	25.60% (Long position)
CITIC Polaris Limited ("CITIC Polaris") (Note 3)	Beneficial owner and interests in a section 317 concert party agreement	21,270,800,597 (Long position)	73.12% (Long position)
Chia Tai Bright Investment Company Limited ("CT Bright") (Note 4)	Beneficial owner and interests in a section 317 concert party agreement	21,270,800,597 (Long position) 5,818,053,363 (Short position)	73.12% (Long position) 20.00% (Short position)
CT Brilliant Investment Holdings Limited ("CT Brilliant") (Note 5)	Interests in a controlled corporation and interests in a section 317 concert party agreement	21,270,800,597 (Long position) 5,818,053,363 (Short position)	73.12% (Long position) 20.00% (Short position)
Charoen Pokphand Group Company Limited ("CPG") (Note 6)	Interests in a controlled corporation and interests in a section 317 concert party agreement	21,270,800,597 (Long position) 5,818,053,363 (Short position)	73.12% (Long position) 20.00% (Short position)
ITOCHU Corporation ("ITOCHU") (Note 7)	Interests in a controlled corporation and interests in a section 317 concert party agreement	21,270,800,597 (Long position) 5,818,053,363 (Short position)	73.12% (Long position) 20.00% (Short position)
China CITIC Financial Asset Management Co., Ltd. (formerly China Huarong Asset Management Co., Ltd.) ("CITIC FAMC") (Note 8)	Beneficial owner	1,457,422,158 (Long position)	5.01% (Long position)

Report of the Directors

Notes:

(1) CITIC Group is deemed to be interested in 21,270,800,597 shares: (i) by attribution of the interests of its two wholly-owned subsidiaries, CITIC Polaris (8,005,840,479 shares) and CITIC Glory (7,446,906,755 shares); and (ii) because CITIC Group is a party to the Share Purchase Agreement and the Preferred Shares Subscription Agreement which, reading together, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CITIC Group has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement.

(2) CITIC Glory is beneficially interested in 7,446,906,755 shares of CITIC Limited.

(3) CITIC Polaris is deemed to be interested in 21,270,800,597 shares: (i) by including 8,005,840,479 shares it holds as beneficial owner; and (ii) because CITIC Polaris is a party to the Share Purchase Agreement which, reading together with the Preferred Shares Subscription Agreement, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CITIC Polaris has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement.

(4) CT Bright is deemed to be interested in 21,270,800,597 shares: (i) by including 5,818,053,363 shares it holds as beneficial owner; and (ii) because CT Bright is a party to the Share Purchase Agreement and the Preferred Shares Subscription Agreement which, reading together, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CT Bright has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement. CT Bright has a short position of 5,818,053,363 shares because it is under an obligation to deliver a maximum of 5,818,053,363 shares to CITIC Polaris if CITIC Polaris' right of first refusal under the Share Purchase Agreement is exercised in full.

(5) CT Brilliant is deemed to be interested in 21,270,800,597 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright directly holding 50% equity interest in CT Bright.

(6) CPG is deemed to be interested in 21,270,800,597 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright indirectly holding 50% equity interest in CT Bright through CT Brilliant, its wholly-owned subsidiary.

(7) ITOCHU is deemed to be interested in 21,270,800,597 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright directly holding 50% equity interest in CT Bright.

(8) CITIC FAMC is beneficially interested in 1,457,422,158 shares of CITIC Limited.

Shareholding Statistics

Based on the share register records of CITIC Limited, set out below is a shareholding statistics chart of the registered shareholders of CITIC Limited as at 31 December 2023:

Number of shares held	Number of shareholders	Percentage
1 to 1,000	3,842	57.688
1,001 to 10,000	2,160	32.432
10,001 to 100,000	596	8.949
100,001 to 1,000,000	55	0.826
1,000,001 to 100,000,000	0	0.000
100,000,001 to 500,000,000	1	0.015
500,000,001 to 2,000,000,000	2	0.030
2,000,000,001 above	4	0.060
Total:	6,660	100

As at 31 December 2023, the total number of ordinary shares in issue of CITIC Limited was 29,090,262,630 and based on the share register records of CITIC Limited, HKSCC Nominees Limited held 9,821,040,043 ordinary shares in entities ranging from 1,000 to 1,000,000,000 ordinary shares and representing 33.76% of the total number of ordinary shares in issue of CITIC Limited.

Purchase, Sale or Redemption of Listed Securities

On 17 January 2023, CITIC Limited fully redeemed the USD1,400 million 6.8% notes under the Medium Term Note Programme upon maturity. These notes were issued in three tranches, namely, (i) USD750 million issued on 17 October 2012, (ii) USD250 million issued on 11 December 2012 and (iii) USD400 million issued on 18 July 2014. The notes issued as mentioned above were listed on the Hong Kong Stock Exchange.

Save as disclosed above, neither CITIC Limited nor any of its subsidiary companies has purchased, sold or redeemed any of CITIC Limited's listed securities during the year ended 31 December 2023.

Sufficiency of Public Float

The Hong Kong Stock Exchange has granted a waiver (the "Waiver") to CITIC Limited from strict compliance with the minimum public float of 25% upon completion of the acquisition of CITIC Corporation Limited (the "Acquisition") on 25 August 2014. Since then, CITIC Limited has complied with the public float requirement which is at the percentage being 21.87% held by the public immediately after completion of the Acquisition pursuant to the Waiver.

Subsequent to the completion of the share transfer from CITIC Polaris Limited (a substantial shareholder of CITIC Limited) to China CITIC Financial Asset Management Co., Ltd. in December 2023, CITIC Limited has maintained the prescribed public float of at least 25% under the Listing Rules, based on the information that is publicly available to CITIC Limited and within the knowledge of the directors as at the date of this annual report.

Corporate Governance

CITIC Limited's corporate governance principles and practices are set out in the Corporate Governance Report on pages 97 to 136.

Auditor

At the close of the annual general meeting in 2023, Messrs PricewaterhouseCoopers, Certified Public Accountants, retired as auditor of CITIC Limited upon expiration of its term of office and Messrs KPMG, Certified Public Accountants, was appointed as new auditor of CITIC Limited to hold office until the conclusion of the 2024 AGM.

The Group's consolidated financial statements for the year have been audited by Messrs KPMG, who will retire and, being eligible, offer themselves for re-appointment at the 2024 AGM.

By Order of the Board,
Xi Guohua
Chairman
Hong Kong, 28 March 2024

Past Performance and Forward Looking Statements

Performance and results of the operations of CITIC Limited for previous years described within this Annual Report are historical in nature. Past performance is no guarantee of the future results of CITIC Limited. This Annual Report may contain forward looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward looking statements and opinions. None of CITIC Limited, the Directors, employees or agents assumes (a) any obligation to correct or update any forward looking statements or opinions contained in this Annual Report; and (b) any liability arising from any forward looking statements or opinions that do not materialise or prove to be incorrect.

Contents of Financial Statements and Notes

Consolidated Income Statement

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note	For the year ended 31 December 2023	2022 (Restated)
Interest income		338,914	330,378
Interest expenses		(190,395)	(172,809)
Net interest income	5(a)	148,519	157,569
Fee and commission income		73,046	73,910
Fee and commission expenses		(11,456)	(8,656)
Net fee and commission income	5(b)	61,590	65,254
Sales of goods and services	5(c)	417,580	401,842
Other revenue	5(d)	53,143	38,773
		470,723	440,615
Total revenue		680,832	663,438
Cost of sales and services	6	(372,807)	(355,878)
Other net income	7	8,657	16,343
Expected credit losses	8	(65,615)	(79,005)
Impairment losses	9	(4,595)	(7,584)
Other operating expenses	11	(122,071)	(113,471)
Net valuation loss on investment properties		(177)	(652)
Share of profits of associates, net of tax		5,695	6,494
Share of profits of joint ventures, net of tax		3,708	4,672
Profit before net finance charges and taxation		133,627	134,357
Finance income		1,832	1,407
Finance costs		(12,172)	(8,472)
Net finance charges	10	(10,340)	(7,065)
Profit before taxation	11	123,287	127,292
Income tax	12	(18,013)	(21,469)
Profit for the year		105,274	105,823
Attributable to:			
– Ordinary shareholders of the Company		57,594	64,931
– Non-controlling interests		47,680	40,892
Profit for the year		105,274	105,823
Earnings per share for profit attributable to ordinary shareholders of the Company during the year:			
Basic earnings per share (RMB)	16	1.98	2.23
Diluted earnings per share (RMB)	16	1.98	2.23

The notes on pages 170 to 339 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

		For the year ended 31 December	
	Note	**2023**	2022 (Restated)
Profit for the year		**105,274**	105,823
Other comprehensive income/(loss) for the year	17		
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on debt investments at fair value through other comprehensive income		**5,143**	(8,411)
Loss allowance changes on debt investments at fair value through other comprehensive income		**(60)**	413
Cash flow hedge: net movement in the hedging reserve		**(211)**	1,093
Share of other comprehensive loss of associates and joint ventures		**(2,776)**	(2,854)
Exchange differences on translation of financial statements and others		**1,132**	4,267
Items that will not be reclassified subsequently to profit or loss:			
Revaluation (loss)/gain on owner- occupied property reclassified as investment property		**(2)**	23
Fair value changes on investments in equity instruments designated at fair value through other comprehensive income		**(138)**	220
Other comprehensive income/(loss) for the year		**3,088**	(5,249)
Total comprehensive income for the year		**108,362**	100,574
Attributable to:			
– Ordinary shareholders of the Company		**58,388**	59,427
– Non-controlling interests		**49,974**	41,147
Total comprehensive income for the year		**108,362**	100,574

The notes on pages 170 to 339 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note	**31 December 2023**	31 December 2022 (Restated)	1 January 2022 (Restated)
Assets				
Cash and deposits	19	**625,135**	677,327	589,570
Cash held on behalf of customers	20	**239,019**	245,723	–
Placements with banks and non-bank financial institutions	21	**237,742**	217,354	142,061
Derivative financial instruments	22	**77,562**	80,867	22,858
Trade and other receivables	23	**254,452**	211,392	141,482
Contract assets	24	**24,312**	20,728	11,474
Inventories	25	**135,142**	109,050	92,718
Financial assets held under resale agreements	26	**164,983**	45,713	91,757
Loans and advances to customers and other parties	27	**5,380,140**	5,042,734	4,749,680
Margin accounts	28	**118,746**	106,976	–
Investments in financial assets	29	**3,356,367**	3,143,196	2,376,651
– Financial assets at amortised cost		**1,076,039**	1,124,596	1,173,929
– Financial assets at fair value through profit or loss		**1,292,115**	1,135,886	545,508
– Debt investments at fair value through other comprehensive income		**967,803**	873,367	648,511
– Equity investments at fair value through other comprehensive income		**20,410**	9,347	8,703
Refundable deposits	30	**62,182**	69,158	–
Interests in associates	32	**109,791**	104,464	126,140
Interests in joint ventures	33	**56,787**	60,464	52,189
Fixed assets	34	**210,719**	159,803	144,965
Investment properties	34	**38,153**	35,407	32,709
Right-of-use assets		**51,424**	41,220	31,480
Intangible assets		**22,537**	16,718	15,047
Goodwill	35	**26,076**	25,623	17,652
Deferred tax assets	36	**83,327**	88,830	67,560
Other assets		**56,324**	39,296	38,173
Total assets		**11,330,920**	10,542,043	8,744,166

	Note	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Liabilities				
Borrowing from central banks		273,226	119,421	189,257
Deposits from banks and non-bank financial institutions	37	893,565	1,103,099	1,162,895
Placements from banks and non-bank financial institutions	38	150,493	108,736	88,136
Financial liabilities at fair value through profit or loss	39	88,552	94,845	4,648
Customer brokerage deposits	40	282,534	279,001	–
Funds payable to securities issuers		35	15,254	–
Derivative financial instruments	22	73,755	72,393	24,563
Trade and other payables	41	391,948	379,948	153,083
Contract liabilities	24	31,482	29,596	27,380
Financial assets sold under repurchase agreements	42	744,571	470,477	100,117
Deposits from customers	43	5,459,993	5,150,772	4,785,168
Employee benefits payables		56,933	54,998	31,574
Income tax payable	36	9,234	15,727	13,232
Bank and other loans	44	235,770	156,709	121,014
Debt instruments issued	45	1,221,107	1,182,140	1,022,266
Lease liabilities		20,348	19,528	16,975
Provisions	46	16,130	17,410	20,361
Deferred tax liabilities	36	16,747	18,153	11,839
Other liabilities		27,715	19,159	15,462
Total liabilities		9,994,138	9,307,366	7,787,970
Equity	47			
Share capital		307,576	307,576	307,576
Reserves		395,602	352,533	309,674
Total ordinary shareholders' funds		703,178	660,109	617,250
Non-controlling interests		633,604	574,568	338,946
Total equity		1,336,782	1,234,677	956,196
Total liabilities and equity		11,330,920	10,542,043	8,744,166

Approved and authorised for issue by the board of directors on 28 March 2024.

Director: **Xi Guohua**

Director: **Zhang Wenwu**

The notes on pages 170 to 339 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note	Share capital Note 47(a)	Capital reserve Note 47(b)(i)	Hedging reserve Note 47(b)(ii)	Investment related reserves Note 47(b)(iii)	General reserve Note 47(b)(iv)	Retained earnings	Exchange reserve Note 47(b)(v)	Total	Non-controlling interests	Total equity
Balance at 31 December 2022 (restated)		307,576	(43,822)	2,750	(8,524)	55,773	339,518	6,838	660,109	574,568	1,234,677
Effect on accounting policy change	2(b)(ii)	–	–	–	217	–	347	–	564	–	564
Balance at 1 January 2023 (restated)		307,576	(43,822)	2,750	(8,307)	55,773	339,865	6,838	660,673	574,568	1,235,241
Profit for the year		–	–	–	–	–	57,594	–	57,594	47,680	105,274
Other comprehensive (loss)/income for the year	17	–	–	(211)	1	–	–	1,004	794	2,294	3,088
Total comprehensive income for the year		–	–	(211)	1	–	57,594	1,004	58,388	49,974	108,362
Transactions with non-controlling interests	54	–	1,456	–	–	–	–	–	1,456	429	1,885
Appropriation to general reserve		–	–	–	–	3,783	(3,783)	–	–	–	–
Dividends paid to ordinary shareholders of the Company	15	–	–	–	–	–	(17,224)	–	(17,224)	–	(17,224)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(19,838)	(19,838)
Other equity instruments issued by subsidiaries	53(d)	–	–	–	–	–	–	–	–	3,000	3,000
Other equity instruments redeemed by subsidiaries		–	–	–	–	–	–	–	–	(3,506)	(3,506)
Acquisition of new subsidiaries	56	–	–	–	–	–	–	–	–	28,925	28,925
Business combination under common control	56	–	(101)	–	–	–	(86)	–	(187)	–	(187)
Disposal of equity investments at fair value through other comprehensive income		–	–	–	74	–	(74)	–	–	–	–
Others		–	72	–	–	–	–	–	72	52	124
Other changes in equity		–	1,427	–	74	3,783	(21,167)	–	(15,883)	9,062	(6,821)
Balance at 31 December 2023		307,576	(42,395)	2,539	(8,232)	59,556	376,292	7,842	703,178	633,604	1,336,782

	Note	Share capital Note 47(a)	Capital reserve Note 47(b)(i)	Hedging reserve Note 47(b)(ii)	Investment related reserves Note 47(b)(iii)	General reserve Note 47(b)(iv)	Retained earnings	Exchange reserve Note 47(b)(v)	Total	Non-controlling interests	Total equity
Balance at 31 December 2021 (restated)		307,576	(44,010)	1,695	3,701	51,459	291,322	2,605	614,348	338,637	952,985
Business combination under common control	56	–	134	–	–	–	124	–	258	309	567
Effect on accounting policy change	2(b)(ii)	–	–	–	(1,478)	–	4,122	–	2,644	–	2,644
Balance at 1 January 2022 (restated)		307,576	(43,876)	1,695	2,223	51,459	295,568	2,605	617,250	338,946	956,196
Profit for the year		–	–	–	–	–	64,931	–	64,931	40,892	105,823
Other comprehensive income/(loss) for the year	17	–	–	1,055	(10,792)	–	–	4,233	(5,504)	255	(5,249)
Total comprehensive income for the year		–	–	1,055	(10,792)	–	64,931	4,233	59,427	41,147	100,574
Capital injection by non-controlling interests		–	–	–	–	–	–	–	–	112	112
Appropriation to general reserve		–	–	–	–	4,314	(4,314)	–	–	–	–
Dividends paid to ordinary shareholders of the Company	15	–	–	–	–	–	(16,622)	–	(16,622)	–	(16,622)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(18,930)	(18,930)
Other equity instruments issued by subsidiaries	53(d)	–	–	–	–	–	–	–	–	4,657	4,657
Acquisition of new subsidiaries	56	–	–	–	–	–	–	–	–	208,586	208,586
Disposal of subsidiaries		–	–	–	–	–	–	–	–	(37)	(37)
Disposal of equity investments at fair value through other comprehensive income		–	–	–	45	–	(45)	–	–	–	–
Others		–	54	–	–	–	–	–	54	87	141
Other changes in equity		–	54	–	45	4,314	(20,981)	–	(16,568)	194,475	177,907
Balance at 31 December 2022		307,576	(43,822)	2,750	(8,524)	55,773	339,518	6,838	660,109	574,568	1,234,677

Consolidated Cash Flow Statement

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note	For the year ended 31 December 2023	2022 (Restated)
Cash flows from operating activities			
Profit before taxation		**123,287**	127,292
Adjustments for:			
– Depreciation and amortisation	11(b)	**23,059**	20,240
– Expected credit losses	8	**65,615**	79,005
– Impairment losses	9	**4,595**	7,584
– Net valuation loss on investment properties		**177**	652
– Net valuation (gain)/loss on investments		**(5,886)**	14,293
– Share of profits of associates and joint ventures, net of tax		**(9,403)**	(11,166)
– Interest expenses on debt instruments issued	5(a)	**29,753**	30,430
– Finance income	10	**(1,832)**	(1,407)
– Finance costs	10	**12,172**	8,472
– Net gain on investments in financial assets		**(41,387)**	(43,171)
– Net gain on disposal/deemed disposal of subsidiaries, associates and joint ventures		**(74)**	(10,977)
Changes in working capital		**200,076**	221,247
Decrease in deposits with central banks and non-bank financial institutions		**6,587**	5,815
Decrease/(increase) in placements with banks and non-bank financial institutions		**5,305**	(86,442)
Increase in trade and other receivables		**(19,315)**	(42,266)
Increase in contract assets		**(3,583)**	(7,247)
Increase in inventories		**(14,348)**	(7,381)
(Increase)/decrease in financial assets held under resale agreements		**(88,488)**	77,196
Increase in loans and advances to customers and other parties		**(376,387)**	(350,673)
(Increase)/decrease in investments in financial assets held for trading purposes		**(163,737)**	12,315
Decrease in cash held on behalf of customers		**6,704**	22,016
(Increase)/decrease in other operating assets		**(36,212)**	6,329
Decrease in deposits from banks and non-bank financial institutions		**(209,526)**	(59,126)
Increase/(decrease) in placements from banks and non-bank financial institutions		**43,416**	(7,424)
Increase in financial liabilities at fair value through profit or loss		**5**	12,700
(Decrease)/increase in trade and other payables		**(25,992)**	2,662
Increase/(decrease) in contract liabilities		**1,886**	(667)
Increase in financial assets sold under repurchase agreements		**245,599**	121,295
Increase in deposits from customers		**286,072**	336,784
Increase/(decrease) in borrowing from central banks		**152,670**	(69,147)
Increase in customer brokerage deposits		**4,519**	6,024
(Decrease)/increase in other operating liabilities		**(8,732)**	3,411
Increase in employee benefits payables		**1,873**	3,331
Decrease in provisions		**(1,280)**	(5,592)
Cash generated from operating activities		**7,112**	195,160
Income tax paid		**(29,910)**	(28,967)
Net cash (used in)/generated from operating activities		**(22,798)**	166,193

	Note	2023	2022 (Restated)
		For the year ended 31 December	
Cash flows from investing activities			
Proceeds from disposal and redemption of financial investments		2,807,715	2,605,903
Proceeds from disposal of fixed assets, intangible assets and other assets		1,627	1,059
Proceeds from disposal of associates and joint ventures		182	1,353
Net cash payment for from disposal of subsidiaries		(1)	(1)
Dividends received from equity investments, associates and joint ventures		7,420	6,229
Payments for purchase of financial investments		(2,829,310)	(2,704,515)
Payments for additions of fixed assets, intangible assets and other assets		(24,304)	(20,267)
Net cash received from acquisition of subsidiaries		1,973	165,918
Cash outflow on acquisition of associates and joint ventures		(3,582)	(7,334)
Net cash (used in)/generated from investing activities		(38,280)	48,345
Cash flows from financing activities			
Capital injection received from non-controlling interests		236	109
Transaction with non-controlling interests		1,541	(5)
Proceeds from new bank and other loans	53(c)	289,200	171,204
Proceeds from new debt instruments issued	53(c)	1,340,976	908,969
Repayment of bank and other loans and debt instruments issued	53(c)	(1,553,791)	(1,096,140)
Issuance of other equity instruments by subsidiaries	53(d)	3,000	4,654
Principal and interest elements of lease payments	53(c)	(6,045)	(5,396)
Interest paid on bank and other loans and debt instruments issued	53(c)	(43,735)	(41,865)
Dividends paid to non-controlling interests		(21,624)	(18,930)
Dividends paid to ordinary shareholders of the Company	15	(17,300)	(16,404)
Repayment of perpetual bonds	53(d)	(3,516)	–
Net cash used in financing activities		(11,058)	(93,804)
Net (decrease)/increase in cash and cash equivalents		(72,136)	120,734
Cash and cash equivalents at 1 January		427,809	295,821
Effect of exchange changes		3,710	11,254
Cash and cash equivalents at 31 December	53(a)	359,383	427,809

The notes on pages 170 to 339 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1 General information

CITIC Limited (the "Company") was incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The address of its registered office is 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption, new-type urbanisation, etc.

The parent and the ultimate holding company of the Company is CITIC Group Corporation ("CITIC Group"). In 2023, CITIC Group transferred 5.01% of the issued shares of the Company to China CITIC Financial Asset Management Co., Ltd. (formerly known as "China Huarong Asset Management Co., Ltd."). As at 31 December 2023, the equity interests held by CITIC Group in the Company through its overseas wholly-owned subsidiaries was 53.12% (31 December 2022: 58.13%).

2 Material accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments or interpretations to HKFRSs. The Group has adopted those amendments or interpretations to the HKFRSs issued by the HKICPA that are first effective for the year ended 31 December 2023 (see Note 2(b)(ii)).

2 Material accounting policies (Continued)

(b) Changes in material accounting policies

(i) Changes in presentation currency

The Group has changed its presentation currency from Hong Kong dollars ("HK$") to Renminbi ("RMB") for the preparation of the financial statements for the year ended 31 December 2023. Since the Group mainly operates its business in the People's Republic of China ("PRC") and most of the Group's transactions are denominated and settled in RMB, the Board believes it is more appropriate to adopt RMB as its presentation currency for the Group's financial statements. Furthermore, the Board considers that the change of presentation currency enables the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. The change in presentation currency has been applied retrospectively.

(ii) New and amended HKFRSs

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the year ended 31 December 2023:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Definition of accounting estimates*
- Amendments to HKAS 1, *Disclosure of accounting policies*
- Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

HKFRS 17 *Insurance Contracts*

The Group has adopted HKFRS 17 Insurance Contracts ("HKFRS 17") replacing HKFRS 4 Insurance Contract with a date of initial application as 1 January 2023, which resulted in changes in accounting policies. The Group has adjusted the consolidated financial statements retrospectively and the amounts previously recognised in the Accounts.

2 Material accounting policies (Continued)

(b) Changes in material accounting policies (Continued)

(ii) New and amended HKFRSs (Continued)

HKFRS 17 *Insurance Contracts (Continued)*

The Group's joint venture, CITIC-Prudential Life Insurance Co., Ltd. ("CITIC-Prudential"), did not adopt HKFRS 9 Financial Instruments ("HKFRS 9"). CITIC-Prudential has adopted HKFRS 9 and HKFRS 17 starting from 1 January 2023. For HKFRS 17, CITIC-Prudential restated the comparative figures, and the Group also restated the impact for the investment in CITIC-Prudential using the equity method in previous periods. For HKFRS 9, Citic-Prudential has restated the classification and measurement, including impairment, of financial instruments which are not terminated, for recognition as at 1 January 2023 in accordance with the convergence requirements. Citic-Prudential has not restated the comparative figures of financial statements, and recognised the difference between the original carrying value of the financial instruments and the new carrying amount as determined in accordance with HKFRS 9 on 1 January 2023 in undistributed profit and investment-related reserves on 1 January 2023. The Group has also adjusted the impact for the investment in CITIC-Prudential using the equity method accordingly and does not restate the relevant comparative information in previous periods.

The impact of the adoption of HKFRS 17 by the Group on key financial indicators for the comparative period, as disclosed below:

	Before the adoption of HKFRS 17 31 December 2022	Impact of the adoption of HKFRS 17	After the adoption of HKFRS 17 31 December 2022
Total assets	10,540,676	1,367	10,542,043
Total liabilities	9,370,366	–	9,307,366
Total ordinary shareholders' funds	658,742	1,367	660,109

Amendments to HKAS 8, *Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1, *Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

2 Material accounting policies (Continued)

(b) Changes in material accounting policies (Continued)

(ii) New and amended HKFRSs (Continued)

Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Amendments to HKAS 12, *International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. They are immediately effective upon issuance and require retrospective application.

The Group has applied the temporary mandatory exception to the recognition and disclosure of deferred income tax assets and liabilities related to the Pillar Two income tax.

2 Material accounting policies (Continued)

(c) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022, abolishing the offsetting mechanism of mandatory provident fund ("MPF"), which will come into effect from 1 May 2025.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

This change in accounting policy upon the cessation in applying the practical expedient does not have any material impact on the Group's financial statements for the year ended 31 December 2023.

(d) Functional currency and presentation currency

The functional currency of the Company is HK$. The functional currencies of subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into RMB for the preparation of the consolidated financial statements (see Note 2(j)). The financial statements of the Group are presented in RMB (see Note 2(b)(i)) and, unless otherwise stated, expressed in million of RMB.

(e) Basis of measurement

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

– investment properties (see Note 2(o));

– financial assets and liabilities at fair value through profit or loss (see Note 2(k));

– financial assets at fair value through other comprehensive income (see Note 2(k)); and

– fair value hedged items (see Note 2(l)(i)).

2 Material accounting policies (Continued)

(f) Use of estimates and judgement

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3.

(g) Subsidiaries and non-controlling interests

(i) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital reserve. Any cost directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

2 Material accounting policies (Continued)

(g) Subsidiaries and non-controlling interests (Continued)

(ii) Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets or liabilities transferred as consideration is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

For a business combination not involving entities under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised in profit or loss for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree are transferred to profit or loss in the period in which the acquisition occurs.

2 Material accounting policies (Continued)

(g) Subsidiaries and non-controlling interests (Continued)

(iii) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries which includes structured entities controlled by the Group.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When assessing whether the Group has power, only substantive rights are considered including the substantive rights held by the Group and other parties.

An investment in a subsidiary is consolidated into the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated statement of financial position and the consolidated statement of comprehensive income, respectively, based on their carrying amounts, from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are consolidated into the consolidated financial statements from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the ordinary shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the ordinary shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(k).

2 Material accounting policies (Continued)

(g) Subsidiaries and non-controlling interests (Continued)

(iii) Consolidated financial statements (Continued)

When the amount of loss for the current period attributable to the non-controlling interest of a subsidiary exceeds the non-controlling interest's portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Group, the Group makes necessary adjustments to the financial statements of the subsidiary based on the Group's own accounting period or accounting policies. Intra-group balances, transactions and cash flows, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are recognised fully in profit or loss when evidence of impairment of assets being provided.

If there is a difference between the accounting entity of the Group and the accounting entity of the Company or a subsidiary on measuring the same transaction, the transaction will be adjusted from the perspective of the Group.

Where the Group acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the non-controlling interests are adjusted and the amount of the consideration paid or received is adjusted to the reserve (capital reserve) in the consolidated statement of financial position.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss, and the Group derecognises assets, liabilities, non-controlling interests and other related items in shareholders' equity in relation to that subsidiary. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(k)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(h)).

(iv) Investment in subsidiaries

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(v)).

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2 Material accounting policies (Continued)

(h) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to its net assets and obligations for its liabilities.

In the consolidated financial statements, An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(v)). Any acquisition-date excess of the Group's share of the fair value of the investee's identifiable net assets over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognised in other comprehensive income of the Group. The Group's interest in associate or joint venture is included in the consolidated financial statements from the date that significant influence or joint control commences until the date that significant influence or joint control ends.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the cost on initial recognition of a financial asset (see Note 2(k)).

In the Company's statement of financial position, an investment in an associate or joint venture is stated at cost less impairment losses (see Note 2(v)).

2 Material accounting policies (Continued)

(i) Goodwill

Goodwill represents the excess of the consideration transferred, including the amount of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and the equity securities issued by the acquirer at the date of acquisition, over the fair value of the Group's share of the identifiable net assets acquired, when the excess is positive, otherwise it's recognised directly in profit or loss.

Impairment losses on goodwill cannot be reversed in the future.

(j) Translation of foreign currencies

Foreign currency transactions are, on initial recognition, translated by applying the foreign exchange rates ruling at the transaction dates. Monetary items denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date, the resulting exchange differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the transaction dates. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates ruling at the dates the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

The financial statements of the Group's subsidiaries with a foreign functional currency are translated into RMB for the preparation of the Group's consolidated financial statements. The assets and liabilities in these financial statements are translated into RMB at the foreign exchange rates ruling at the reporting date. The equity items, except for "retained earnings", are translated to RMB at the foreign exchange rates at the dates on which such items arose.

Income and expenses in the profit or loss are translated into RMB at the foreign exchange rates at the transaction dates or the rates approximate to. The resulting exchange differences are presented as "Reserves" (exchange reserve) in the consolidated statement of financial position within the shareholder's equity. The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency are reported in the statement of cash flows.

Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

2 Material accounting policies (Continued)

(k) Financial instruments

Financial instruments refer to a contract that forms one party's financial asset and another party's liabilities or equities. Financial assets and financial liabilities are recognised when the Group becomes a party of the financial instrument contracts.

(i) Financial assets

(1) Classification and Measurement

The Group classifies its financial assets into the following categories based on their business model and the contractual cash flow characteristics:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income ("FVOCI");
- Financial assets at fair value through profit or loss ("FVPL").

At initial recognition, the Group measures a financial asset at its fair value. For financial assets that are at FVPL, the transaction costs are expensed in profit or loss; for financial assets with other categories, the transaction costs are recognised in the initial carrying amounts. For trade and other receivables arising from rendering goods or services with no significant financing component, the Group measures their initial carrying amount as the cash flows that the Group is entitled and expected to receive.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, and are measured at the following three categories:

- Amortised cost:

  The business model the Group manages these financial assets is to collect the contractual cash flows where those cash flows' characteristics are consistent with those of the basic loans arrangement, i.e, the contractual cash flows of these financial assets at certain date represent solely payments of principal and interest based on the principal amount ("SPPI"), and that are not designated at FVPL. Interest income from these financial assets is recognised using the effective interest rate method.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

(1) Classification and Measurement (Continued)

Debt instruments (Continued)

– FVOCI:

The business model the Group manages these financial assets is to collect contractual cash flows and to sell the assets, and those cash flows' characteristics are consistent with those of the basic loans arrangements, i.e, the contractual cash flows of these financial assets at certain date represent solely payments of principal and interest based on the principal amount ("SPPI"), and that are not designated at FVPL. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income on the instrument's amortised cost which are recognised in profit or loss.

– FVPL:

Assets that do not meet the criteria for amortised cost or FVOCI are at FVPL. The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting the liabilities. A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met: (i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; (ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The Group subsequently measures all equity investments at FVPL, except where the Group has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. When this election is made, fair value gains and losses are recognised in other comprehensive income ("OCI") and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, are recognised in profit or loss when the Group's right to receive payments is established.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

(2) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets at amortised cost, debt instrument at FVOCI, lease receivables and contract assets, loan commitments and financial guarantee contracts for the issuer which are not measured at fair value through profit or loss.

When calculating the probability-weighted present value of the difference between the contractual and forecasted cash flows to be received, the Group takes reasonable and supportable information such as the past events, current conditions and forecasts of future economic conditions into consideration and uses probabilities of default as the weightings. The difference is recognised as the ECL.

At each financial position date, the Group calculates the ECL of financial instruments in different stages. Stage 1 refers to financial instruments that have not had a significant increase in credit risk since initial recognition; Stage 2 refers to financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment; Stage 3 refers to financial assets for which there are objective evidence of impairment at the reporting date since initial recognition. For these assets at Stage 1, 12-month ECL are recognised and for assets at stage 2 and 3, life-time ECL are recognised. For financial assets with low credit risks as at the balance date, the Group recognises 12-month ECL based on the assumption that the credit risks have not significantly increased after initial recognition.

For financial assets in stage 1 and stage 2, interest income is calculated based on the gross carrying amount of the asset, that is, without deduction for credit allowance, and the effective interest rates. For financial assets in stage 3, interest income is calculated on the net carry amount, that is, net of credit allowances, and the effective interest rates.

The Group recognises the provision and reversal of ECL in profit or loss. For debt instrument at FVOCI, the Group makes relevant adjustments to other comprehensive income at the same time as recognising ECL in profit and loss.

For account and bills receivables and contract assets whether there is significant financing component or not, the Group recognises life-time ECL.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

(3) Derecognition

The Group derecognises a financial asset if one of the following conditions is met:

– The contractual rights to receive the cash flows from the financial asset expire;

– The financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of such financial asset;

– The financial asset has been transferred, the Group has not retained any control over the financial asset, even if the Group neither transfers nor retains substantially all the risks and rewards of ownerships of the financial asset.

For the Group's equity instruments not held for trading purposes and designated at FVOCI, when they are derecognised, the difference between the carrying amount and the consideration is recognised in retained earnings, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to the retained earnings; for other financial assets measured at FVOCI, the difference between the carrying amount and the consideration is recognised in profit and loss, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to profit and loss.

As part of its operations, the Group securitises financial assets, generally through the sale of these assets to structured entities which issue securities to investors. When the securitisation of financial assets qualifies for de-recognition, the relevant financial assets are de-recognised in their entirety and a new financial asset or liabilities is recognised regarding the interest in the unconsolidated securitisation vehicles that the Group acquired. When the securitisation of financial assets does not qualify for de-recognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability. When the securitisation of financial assets partially qualifies for de-recognition, where the Group has not retained control, it derecognises these financial assets. Otherwise, the Group continues to recognise these financial assets to the extent of its continuing involvement and recognises an associated liability.

The de-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial assets.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

(4) Modification of investment in financial assets

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

– If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

– Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

– Significant extension of the loan term when the borrower is not in financial difficulty.

– Significant change in the interest rate.

– Change in the currency the loan is denominated in.

– Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial assets and recognises a modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(ii) Financial liabilities

The financial liabilities are classified into those measured at amortised cost and those at fair value through profit or loss at initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group's major financial liabilities are those measured at amortised cost which are measured initially at fair value less transaction costs and are measured subsequently using the effective interest method.

Financial liabilities or a portion thereof, are derecognised when their current obligation are fully or partially expired. The difference between the carrying amount of the derecognised portion and the consideration is recognised in profit or loss.

(iii) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the expected credit loss model under HKFRS 9 with Note 3(b); and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15").

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is based on the relevant government yield curve as at the financial position date plus an adequate constant credit spread. Where other pricing models are used, inputs are based on market data at the financial position date.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(vi) Derivatives (Continued)

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged.

(l) Hedging

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items as well as risk management goals and strategies of various hedging transactions. When a hedge no longer meets the criteria for hedge accounting or the Group's risk management goals, the Group terminates the use of hedge accounting prospectively. Situations for the Group to terminate the use of hedge accounting include hedging instrument expires, or is sold, terminated and settled.

(i) Fair value hedge

A fair value hedge refers to a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item. Such changes in fair value are attributable to a particular risk and could affect profit or loss or other comprehensive income. Among them, the circumstances affecting other comprehensive income are limited to the hedge of the exposure to changes in the fair value of equity instruments designated at fair value through other comprehensive income not held for trading.

The gain or loss on the hedging instrument is recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges a non-trading equity instrument at FVOCI or a component thereof). The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss. However, if the hedged item is a non-trading equity instrument at FVOCI or a component thereof, those amounts remain in other comprehensive income.

(ii) Cash flow hedge

A cash flow hedge refers to a hedge of the exposure to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

2 Material accounting policies (Continued)

(l) Hedging (Continued)

(ii) Cash flow hedge (Continued)

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income as cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item or becomes a firm commitment for which fair value hedge accounting is applied, the amount that has been accumulated in the cash flow hedge reserve is removed and included directly in the initial cost or other carrying amount of the asset or the liability. In other cases, the amount that has been accumulated in the cash flow hedge reserve is reclassified to profit or loss in the same period(s) as the hedged cash flows affect profit or loss.

If the cash flow hedge reserve recognised in other comprehensive income is a loss, and all or part of the loss is not expected to be reversed in the future. The portion that is not expected to be reversed will be transferred from other comprehensive income and recognised in profit or loss.

When an entity discontinues the use of hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, the amount that has been accumulated in the cash flow hedge reserve remains there until the period that the hedged item has the impact in profit or loss; otherwise, that amount is immediately reclassified to profit or loss.

(iii) Hedge of a net investment in a foreign operation

A hedge of net investment in a foreign operation refers to hedge of the foreign exchange exposure arising from net investment in a foreign operation. The “net investment in a foreign operation” refers to an enterprise’s equity proportion in the net assets in a foreign operation.

Hedge of a net investment in a foreign operation is accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income; and the ineffective portion is recognised in profit or loss. The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge is reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

2 Material accounting policies (Continued)

(l) Hedging (Continued)

(iv) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group continuously evaluate whether the hedging relationship is effective from the hedge date and after.

The hedge relationship meets hedging effectiveness requirements if the hedging meets the following conditions:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is equal to the ratio between the actual number of hedged items and the actual number of hedging instruments.

(m) Financial assets held/sold under resale/repurchase agreements

Financial assets held under resale agreements are transactions that the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under the resale and repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the resale and repurchase consideration, and that between the purchase and sale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expense respectively.

2 Material accounting policies (Continued)

(n) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers, for which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

For impairment of financial assets arising from margin financing and securities lending, refer to Note 2(k).

(o) Investment properties

Investment properties are interests in land and/or buildings which are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met.

Subsequent expenditures related to investment properties are recognised in the cost of investment properties provided it is probable that the economic benefits will flow to the Group and the costs can be measured reliably; otherwise, subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Investment properties transfer to property, plant and equipment or intangible assets at the commencement of owner-occupation. The carrying amount of property, plant and equipment and intangible assets are based on the fair value of investment properties on the day of conversion. The difference between the fair value and the previous carrying amount is recognised in profit or loss for the current period. When owner-occupied properties transfer to investment properties that will be carried at fair value, if the fair value at the date of conversion is less than the previous carrying amount, the difference is recognised in profit or loss for the current period; If the fair value at the date of conversion is greater than the previous carrying amount, the difference is recognised directly in equity, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss.

Investment properties are stated in the statement of financial position at fair values which are reviewed annually. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

2 Material accounting policies (Continued)

(p) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses (Note 2(v)).

Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any impairment losses. Cost includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads and borrowing costs capitalised (see Note 2(dd)).

Construction-in-progress represents property, plant and equipment under construction and is transferred to fixed assets when ready for its intended use.

No depreciation is made on construction-in-progress until it is ready for its intended use. Deprecation policies are set out below.

Property, plant and equipment are depreciated at rates sufficient to write off their cost, less impairment losses, if any, to their estimated residual values, over their estimated useful lives on a straight line basis as follows:

–	Plant and buildings	4 – 50 years
–	Machinery and equipment	2 – 33 years
–	Office and other equipment, vehicles and vessels and others	2 – 33 years

Assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2 Material accounting policies (Continued)

(q) Land use rights

Land use rights are presented under right-of-use ("ROU") assets.

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses (if any). Land use rights are amortised on a straight-line basis over the respective periods of grant, usually within 10 to 50 years.

Impairment losses on land use rights are accounted for in accordance with the accounting policies as set out in Note 2(v).

(r) Intangible assets (other than goodwill)

Intangible assets acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and if any, impairment losses (see Note 2(v)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss over the assets' estimated useful lives. The following intangible assets are amortised from the date they are available for use as follows:

–	Mining assets	Over the estimated useful lives using the unit-of-production method
–	Franchise rights	Over the estimated useful lives of the Franchise right
–	Software and others	Over the estimated useful lives

Both the period and method of amortisation are reviewed annually.

An intangible asset with an indefinite useful life shall not be amortised. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 Material accounting policies (Continued)

(s) Inventories

(i) Advanced intelligent manufacturing, advanced materials

Inventories of the advanced intelligent manufacturing and advanced materials segments are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out, specific identification or weighted average cost formula as appropriate, and comprises all costs of purchase, costs of conversion (including systematically allocated production overhead) and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised in profit or loss in the period in which the reversal occurs.

(ii) New-type urbanisation

Inventories in respect of property development activities under the new-type urbanisation segment are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– **Property under development**
  The cost of properties under development, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 2(dd)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– **Completed property held for sale**
  In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2 Material accounting policies (Continued)

(t) Leases

Leases are recognised as a ROU asset and a corresponding liability by the lessee at the commencement date.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(i) Lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms and collateral conditions.

2 Material accounting policies (Continued)

(t) Leases (Continued)

(i) Lease liabilities (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and the ROU asset is adjusted accordingly.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) ROU assets

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

2 Material accounting policies (Continued)

(t) Leases (Continued)

(ii) ROU assets (Continued)

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. As leassor, the Group recognises finance leases as finance lease receivables, which are measured at amortised cost. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(u) Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "other assets".

When the Group seizes assets to compensate for the losses of loans and advances and interest receivables, the repossessed assets are initially recognised at fair value, plus any taxes paid for the seizure of the assets, litigation fees and other expenses incurred for collecting the repossessed assets are included in the carrying value of repossessed assets. Repossessed assets are measured at the lower of cost and net realisable value, the amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs.

(v) Impairment of non-financial assets

Internal and external sources of information are reviewed at financial position date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- ROU assets;
- investments in subsidiaries, associates and joint ventures;
- goodwill; and
- intangible assets

If any such indication exists, the asset's recoverable amount is estimated.

In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 Material accounting policies (Continued)

(v) Impairment of non-financial assets (Continued)

Calculation of recoverable amount

The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Reversals of impairment losses

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

An impairment loss in respect of goodwill is not reversable.

(w) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits, etc.

(i) Short-term employee benefits

During the accounting period when an employee has rendered service to the Group, the Group recognises the undiscounted amount of short-term employee benefits as a liability and as an expense, unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset. Short-term employee benefits include wages, bonuses and social security contributions such as medical insurance, work-related injury insurance and maternity insurance, housing provident funds, labour union fee and staff and workers' education fee, which are all calculated based on the regulated benchmark and ratio.

2 Material accounting policies (Continued)

(w) Employee benefits (Continued)

(ii) Defined contribution retirement schemes

Employees of the Group's subsidiaries in Hong Kong are offered the option to enroll in one of the Mandatory Provident Fund ("MPF") Master Trust Schemes under the CITIC Group MPF Scheme. The MPF Master Trust Schemes are defined contribution schemes and are administered in accordance with the terms and provisions of the respective trust deeds and are subject to the Mandatory Provident Fund Schemes Ordinance.

Employees of the Group's subsidiaries in Chinese mainland are required to participate in defined contribution retirement schemes and make contributions according to the respective regulations. Employees of the Group's subsidiaries in Chinese mainland are also eligible to participate in the enterprise annuity plan established by the Group according to the relevant requirements.

Employees of the Group's overseas subsidiaries are required to make contributions subject to the relevant regulations in the countries/jurisdiction in which the overseas subsidiaries operate.

The contributions are charged to profit and loss for the current period on an accrual basis.

(iii) Defined benefit plan obligations

The defined benefit plans of the Group are supplementary retirement benefits provided to eligible employees in Chinese mainland China and Hong Kong.

(iv) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

2 Material accounting policies (Continued)

(x) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are measured at the higher of the amount initially recognised, less accumulated amount of income recognised in accordance with the Group's principles of revenue recognition where appropriate, and the amount that would be determined in accordance with Note 2(x)(ii).

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(y) Revenue recognition

The revenue of the Group mainly consists of income from customers, interest income, fee and commission income, etc.

(i) Income from customers

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good to a customer, which is when the customer obtains control of a good, has the ability to direct the use of, and obtain substantially all of the remaining benefits from that good. If the control of the goods and services is transferred over a period of time, the Group recognises revenue by reference to the extent of progress toward completion in fulfilling its performance obligations during the entire contract period.

For the amounts of revenue recognised for goods transferred and services provided, the Group recognises any unconditional rights to consideration separately as a receivable and the rest as a contract asset, and recognises provisions for loss allowance of the receivable and the contract asset using ECL model; if the consideration received or receivable exceeds the obligation performed by the Group, a contract liability is recognised. The Group presents a net contract asset or a net contract liability under each contract.

2 Material accounting policies (Continued)

(y) Revenue recognition (Continued)

(i) Income from customers (Continued)

Contract costs include costs to fulfill a contract and of obtaining a contract. The cost incurred for providing services by the Group is recognised as the costs to fulfill a contract, and is amortised based on the progress towards completion of the service provided when recognising revenue. The incremental cost incurred by the Group to obtain contract is recognised as the costs of obtaining a contract. For costs of obtaining a contract that will be amortised within one year, the Group recognises it in profit and loss when incurred. For the costs of obtaining a contract that will be amortised for more than one year period, it is amortised in profit and loss based on same progress towards completion as recognising revenue. The Group recognises the excess of the carrying amounts of contract costs over the expected remaining consideration less any costs not yet recognised as an impairment loss. As at the financial position date, the Group presents the costs to fulfill and of obtaining a contract, in the net amount after deducting relevant asset impairment provisions, as inventories.

Specific accounting policies are as follows:

(1) Sales of goods

Revenue from the sale of goods is recognised when the goods are transferred to and accepted by a customer.

When volume discounts are provided to customers, the Group, based on historical experiences, estimates the volume discounts using the expected value method, and recognises revenue net of the estimated volume discounts.

When the customer has a right to return the product within a given period, the Group recognises provisions for returns using the expected value method based on historical experience, as a deduction of the revenue. The Group recognises provisions for the expected refunds to customers; meanwhile, other assets are recognised according to the carry amount of the goods expected to be returned, deducting the expected cost for taking the related goods back.

The Group offers warranties for specific products. If the duration and terms of the warranties are offered in accordance with the requirements of laws and regulations and the Group does not provide any additional services or warranties, such warranties are not recognised as separate performance obligation.

2 Material accounting policies (Continued)

(y) Revenue recognition (Continued)

(i) Income from customers (Continued)

(2) Services rendered to customers

Revenue for construction services of the Group is recognised over the period of the contract by reference to the progress towards completion. Progress towards completion is calculated based on actual costs incurred as to the end of each period as a proportion to the total forecasted costs of the contract. As at each financial position date, the Group reassesses the progress towards completion to reflect the changes in obligation performed.

Revenue for other services provided by the Group is recognised based on the pattern of performance obligation of specific services, either over the period in which the services are rendered or at the point of service completion. For revenue recognised over the period by reference to the progress towards completion, progress towards completion is calculated based on actual costs incurred as to the end of each period as a proportion to the total forecasted costs of the contract. As at each financial position date, the Group reassesses the estimate of the progress towards completion to reflect the changes in obligation performed.

(ii) Interest income

Interest income is recognised according to HKFRS 9, refer to Note 2(k) financial instruments for details.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, call and similar options, etc.) but does not consider future credit losses. The calculation includes all fees and interests paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(iii) Fee and commission income

Fee and commission income is recognised when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service according to HKFRS 15, refer to Note 2(y)(i)(2). Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate according to HKFRS 9, refer to Note 2(k). If the commitment expires without the Group making a loan or anticipating will not, the fee is recognised as revenue on expiry.

2 Material accounting policies (Continued)

(z) Income tax

Income tax for the year comprises current tax and deferred tax.

The balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– taxable temporary differences arising on the initial recognition of goodwill;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Provision for withholding tax that will arise on the remittance of retained earnings is only made where there is a current intention to remit such earnings.

Deferred tax assets are recognised to the extent that their future utilisation is probable. Deferred tax arising from revaluation of investment properties is recognised on the rebuttable presumption that the recovery of the carrying amount of the properties would be through sale and calculated at the applicable tax rates.

Current tax assets and liabilities are offset, and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Material accounting policies (Continued)

(aa) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

The Group includes deposit held at call with banks with contractual obligation to use for specified purposes as a component of cash and cash equivalents.

(bb) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity (one entity is an associate of a third entity and the Group is a joint venture of the third party);

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Material accounting policies (Continued)

(cc) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following respective conditions:

- engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and
- for which financial information regarding financial position, results of operations and cash flows are available.

Business segments are identified based on the Group's internal management requirements as well as following aspects. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of:

- the nature of products and services;
- the nature of production processes;
- the type or class of customers;
- the methods used to distribute the products or provide the services; and
- the nature of the regulatory environment

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(dd) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 Material accounting policies (Continued)

(ee) Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Disposal groups (except for certain assets as explained below) are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out else in Note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement comprising the total of: (1) the post-tax profit or loss of the discontinued operation and; (2) the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and associated key assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Classification of financial assets

The critical judgments the Group has in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include evaluation and reporting of financial asset performance to key management personnel, risks affecting the performance of financial assets and their management methods, and the way related business management personnel receive payments.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests is only included currency time value, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

3 Critical accounting estimates and judgements (Continued)

(b) Measurement of ECL

Measurement of ECL for financial assets at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 50(a).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

– Determining criteria for significant increase in credit risk;

– Choosing appropriate models and assumptions for the measurement of ECL;

– Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and

– Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 50(a).

(c) Provision for inventories

The Group reviews the carrying amounts of inventories at each financial position date to determine whether the inventories are carried at lower of cost and net realisable value. The Group estimates the net realisable value, based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down. The change in the write-down would affect the Group's profit or loss during the year.

(d) Impairment of non-financial assets

As described in Note 2(v), assets such as fixed assets, intangible assets, goodwill, ROU assets and interests in associates and joint ventures are reviewed at each financial position date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3 Critical accounting estimates and judgements (Continued)

(e) Fair value of financial instruments

For financial instruments without active market, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads, foreign currency exchange rates, etc. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at the end of each reporting period. Where market data are not available, management needs to make estimates on such unobservable market inputs based on assumptions. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

(f) Depreciation

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful life of the respective assets using the straight-line method. The cost of ROU assets is charged as depreciation expense generally over the shorter of the asset's useful life and the lease term on a straight-line basis.

Management periodically reviews changes in technology and industry conditions, asset retirement activity, residual values to determine adjustments to estimated remaining useful lives and depreciation rates. In determining the lease term of ROU assets, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(g) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets, which principally relate to tax losses and deductible temporary differences, are recognised when the future taxable profit will be available against such deferred tax assets. Hence, it requires formal assessment by management regarding the future profitability to utilise the deferred tax assets. The outcome of their actual utilisation may be different.

3 Critical accounting estimates and judgements (Continued)

(h) Assets acquired/liabilities assumed in business combination

Assets acquired/liabilities assumed in business combination are recognised at fair value in connection with the Group's acquisition of an entity. The fair values of the acquired assets/assumed liabilities are determined based on valuation methodologies and techniques that involved the use of a third-party valuation firm's expertise. The judgements and assumptions used in that valuation of assets and liabilities along with the assumptions on the useful lives of acquired assets have an effect on the consolidated financial statements.

(i) De-recognition of financial assets

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitisation, financial assets sold under repurchase agreements and etc. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial de-recognition.

Where the Group enters into structured transactions by which it transferred financial asset to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following de-recognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets was transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the de-recognition criteria are met based on the following considerations:

– whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the "pass through" of those cash flows to independent third parties;

– the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models. Significant judgement is applied in the Group's assessment with regard to the parameters and assumptions applied in the models, estimated cash flows before and after the transfers, the discount rates used based on current market interest rates, variability factors considered and the allocation of weightings in different scenarios;

– where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

3 Critical accounting estimates and judgements (Continued)

(j) Control and consolidation

The Group makes significant judgement to assess whether or not to consolidate structured entities. When performing this assessment, the Group:

– assesses its contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities;

– performs independent analyses and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned, retention of residual income, and, if any, liquidity and other support provided to the structured entities; and

– assesses its ability to exercise its power to influence the variable returns assessed whether the Group acts as a principal or an agent through analysis of the scope of the Group's decision-making authority, remuneration entitled, other interests the Group holds, and the rights held by other parties.

The Group holds less than 50% shares and voting rights in certain subsidiaries. When assessing whether it has substantive control over these investees, the Group has taken certain factors into account including the size of the Group's shareholding relative to other shareholders, dispersion of the voting rights of the other shareholders, the Group's relationship with other investors, any history of any other shareholders collaborating to exercise their votes collectively or to out vote the Group; the group's relationship with the key management personnel of the investees, whether the Group has the right to appoint or approve the majority of the board seats and other key management personnel of the investees, whether the Group controls certain assets such as licences or trademarks that are critical to the operations of the investees, whether the Group and other shareholders' rights over the investees are substantive, and any other contractual arrangements. The Group considers factors that are applicable to a specific individual investee on an ongoing basis when determining whether it has substantive rights over the investees.

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes

Each of Sino Iron Pty Ltd. ("Sino Iron"), Korean Steel Pty Ltd. ("Korean Steel") and Balmoral Iron Pty Ltd. ("Balmoral Iron"), subsidiary companies of the Company, has entered into a Mining Right and Site Lease Agreement ("MRSLA") with Mineralogy. Among other things, those agreements, together with other project agreements, provide Sino Iron, Korean Steel and Balmoral Iron the right to develop and operate the Group's Sino Iron project in Western Australia ("Sino Iron Project") and to take and process one billion tonnes each of magnetite ore for that purpose. Before Balmoral Iron can exercise its one billion tonne mining right, it will need to submit and have approved by the State of Western Australia project proposals for its project, among other things.

There are a number of ongoing disputes between the Company, Sino Iron and Korean Steel ("CITIC Parties") on the one hand, and Mineralogy and Mr. Clive Palmer (the ultimate beneficial holder of shares in Mineralogy) ("Mr. Palmer") on the other hand, arising from the MRSLAs and other project agreements. Set out below are the details of those disputes considered to be material.

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

FCD Indemnity Disputes

Mineralogy and Mr. Palmer have commenced proceedings to pursue claims pursuant to an indemnity given by the Company under the Fortescue Coordination Deed ("FCD"). Mineralogy and Mr. Palmer allege that the CITIC Parties' failure to make certain royalty payments caused them losses for which they are indemnified pursuant to the indemnity contained in the FCD.

(i) Queensland Nickel FCD Indemnity Claim

On 29 June 2017, Mr. Palmer commenced a proceeding against the Company in the Supreme Court of Western Australia ("Proceeding CIV 2072/2017") claiming damages in the sum of AUD2,324,000,000 (now reduced in the sixth amended statement of claim to AUD1,800,438,000). The amount claimed relates to losses allegedly suffered by Mr. Palmer in relation to the nickel and cobalt refinery business located at Yabulu in North Queensland ("Yabulu Refinery"), which was carried on by the Queensland Nickel group of companies controlled by Mr. Palmer.

After commencing this proceeding, Mr. Palmer joined Mineralogy as a second plaintiff and Sino Iron and Korean Steel as second and third defendants.

On 10 November 2023, Mineralogy and Mr. Palmer filed their sixth amended statement of claim. That statement of claim alleges that as the CITIC Parties did not pay to Mineralogy royalty on products produced by Sino Iron and Korean Steel ("Royalty Component B") when it was due for payment under the MRSLAs, Mineralogy did not provide funds to the manager of the Yabulu Refinery, Queensland Nickel Pty Ltd. ("QNI"), to enable it to continue managing and operating the Yabulu Refinery, and consequently, QNI was placed into administration in January 2016 and liquidation in April 2016.

Mineralogy and Mr. Palmer allege that if the CITIC Parties had paid Royalty Component B on time, Mineralogy would have provided the funds required to meet QNI's cashflow deficits at the times necessary to enable QNI to continue to manage and operate the Yabulu Refinery. Mineralogy and Mr. Palmer plead that QNI required funding of AUD91,100,000 by the quarter ending 30 September 2017.

Mineralogy and Mr. Palmer claim that the liquidation of QNI led to the diminution in value of the Yabulu Refinery, and a consequential diminution in value of the shares of its joint venture owners, QNI Metals Pty Ltd. and QNI Resources Pty Ltd. The shares in those companies are ultimately beneficially owned by Mr. Palmer. Mineralogy and Mr. Palmer claim that the CITIC Parties are liable for those losses pursuant to an indemnity provision in the FCD.

On 2 February 2024, the CITIC Parties filed their substituted defence in response to Mineralogy and Mr. Palmer's sixth amended statement of claim. The CITIC Parties plead a number of defences, including construction arguments, causation, mitigation, quantification of loss and Anshun estoppel and abuse of process.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

FCD Indemnity Disputes (Continued)

(i) Queensland Nickel FCD Indemnity Claim (Continued)

Following the filing of Mineralogy and Mr. Palmer's sixth amended statement of claim and the CITIC Parties' substituted defence, Mineralogy and Mr. Palmer filed and served an updated reply on 5 March 2024. The reply contains allegations that certain conduct of the CITIC Parties, specifically alleged activities of the Fulcrum Group, has the effect of disentitling the CITIC Parties from obtaining relief claimed in the form of a permanent stay of the proceeding on grounds of Anshun estoppel or abuse of process ("Fulcrum Allegations").

On 25 March 2024, Mineralogy and Mr. Palmer indicated that they intend to file a minute of proposed seventh amended statement of claim. At a directions hearing on 26 March 2024, Justice Lundberg provisionally listed a hearing on 21 May 2024, at which any application for leave to amend the statement of claim and any interlocutory disputes arising from requests for discovery would be heard.

A number of interlocutory applications in this proceeding have not yet been determined, including interlocutory applications filed by Mineralogy and Mr. Palmer on 23 January 2023 to be relieved of certain discovery obligations, to strike out certain paragraphs of the CITIC Parties' further re-amended defence (which was then current but has since been replaced by the substituted defence) and to obtain discovery from the CITIC Parties of documents related to the Fulcrum Allegations made by Mineralogy and Mr. Palmer in their reply. These applications, if pressed by Mineralogy and Mr. Palmer prior to the hearing on 21 May 2024, are likely to be heard at that hearing (at least in so far as they relate to discovery).

Pursuant to orders made by Justice K Martin in September 2020, this proceeding will be heard together with Proceeding CIV 1267/2018 as described below. Orders previously made in this proceeding that damages would be determined separately and subsequently to liability have been vacated. This means that all issues will be heard and determined together in a single trial.

No trial date has been set for this proceeding.

(ii) Palmer Petroleum FCD Indemnity Claim

On 16 February 2018, Mineralogy commenced a proceeding against the CITIC Parties in the Supreme Court of Western Australia ("Proceeding CIV 1267/2018") in which it claims damages in the sum of AUD2,675,400,000. That amount is alleged to represent the diminution in the value of Mineralogy's shares in Palmer Petroleum Pty Ltd. (now Aspenglow Pty Ltd.) ("Palmer Petroleum") or Blaxcell Limited stemming from the inability of those companies to develop certain petroleum prospecting licences in Papua New Guinea. Mineralogy is the holder and beneficial owner of all of the shares in Palmer Petroleum and Blaxcell Limited.

On 10 November 2023, Mineralogy filed its third amended statement of claim. In that statement of claim, Mineralogy claims that as the CITIC Parties failed to pay Royalty Component B when it was due for payment under the MRSLAs, Mineralogy (on which Palmer Petroleum was allegedly completely reliant for funding) did not provide funds to Palmer Petroleum to pay for services rendered to it by a contractor, and in July 2016, Palmer Petroleum was wound up in insolvency.

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

FCD Indemnity Disputes (Continued)

(ii) Palmer Petroleum FCD Indemnity Claim (Continued)

Mineralogy claims that, if the CITIC Parties had paid Royalty Component B in accordance with their obligations, Mineralogy would have provided such of those funds to Palmer Petroleum and Palmer Petroleum would have paid for the services rendered by the contractor, discharged the contractor's statutory demand, and/or had sufficient funding to meet its working capital requirements, operate its business, and engage in the business of owning, exploring, developing and exploiting petroleum prospecting licences in Papua New Guinea. Mineralogy alleges that as a consequence of Palmer Petroleum being wound up, it ceased conducting its business and the relevant petroleum prospecting licences were cancelled.

Mineralogy pleads that Palmer Petroleum, or alternatively Blaxcell Limited, suffered a diminution in value equivalent to the sale value of oil that allegedly would have been recoverable from within the area of the relevant petroleum prospecting licences. Mineralogy claims that it suffered loss equivalent to the diminution in value of its shareholding in Palmer Petroleum, or alternatively Blaxcell Limited, and that the CITIC Parties are liable for that loss pursuant to an indemnity provision in the FCD.

On 2 February 2024, the CITIC Parties filed their substituted defence in response to Mineralogy's third amended statement of claim. The CITIC Parties plead a number of defences, including construction arguments, causation, mitigation, quantification of loss and Anshun estoppel and abuse of process.

Following the filing of Mineralogy's third amended statement of claim and the CITIC Parties' substituted defence, Mineralogy filed and served an updated reply on 8 March 2024. The reply includes the Fulcrum Allegations as described above.

On 25 March 2024, Mineralogy indicated that it intends to file a minute of proposed fourth amended statement of claim. At a directions hearing on 26 March 2024, Justice Lundberg provisionally listed a hearing on 21 May 2024, at which any application for leave to amend the statement of claim and any interlocutory disputes arising from requests for discovery would be heard.

A number of interlocutory applications in this proceeding have not yet been determined, including interlocutory applications filed by Mineralogy on 23 January 2023 to be relieved of certain discovery obligations, to strike out certain paragraphs of the CITIC Parties' re-amended defence (which was then current but has since been replaced by the substituted defence) and to obtain discovery from the CITIC Parties of documents related to the Fulcrum Allegations made by Mineralogy in its reply. These applications, if pressed by Mineralogy prior to the directions hearing on 21 May 2024,are likely to be heard at that hearing (at least in so far as they relate to discovery).

Pursuant to orders made by Justice K Martin in September 2020, this proceeding will be heard together with Proceeding CIV 2072/2017. Orders previously made in this proceeding that damages would be determined separately and subsequently to liability have been vacated. This means that all issues will be heard and determined together in a single trial.

No trial date has been set for this proceeding.

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

Mine Continuation Proposals Disputes

(i) 2017 Mine Continuation Proposals Proceedings

The continued operation of the Sino Iron Project requires it to extend beyond the footprint it currently occupies. The 2017 mine continuation proposals address that need, and include proposals to extend the constrained mine pit, and increase the storage capacity for waste rock and tailings, which are necessary by-products of the mining process. The mining tenements upon which the Sino Iron Project is currently conducted, and those into which the CITIC Parties wish to extend in order to continue operation, are all held by Mineralogy.

The CITIC Parties commenced a proceeding against Mineralogy and Mr. Palmer in the Federal Court of Australia, which was transferred to the Supreme Court of Western Australia on 10 June 2019 ("Proceeding CIV 1915/2019"). The proceeding related to the failure and refusal of Mineralogy to:

- submit the 2017 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement;
- grant further tenure which is reasonably required for the Sino Iron Project;
- take steps to secure the re-purposing of general-purpose leases for the Sino Iron Project; and
- submit a Programme of Works for the Sino Iron Project to the State of Western Australia.

The CITIC Parties brought claims for breach of contract, of unconscionable conduct under the Australian Consumer Law, and in estoppel. Mr. Palmer was sued as an accessory to the unconscionable conduct claim. The CITIC Parties sought orders requiring Mineralogy to take the four steps set out above, and to pay the CITIC Parties damages for its failure and refusal to do those things. Damages were also sought from Mr. Palmer. The State of Western Australia was joined to the proceeding as a necessary party, because it is a party to the State Agreement, but no relief was sought against it.

The CITIC Parties commenced a new proceeding ("Proceeding CIV 2326/2021") on 8 December 2021, in which they sought orders for specific performance in relation to a refined tenure request addressed to Mineralogy on 29 November 2021. That tenure request was in the alternative to the tenure in respect of which relief was sought in Proceeding CIV 1915/2019. On 29 December 2021, Justice K Martin ordered that Proceeding CIV 1915/2019 and Proceeding CIV 2326/2021 be consolidated and proceed as one action ("Consolidated 2017 MCPs Proceedings").

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. (“Mineralogy”) disputes (Continued)

Mine Continuation Proposals Disputes (Continued)

(i) 2017 Mine Continuation Proposals Proceedings (Continued)

The primary trial in the Consolidated 2017 MCPs Proceedings occurred before Justice K Martin from 21 February 2022 to 29 April 2022. The primary trial was to determine all issues in the Consolidated 2017 MCPs Proceedings other than the quantification of any loss or damage suffered by the CITIC Parties.

On 7 March 2023, Justice K Martin delivered his reasons in the Consolidated 2017 MCPs Proceedings and on 10 March 2023 made orders consequent upon his reasons. His Honour dismissed most of the CITIC Parties’ claims. However, Justice K Martin made the following key findings relevant to mine continuation:

– Mineralogy is obliged to either submit, or consent to the CITIC Parties submitting, the Programme of Works;

– Mineralogy is contractually obliged to assist, and cooperate with, the CITIC Parties, including in relation to the submission of project proposals under the State Agreement. However, the Court declined to require Mineralogy to submit the 2017 mine continuation proposals in the form before the Court, for reasons including that those proposals presumed the use of tenure outside areas which Mineralogy had previously agreed to provide;

– Mineralogy is required to honestly consider, and not unreasonably refuse, requests for additional tenure that is reasonably requested and reasonably required. His Honour found that the CITIC Parties’ most recent tenure request lacked certain features required to meet that test, and so declined to order Mineralogy to grant the tenure the subject of that request. However, his Honour confirmed that an area outside the site lease areas, to the south of the current tailings storage facility, and that is held by Mineralogy, is necessary for future tailings and waste storage for the Sino Iron Project; and

– Mineralogy is not required to take steps to re-purpose the general purpose leases, for reasons including because Mineralogy had not granted the CITIC Parties tenure over all of those general purpose leases.

On 9 June 2023, after two unsuccessful applications for a stay of the relevant order made by Justice K Martin, Mineralogy submitted the Programme of Works to the State. The Programme of Works was approved on 28 July 2023. That approval allows the CITIC Parties to undertake investigative works necessary for the extension of the mine pit and the establishment of a new tailings storage facility.

At a hearing on 21 April 2023, Justice K Martin made orders deferring the CITIC Parties’ Programme of Works damages claim until after the determination of the appeals referred to below. His Honour also ordered the CITIC Parties to pay Mineralogy’s and Mr. Palmer’s costs of the Consolidated 2017 MCPs Proceedings up to and including the 21 April 2023 hearing, except in relation to Mr. Palmer’s unsuccessful application to stay the trial, for which Mr. Palmer must pay the CITIC Parties’ costs.

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

Mine Continuation Proposals Disputes (Continued)

(i) 2017 Mine Continuation Proposals Proceedings (Continued)

Unless approval can be obtained to allow extension of the mine pit and establishment of additional storage areas for waste rock and tailings, constraints on pit size and waste and tailings storage capacity will ultimately force the suspension of operations. In the short term, these constraints are reflected in reduced concentrate production for calendar year 2024.

(ii) 2017 Mine Continuation Proposals Appeals

On 31 March 2023, the CITIC Parties appealed Justice K Martin's decision in the Consolidated 2017 MCPs Proceedings ("Proceeding CACV 35/2023"). The CITIC Parties' grounds of appeal include that Justice K Martin erred for reasons including that:

– there is no requirement in the State Agreement or the project agreements for the CITIC Parties to pay additional monetary consideration for areas reasonably required for the Project, including because Mineralogy has been paid for those areas;

– Mineralogy's failure to submit the 2017 mine continuation proposals was a breach of its obligations under the State Agreement and certain project agreements;

– his Honour applied the wrong contractual standard when evaluating the CITIC Parties' tenure request, as the standard was whether the tenure was 'reasonably required', and not a higher standard;

– the 2017 mine continuation proposals and the CITIC Parties' tenure request were divisible, and not holistic global packages, and their licence request was accompanied by the required level of detail;

– Mineralogy had sufficient technical information and time to consider the CITIC Parties' tenure request, and Mineralogy's refusal to agree to the tenure request constituted a breach of the State Agreement and certain project agreements; and

– injunctive relief compelling Mineralogy to conditionally surrender and apply for the re-grant of certain general purpose leases should have been ordered.

Also on 31 March 2023, Mineralogy separately appealed Justice K Martin's decision ("Proceeding CACV 37/2023") in relation to the order that it must submit the Programme of Works. Mineralogy's grounds of appeal include that his Honour erred in failing to hold that, before Mineralogy had an obligation to submit a proposal, the CITIC Parties had to demonstrate a need to submit the proposal for the purposes of performing the MRSLAs, so that Mineralogy could make an informed assessment of whether to do so having regard to its own commercial interests.

On 1 May 2023, the Court of Appeal ordered that Proceeding CACV 35/2023 and Proceeding CACV 37/2023 be consolidated ("Consolidated 2017 MCPs Appeals").

The appeals have been listed for a hearing before the Court of Appeal from 12 to 15 August 2024 and 19 to 21 August 2024.

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

Mine Continuation Proposals Disputes (Continued)

(iii) 2023 Mine Continuation Proposals Proceedings

On 27 November 2023, the CITIC Parties commenced a proceeding in the Supreme Court of Western Australia seeking to compel Mineralogy to submit the 2023 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement ("Proceeding CIV 2336/2023"). The areas over which the activities the subject of the 2023 mine continuation proposals are to be carried out are a subset of the areas the subject of the 2017 mine continuation proposals, and are confined to areas over which Mineralogy has already provided access to Sino Iron and Korean Steel. The proceeding alleges that Mineralogy was obliged to consider and approve the 2023 mine continuation proposals. Approval of the 2023 mine continuation proposals will support the continued operation of the Sino Iron Project for an interim period by addressing constraints to the project's mine pit and waste and tailings storage capacity.

In this proceeding, the CITIC Parties seek relief including:

(a) declarations that Mineralogy's failure and refusal to consider, approve and submit the 2023 mine continuation proposals is in breach of the State Agreement and certain project agreements;

(b) orders for specific performance or injunctions requiring Mineralogy to join them in submitting the 2023 mine continuation proposals to the State; and

(c) damages for breach of contract.

The State of Western Australia is a party to the proceeding because it is a party to the State Agreement, but no relief is sought against it.

On 11 March 2024, Mineralogy filed its amended defence. Mineralogy's amended defence includes a pleading that, because Mineralogy asserts the CITIC Parties have breached certain project agreements, they are not entitled to the relief claimed. The alleged breaches include that:

(a) the conduct of the CITIC Parties as alleged by Mineralogy in Proceeding CIV 2072/2017 (i.e. the Fulcrum Allegations as described above) constituted acts or the contemplation of acts that adversely affected the interests of Mineralogy in the project area and represented a failure to act in good faith towards Mineralogy in relation to the performance of the MRSLAs;

(b) the CITIC Parties have not paid Mineralogy the amounts claimed in the FCD Indemnity Disputes (referred to above); and

(c) the CITIC Parties have allegedly failed to permit Mineralogy to observe all measurement, sampling and assaying procedures under the MRSLAs.

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

Mine Continuation Proposals Disputes (Continued)

(iii) 2023 Mine Continuation Proposals Proceedings (Continued)

On 23 January 2024, Mineralogy applied for a stay of this proceeding pending the outcome of the 2017 MCPs Consolidated Appeals referred to above.

On 14 February 2024, the CITIC Parties applied for orders striking out certain paragraphs of Mineralogy's defence (which was then current but has since been replaced by the amended defence) and on 15 February 2024, applied for orders expediting the hearing of this proceeding.

Mineralogy's stay application and the CITIC Parties' strike out and expedition applications were heard on 20 and 21 March 2024, and the Court's decision remains reserved.

No trial date has been set for this proceeding.

Fulcrum Conspiracy Claim

On 5 October 2023, Mineralogy and Mr. Palmer commenced a proceeding against Helen Dillon, Chen Zeng, Sino Iron, Korean Steel and the Company ("Proceeding CIV 2137/2023") claiming that the defendants engaged in conduct for "Fulcrum Purposes", to apply commercial pressure on Mineralogy and Mr. Palmer to renegotiate certain project agreements, recoup certain additional costs of developing the Sino Iron Project from Mineralogy and seek to sterilise Mineralogy's other valuable mining tenements. On 28 November 2023, Mineralogy and Mr. Palmer filed a notice of discontinuance in Proceeding CIV 2137/2023.

On 15 December 2023, Mineralogy and Mr. Palmer commenced a proceeding against Helen Dillon, Chen Zeng, Sino Iron, Korean Steel and the Company (together, the "CITIC Defendants") as well as Allens, a law firm advising the CITIC Defendants, and FBIS International Issues Management Pty Ltd., a service provider to certain of the CITIC Defendants ("Proceeding CIV 2425/2023"). Mineralogy and Mr. Palmer claim that the defendants engaged in the Fulcrum Purposes to apply commercial pressure on Mineralogy and Mr. Palmer to achieve outcomes similar to those pleaded in Proceeding CIV 2137/2023 (see above).

3 Critical accounting estimates and judgements (Continued)

(k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

Fulcrum Conspiracy Claim (Continued)

Mineralogy and Mr. Palmer bring claims including for breach of contract and the torts of collateral abuse of process, conspiracy to injure by unlawful means and conspiracy to injure by lawful means. Unconscionable conduct under the Australian Consumer Law is also pleaded as conduct alleged to give rise to the unlawful means conspiracy. Mineralogy and Mr. Palmer also claim that, pursuant to the FCD, the Company is obliged to indemnify Mr. Palmer for the alleged loss suffered by Mr. Palmer said to be in relation to the CITIC Parties' failure to perform their obligations under the MRSLAs. Mineralogy and Mr. Palmer claim that as a consequence of the defendants' conduct, they suffered damages which are said to include costs Mineralogy and Mr. Palmer incurred in prosecuting and defending the legal processes and otherwise taking steps in respect of the Fulcrum Purposes, as well as the inability of Mr. Palmer to devote his attention and resources to "other profitable endeavours" and AUD200,000,000 on account of the inability to pursue the "Minimum Royalty Claim". Mineralogy and Mr.Palmer allege that they did not pursue the "Minimum Royalty Claim" in a previous proceeding as a consequence of the pressure exerted on them for the Fulcrum Purposes. The plaintiffs also seek exemplary damages of approximately AUD500,000,000, aggravated damages and interest on the amounts claimed.

On 17 January 2024, the CITIC Defendants and Allens each filed an application for summary judgment in their favour, to strike out Mineralogy and Mr. Palmer's statement of claim in this proceeding (which was then current but has since been replaced by the second amended statement of claim) and to temporarily stay this proceeding. Also on 17 January 2024, Allens filed an application for a permanent stay or dismissal of this proceeding.

Two days after filing an amended statement of claim on 18 February 2024, Mineralogy and Mr. Palmer applied for orders to file a further amended statement of claim, and the second amended statement of claim was filed on 20 March 2024.

The Court has programmed the filing of submissions and any further affidavits by Allens, the CITIC Defendants and Mineralogy and Mr. Palmer, should Allens wish to proceed with their permanent stay or dismissal application after Mineralogy and Mr. Palmer have filed their second amended statement of claim.

The Court has also programmed the filing of submissions and any further affidavits by the CITIC Defendants, Allens and Mineralogy and Mr. Palmer, should the CITIC Defendants and Allens wish to proceed with amended summary judgment and strike out applications after Mineralogy and Mr. Palmer have filed their second amended statement of claim.

The Allens application for a permanent stay or dismissal of this proceeding, if it proceeds, will be heard on 2 May 2024. If that application does not proceed, there will be a directions hearing on that date.

No trial date has been set for this proceeding.

3 Critical accounting estimates and judgements (Continued)

(l) Metallurgical Corporation of China ("MCC") claim

MCC was appointed as the EPC (engineering, procurement and construction) contractor for the processing area and related facilities at the Sino Iron Project. The fixed price contract amount was US$3.4 billion.

On 30 January 2013, MCC announced that it had incurred costs over the value of the contract and had provided additional funding of US$858 million to MCC Mining (Western Australia) Pty Ltd. ("MCC WA"), its wholly-owned subsidiary company responsible for delivering MCC's obligations under the contract.

As at the date of issuance of these financial statements, MCC has not claimed any additional costs from Sino Iron or its subsidiary companies, other than minor contract variations in the normal course of operations, and the Group believes it has satisfied all of its obligations under the contract.

Under the contract, the Group has a right to claim liquidated damages from MCC WA for certain delays in the completion of their project scope at a daily amount of 0.15% of the value of the main contract (approximately US$5 million per day, with a cap of approximately US$530 million in total). As at balance sheet date the cumulative days of delay that has been incurred has resulted in the contractual cap to the liquidated damages being reached.

As set out in the Company's announcement dated 24 December 2013, Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron Project. An independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings of the independent audit, Sino Iron and MCC WA expect to enter into further negotiations to determine the amount of liabilities to be borne between the parties. Outcomes are not yet known as at 31 December 2023.

4 Taxation

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the year ended 31 December 2023 is 16.5% (2022: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Chinese Mainland for the year ended 31 December 2023 is 25% (2022: 25%).

Taxation for other overseas subsidiaries is charged at the rates of taxation prevailing in the countries/ jurisdiction in which the overseas subsidiaries operate.

5 Revenue

As a multi-industry conglomerate, the Group is principally engaging in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption, new-type urbanisation.

For comprehensive financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (Notes 5(a), 5(b) and 5(d)). For non-comprehensive financial services segment, revenue mainly comprises income from sales of goods and services rendered to customers (Note 5(c)).

The Group's customer base is diversified and there is no single customer with which transactions have exceeded 10% of the Group's revenue.

(a) Net interest income

	For the year ended 31 December	
	2023	2022 (Restated)
Interest income arising from (note):		
Deposits with central banks, banks and non-bank financial institutions	**16,719**	14,302
Placements with banks and non-bank financial institutions	**8,089**	6,346
Financial assets held under resale agreements	**2,799**	2,285
Investments in financial assets		
– Financial assets at amortised cost	**36,073**	40,018
– Debt investments at fair value through other comprehensive income ("FVOCI")	**22,153**	19,598
Loans and advances to customers and other parties	**244,128**	241,057
Margin financing and securities lending	**8,343**	6,484
Others	**610**	288
	338,914	330,378
Interest expenses arising from:		
Borrowing from central banks	**(4,282)**	(4,974)
Deposits from banks and non-bank financial institutions	**(21,687)**	(23,099)
Placements from banks and non-bank financial institutions	**(4,717)**	(3,369)
Financial assets sold under repurchase agreements	**(10,625)**	(5,007)
Deposits from customers	**(115,452)**	(102,754)
Debt instruments issued	**(29,753)**	(30,430)
Customer brokerage deposits	**(1,675)**	(1,303)
Lease liabilities	**(553)**	(523)
Others	**(1,651)**	(1,350)
	(190,395)	(172,809)
Net interest income	**148,519**	157,569

Note:

Interest income includes interest income accrued on credit-impaired financial assets of RMB715 million for the year ended 31 December 2023 (2022: RMB462 million).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5 Revenue (Continued)

(b) Net fee and commission income

	For the year ended 31 December	
	2023	2022 (Restated)
Bank card fees	**16,799**	16,480
Trustee commission and fees	**8,857**	16,057
Agency fees and commission	**5,897**	5,582
Guarantee and advisory fees	**5,686**	5,768
Commission on securities brokerage	**12,163**	9,819
Commission on fund management	**7,642**	6,137
Commission on investment banking	**6,750**	7,130
Settlement and clearing fees	**2,251**	2,136
Commission on asset management	**2,340**	2,203
Commission on futures brokerage	**3,594**	2,114
Others	**1,067**	484
	73,046	73,910
Fee and commission expenses	**(11,456)**	(8,656)
Net fee and commission income	**61,590**	65,254

(c) Sales of goods and services

	For the year ended 31 December	
	2023	2022 (Restated)
Sales of goods	**372,072**	351,297
Services rendered to customers		
– Revenue from construction contracts	**16,356**	21,089
– Revenue from other services	**29,152**	29,456
	417,580	401,842

5 Revenue (Continued)

(d) Other revenue

	For the year ended 31 December	
	2023	2022 (Restated)
Net trading (loss)/gain under comprehensive financial services segment (note (i))	**(8,109)**	20,434
Net gain on financial investments under comprehensive financial services segment	**58,018**	17,320
Others	**3,234**	1,019
	53,143	38,773

(i) Net trading (loss)/gain under comprehensive financial services segment

	For the year ended 31 December	
	2023	2022 (Restated)
Net trading (loss)/gain:		
– debt securities and certificates of deposits	**844**	(756)
– foreign currencies	**2,981**	(977)
– derivatives	**(11,934)**	22,167
	(8,109)	20,434

6 Costs of sales and services

	For the year ended 31 December	
	2023	2022 (Restated)
Costs of goods sold	**341,469**	322,130
Costs of services rendered		
– Costs of construction contracts	**13,574**	14,572
– Costs of other services	**17,764**	19,176
	372,807	355,878

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7 Other net income

	For the year ended 31 December	
	2023	2022 (Restated)
Net gain on disposal/deemed disposal of subsidiaries, associates and joint ventures	**74**	10,977
Net gain/(loss) on financial investments under non-comprehensive financial services segment	**2,949**	(194)
Net foreign exchange gain	**535**	444
Others	**5,099**	5,116
	8,657	16,343

8 Expected credit losses

	For the year ended 31 December	
	2023	2022 (Restated)
Expected credit losses (reversed from)/charged on:		
– deposits and placements with banks and non- bank financial institutions	**(39)**	2
– receivables(excluding prepayments)	**4,651**	5,023
– loans and advances to customers and other parties	**49,572**	57,097
– investments in financial assets		
• financial assets at amortised cost	**2,467**	2,220
• debt investments at FVOCI	**1,250**	716
– impairment provision of credit commitments and guarantees provided	**1,041**	7,999
– others	**6,673**	5,948
	65,615	79,005

9 Impairment losses

	For the year ended 31 December	
	2023	2022 (Restated)
Impairment losses charged on/(reversed from):		
– inventories	**3,403**	403
– interests in associates	**635**	2,581
– interests in joint ventures	**–**	15
– fixed assets (note)	**(338)**	70
– prepayments	**23**	12
– goodwill (Note 35)	**26**	4,363
– others	**846**	140
	4,595	7,584

Note:

Iron Ore Project

The Group's Iron Ore Project comprises the Sino Iron Project in Australia and its associated marketing operations in Singapore. Whenever events or circumstances indicate impairment may have occurred, the Group tests whether assets attributable to the Group's Iron Ore Project have suffered any impairment.

The recoverable amount of the Sino Iron Project is based on the fair value less costs of disposal methodology which is based on cash flow projections that incorporate best estimates of selling prices, ore grades, exchange rates, production rates, future capital expenditure and production costs over the life of the mine. In line with normal practice in the mining industry, the cash flow projections are based on long term mine plans covering the expected life of the operation. Therefore, the projections cover periods well in excess of five years. Assumptions about selling prices, operating and capital costs, exchange rates, quantity of resources and discount rates are particularly important; the determination of the recoverable amount is relatively sensitive to changes in these important assumptions.

In accordance with the Group's accounting policy, management has identified one CGU, the Sino Iron Project. For the purposes of testing for impairment, the carrying amount of the Sino Iron Project is to be compared with its recoverable amount when indication of impairment exit. Impairment is recognised when the carrying amount of the project exceeds its recoverable amount.

As at 31 December 2023, management performed an impairment indication assessment with the consideration of the production profile of the Sino Iron Project forecast Iron ore prices, exchange rate between Australia dollar and US dollar and Interest rates of loans risk free. According to the assessment, no further impairment indication was identified and thus, no impairment test was undertaken for the Sino Iron Project as at 31 December 2023.

When an impairment test is undertaken, the fair value of CGU must be estimated for recognition and measurement or for disclosure purposes.

The disclosure is based on the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical or similar CGU (level 1);
- Inputs other than quoted prices included within level that are observable for the CGU, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the CGU that are not based on observable market data (unobservable inputs) (level 3 inputs).

The CGU's fair value hierarchy is Level 3.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

10 Net finance charges

	For the year ended 31 December	
	2023	2022 (Restated)
Finance costs		
– Interest on bank and other loans	**8,969**	4,590
– Interest on debt instruments issued	**3,570**	4,184
– Interest on lease liabilities	**241**	206
	12,780	8,980
Less: interest expense capitalised (note)	**(926)**	(727)
	11,854	8,253
Other finance charges	**318**	219
	12,172	8,472
Finance income	**(1,832)**	(1,407)
	10,340	7,065

Note:

Capitalisation rates applied to funds borrowed are 4.40% ~ 4.74% per annum for the year ended 31 December 2023 (2022: 1.60% ~ 4.85%).

11 Profit before taxation

Profit before taxation is arrived at after charging below costs and expenses in cost of sales and services and other operating expenses:

(a) Staff costs

	For the year ended 31 December	
	2023	2022 (Restated)
Salaries and bonuses (note (i))	**63,770**	59,288
Contributions to defined contribution retirement schemes (note (ii))	**8,780**	7,046
Others	**13,101**	12,302
	85,651	78,636

Notes:

(i) The increase in salaries and bonuses mainly comes from the impact of the addition of consolidated subsidiaries, including CITIC Securities Co., Ltd. ("CITIC Securities"), Shanghai Zhongte Pacific Steel Co., Ltd. ("Pacific Steel", formerly known as "Shanghai Electric Group Steel Pipe Co., Ltd."), and Nanjing Steel Group Co., Ltd. ("Nanjing Steel Group").

(ii) The Group substantially completed the transfer of the management of existing retirees to external organisations in 2011. In accordance with the government requirements, the Group is also obliged to pay for certain of such retirees' post-retirement benefits in the future. This benefit plan is accounted for as a long-term defined benefits obligation and does not have any plan assets.

The Group's obligation for this benefit plan is calculated using actuarial method and recognised as a liability. The service cost amounting to RMB44 million was recognised for the year ended 31 December 2023 (2022: RMB54 million). Actuarial assumptions mainly include discount rate and future mortality. Reasonable changes in actuarial assumptions would not have a significant impact on the consolidated financial statements of the Group.

11 Profit before taxation (Continued)

(b) Other items

	For the year ended 31 December	
	2023	2022 (Restated)
Amortisation	**4,097**	2,961
Depreciation	**18,962**	17,279
Lease charges	**894**	676
Tax and surcharges	**3,481**	3,377
Property management fees	**1,031**	908
Non-operating expenses	**710**	473
Professional fees (other than auditors' remuneration)	**1,758**	1,342
Auditors' remuneration		
– Audit services	**187**	181
– Non-audit services	**58**	81
	31,178	27,278

12 Income tax expense

(a) Income tax expense in the income statement

	For the year ended 31 December	
	2023	2022 (Restated)
Current tax – Chinese mainland		
Provision for enterprise income tax	**15,103**	29,654
Land appreciation tax	**267**	323
	15,370	29,977
Current tax – Hong Kong		
Provision for Hong Kong profits tax	**490**	169
Current tax – Overseas		
Provision for the year	**408**	493
	16,268	30,639
Deferred tax		
Origination and reversal of temporary differences	**1,745**	(9,170)
	18,013	21,469

The particulars of the applicable income tax rates are disclosed in Note 4.

12 Income tax expense (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

	For the year ended 31 December	
	2023	2022 (Restated)
Profit before taxation	**123,287**	127,292
Less: Share of profits of		
– associates	**(5,695)**	(6,494)
– joint ventures	**(3,708)**	(4,672)
	113,884	116,126
Notional tax on profit before taxation calculated at statutory tax rate of 16.5%	**18,791**	19,161
Effect of different tax rates in other jurisdictions	**10,236**	11,755
Tax effect of unused tax losses not recognised	**891**	241
Tax effect of non-deductible expenses	**4,882**	6,881
Tax effect of non-taxable income (note)	**(15,911)**	(15,664)
Others	**(876)**	(905)
Actual tax expense	**18,013**	21,469

Note:

The non-taxable income mainly contains interest income arising from PRC government bonds and local government bonds and dividends from equity investments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

13 Benefits and interests of directors

(a) Directors' emoluments

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking for the year ended 31 December 2023 are set out as follows:

	For the year ended 31 December 2023									
	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary								Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Social securities in Chinese mainland	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as committee member		Total
Name of Current Directors										
Executive Directors:										
Xi Guohua (i)	-	0.36	0.39	-	-	0.15	0.09	-	-	0.99
Liu Zhengjun (i)(ii)	-	0.32	0.34	-	-	0.15	0.09	-	-	0.90
Wang Guoquan (formerly known as Wang Guoquan) (i)(ii)	-	0.32	0.34	-	-	0.15	0.09	-	-	0.90
Non-executive Directors										
Yu Yang	-	-	-	-	-	-	-	-	-	-
Zhang Lin	-	-	-	-	-	-	-	-	-	-
Li Yi (formerly known as Li Ruyi)	-	-	-	-	-	-	-	-	-	-
Yue Xuekun (ii)	-	-	-	-	-	-	-	-	-	-
Yang Xiaoping	0.34	-	-	-	-	-	-	0.14	-	0.48
Mu Guoxin (ii)	-	-	-	-	-	-	-	-	-	-
Li Zimin (ii)	-	-	-	-	-	-	-	-	-	-
Independent Non-executive Directors:										
Francis Siu Wai Keung	0.34	-	-	-	-	-	-	0.25	-	0.59
Xu Jinwu	0.34	-	-	-	-	-	-	0.23	-	0.57
Anthony Francis Neo	0.34	-	-	-	-	-	-	0.23	-	0.57
Gregory Lynn Curl	0.34	-	-	-	-	-	-	0.05	-	0.39
Toshikazu Tagawa	0.34	-	-	-	-	-	-	-	-	0.34
Name of Former Directors										
Zhu Hexin (i)(ii)	-	0.36	0.39	-	-	0.15	0.10	-	-	1.00
Tang Jiang (iii)	-	-	-	-	-	-	-	-	-	-
	2.04	1.36	1.46	-	-	0.60	0.37	0.90	-	6.73

Notes:

(i) The emoluments for the year ended 31 December 2023 in respect of Mr. Zhu Hexin, Mr. Xi Guohua, Mr. Liu Zhengjun and Mr. Wang Guoquan (formerly known as Wang Guoquan) have not been finalised in accordance with the regulations of the relevant local authorities.

(ii) Changes in directors during the year ended 31 December 2023:

(1) From 15 March 2023, Mr. Liu Zhengjun and Mr. Wang Guoquan (formerly known as Wang Guoquan) serve as the executive directors of the Company. From 9 January 2023, Mr. Yue Xuekun serves as the non-executive directors of the Company. From 26 October 2023, Mr. Mu Guoxin serves as the non-executive directors of the Company. From 29 December 2023, Mr. Li Zimin serves as the non-executive director of the Company.

(2) From 13 December 2023, Mr. Zhu Hexin resigned as the executive director of the Company.

(iii) On 26 March 2023, Mr. Tang Jiang passed away.

13 Benefits and interests of directors (Continued)

(a) Directors' emoluments (Continued)

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking for the year ended 31 December 2022 are set out as follows:

	For the year ended 31 December 2022 (Restated)									
	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary								Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Social securities in Chinese mainland	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as committee member		Total
Name of Current Directors										
Executive Directors:										
Zhu Hexin (i)	-	0.38	0.50	-	-	0.15	0.07	-	-	1.10
Xi Guohua (i)	-	0.38	0.50	-	-	0.15	0.07	-	-	1.10
Non-executive Directors										
Yu Yang	-	-	-	-	-	-	-	-	-	-
Zhang Lin (ii)	-	-	-	-	-	-	-	-	-	-
Li Yi (formerly known as Li Ruyi) (ii)	-	-	-	-	-	-	-	-	-	-
Yang Xiaoping	0.33	-	-	-	-	-	-	0.13	-	0.46
Tang Jiang (ii)(iii)	-	-	-	-	-	-	-	-	-	-
Independent Non-executive Directors:										
Francis Siu Wai Keung	0.33	-	-	-	-	-	-	0.24	-	0.57
Xu Jinwu	0.33	-	-	-	-	-	-	0.21	-	0.54
Anthony Francis Neo	0.33	-	-	-	-	-	-	0.21	-	0.54
Gregory Lynn Curl	0.33	-	-	-	-	-	-	0.04	-	0.37
Toshikazu Tagawa	0.33	-	-	-	-	-	-	-	-	0.33
Name of Former Directors										
Li Qingping (i)(ii)	-	0.19	0.16	-	0.03	0.11	0.06	-	-	0.55
Song Kangle (ii)	-	-	-	-	-	-	-	-	-	-
Peng Yanxiang (ii)	-	-	-	-	-	-	-	-	-	-
	1.98	0.95	1.16	-	0.03	0.41	0.20	0.83	-	5.56

Notes:

(i) The emoluments for the year ended 31 December 2022 in respect of Mr. Zhu Hexin, Mr. Xi Guohua, and Ms. Li Qingping is restated based on the final results confirmed by the national authority.

(ii) Changes in directors during the year ended 31 December 2022:

(1) From 4 January 2022, Mr. Zhang Lin and Mr. Tang Jiang serve as the non-executive directors of the Company. From 30 November 2022, Ms. Li Yi (formerly known as Li Ruyi) serves as the non-executive director of the Company.

(2) From 21 October 2022, Ms. Li Qingping resigned as the executive director of the Company. From 30 November 2022, Mr. Song Kangle and Mr. Peng Yanxiang resigned as the non-executive directors of the Company.

(iii) On 26 March 2023, Mr. Tang Jiang passed away.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

13 Benefits and interests of directors (Continued)

(b) Other benefits and interests

For the year ended 31 December 2023, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2022: None). No consideration was provided to or receivable by third parties for making available directors' services (2022: None). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2022: None).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year ended 31 December 2023 (2022: None).

14 Individuals with highest emoluments

For the year ended 31 December 2023, none of the five highest paid individuals are directors (2022: None) whose emoluments are disclosed in Note 13. The aggregate of the emoluments in respect of these five individuals (2022: five) are as follows:

	For the year ended 31 December	
	2023	2022 (Restated)
Salaries and other emoluments	**14.12**	19.63
Discretionary bonuses	**57.38**	39.76
Retirement scheme contributions	**1.39**	1.25
	72.89	60.64

The emoluments of the five individuals (2022: five) with the highest emoluments are within the following bands:

	For the year ended 31 December	
	2023 Number of individuals	*2022* Number of individuals
RMB9,500,001- RMB10,000,000	**–**	2
RMB11,000,001- RMB11,500,000	**–**	1
RMB12,000,001- RMB12,500,000	**–**	1
RMB12,500,001- RMB13,000,000	**–**	–
RMB13,000,001- RMB13,500,000	**1**	–
RMB14,000,001- RMB14,500,000	**2**	–
RMB15,000,001- RMB15,500,000	**1**	–
RMB15,500,001- RMB16,000,000	**1**	–
RMB17,500,001- RMB18,000,000	**–**	1
	5	5

15 Dividends

	For the year ended 31 December	
	2023	2022 (Restated)
2022 Final dividend paid: HK$0.451 (2021 Final: HK$0.456) per share	**11,988**	11,328
2023 Interim dividend paid: RMB0.18 (2022 Interim: HK$0.20) per share	**5,236**	5,082
2023 Final dividend proposed: RMB0.335 (2022 Final:HK$0.451) per share	**9,745**	11,988

16 Earnings per share

Basic earnings per share for the year ended 31 December 2023 is calculated by dividing profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares.

Diluted earnings per share for the year ended 31 December 2023 is calculated by dividing adjusted profit attributable to the ordinary shareholders of the Company based on assuming conversion of all potentially dilutive shares by the adjusted weighted average number of ordinary shares.

In 2019, China CITIC Bank Corporation Limited ("CITIC Bank"), a subsidiary of the Group, issued convertible bonds, the specific terms of which are disclosed in Note 45(f). The Group has subscribed 65.97% of the convertible bonds, the convertible bonds issued by CITIC Bank has no dilutive effect on earnings per share of the Company.

In 2022, CITIC Pacific Special Steel Group Co., Ltd. ("CITIC Special Steel"), a subsidiary of the Group, issued convertible bonds, the specific terms of which are disclosed in Note 45(f). The convertible bonds issued by CITIC Special Steel has a dilutive effect on profit attributable to ordinary shareholders of the Company, the calculation results of which are listed as below:

	For the year ended 31 December	
	2023	2022 (Restated)
Profit attributable to ordinary shareholders of the Company	**57,594**	64,931
Less: impact on profit attributable to ordinary shareholders of the Company assuming above convertible bonds converted	**(95)**	(115)
Profit attributable to ordinary shareholders of the Company (adjusted)	**57,499**	64,816
Weighted average number of ordinary shares (in million)	**29,090**	29,090
Basic earnings per share (RMB)	**1.98**	2.23
Diluted earnings per share (RMB)	**1.98**	2.23

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

17 Other comprehensive gain/(loss)

Components of other comprehensive gain/(loss)

	For the year ended 31 December	
	2023	2022 (Restated)
Items that may be reclassified subsequently to profit or loss:		
Fair value gains/(loss) on financial assets at FVOCI	**7,203**	(2,644)
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	**(732)**	(7,707)
Tax effect	**(1,328)**	1,940
	5,143	(8,411)
Change of loss allowance on debt instruments at FVOCI	**(70)**	441
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	**–**	–
Tax effect	**10**	(28)
	(60)	413
(Loss)/gains arising from cash flow hedge	**(194)**	1,326
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	**(17)**	(140)
Tax effect	**–**	(93)
	(211)	1,093
Share of other comprehensive loss of associates and joint ventures	**(2,776)**	(2,854)
Exchange differences on translation of financial statements and others	**1,132**	4,267
Items that will not be reclassified subsequently to profit or loss:		
Reclassification of owner-occupied property as investment property: revaluation (loss)/gain	**(2)**	23
Less: Tax effect	**–**	–
	(2)	23
Fair value changes on investments in equity instruments designated at FVOCI	**(187)**	225
Less: Tax effect	**49**	(5)
	(138)	220
	3,088	(5,249)

18 Segment reporting

The Group has presented five reportable operating segments which are comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance is regularly reviewed by the board of directors to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial position, financial performance and cash flows is available. The details of these five reportable segments are as follows:

– Comprehensive financial services: this segment includes banking, securities, trust, insurance and asset management services.

– Advanced intelligent manufacturing: this segment includes manufacturing of heavy machineries, specialised robotics, aluminium wheels, aluminium casting parts and other products.

– Advanced materials: this segment includes exploration, processing and trading of resources and energy products, including iron ore, copper and crude oil, as well as manufacturing of special steels.

– New consumption: this segment includes motor, food and consumer products business, telecommunication services, publication services, modern agriculture, and others.

– New-type urbanisation: this segment includes development, sale and holding of properties, contracting and design services, infrastructure services, environmental services, commercial aviation services and others.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources among segments, the board of directors monitors the results, assets and liabilities, revenue and expenses attributable to each reportable segment on the following bases:

Segment assets are those assets that are attributable to a segment, and segment liabilities are those liabilities that are attributable to a segment.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is “profit for the year”. To arrive at segment results, the Group’s profit is further adjusted for items not specifically attributed to individual segments, such as share of results of associates and joint ventures.

Inter-segment pricing is based on similar terms as those available to other external parties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

18 Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

	For the year ended 31 December 2023							
	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operation management	Elimination	Total
Revenue from external customers	268,048	50,434	267,513	51,422	43,367	48	–	680,832
Inter-segment revenue	2,200	218	187	122	914	94	(3,735)	–
Reportable segment revenue	270,248	50,652	267,700	51,544	44,281	142	(3,735)	680,832
Disaggregation of revenue:								
– Net interest income (Note 5(a))	150,583	–	–	–	–	91	(2,155)	148,519
– Net fee and commission income (Note 5(b))	61,700	–	–	–	–	4	(114)	61,590
– Sales of goods (Note 5(c))	4,740	49,794	266,087	37,751	14,100	–	(400)	372,072
– Services rendered to customers-construction contracts (Note 5(c))	–	797	–	–	16,053	–	(494)	16,356
– Services rendered to customers-others (Note 5(c))	–	61	1,613	13,793	14,128	47	(490)	29,152
– Other revenue (Note 5(d))	53,225	–	–	–	–	–	(82)	53,143
Share of profits/(losses) of associates, net of tax	1,561	61	1,213	368	2,606	(114)	–	5,695
Share of profits of joint ventures, net of tax	1,372	27	855	36	1,377	41	–	3,708
Finance income (Note 10)	–	58	1,274	105	1,156	700	(1,461)	1,832
Finance costs (Note 10)	–	(304)	(3,198)	(636)	(1,840)	(9,205)	3,011	(12,172)
Depreciation and amortisation (Note 11(b))	(9,900)	(1,270)	(7,969)	(1,931)	(1,914)	(75)	–	(23,059)
Expected credit losses (Note 8)	(61,135)	(469)	(98)	12	(4,073)	148	–	(65,615)
Impairment losses (Note 9)	(286)	(456)	776	(216)	(3,803)	(610)	–	(4,595)
Profit/(loss) before taxation	108,186	1,903	17,035	2,012	2,471	(7,548)	(772)	123,287
Income tax (Note 12)	(13,757)	(169)	(2,163)	(374)	(451)	(1,071)	(28)	(18,013)
Profit/(loss) for the year	94,429	1,734	14,872	1,638	2,020	(8,619)	(800)	105,274
Attributable to:								
– Ordinary shareholders of the Company	50,496	827	12,731	1,032	2,163	(8,618)	(1,037)	57,594
– Non-controlling interests	43,933	907	2,141	606	(143)	(1)	237	47,680

18 Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

	As at 31 December 2023							
	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operation management	Elimination	Total
Reportable segment assets	10,609,132	60,415	363,781	55,704	338,424	46,281	(142,817)	11,330,920
Including:								
Interests in associates (Note 32)	27,306	1,116	22,950	9,645	47,833	941	–	109,791
Interests in joint ventures (Note 33)	13,412	553	7,732	1,809	31,827	1,454	–	56,787
Reportable segment liabilities	9,503,628	40,137	187,807	25,452	140,810	222,535	(126,231)	9,994,138
Including:								
Bank and other loans (Note 44) (note)	10,344	6,018	90,205	6,608	54,245	125,712	(58,000)	235,132
Debt instruments issued (Note 45) (note)	1,133,946	–	5,259	3,184	–	74,009	(2,818)	1,213,580

Note:

The amount is the principal excluding interest accrued.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

18 Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

	For the year ended 31 December 2022 (Restated)							
	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operation management	Elimination	Total
Revenue from external customers	266,604	51,599	242,577	53,037	49,593	28	–	663,438
Inter-segment revenue	1,853	217	585	113	1,338	121	(4,227)	–
Reportable segment revenue	268,457	51,816	243,162	53,150	50,931	149	(4,227)	663,438
Disaggregation of revenue:								
– Net interest income (Note 5(a))	159,304	–	–	–	–	115	(1,850)	157,569
– Net fee and commission income (Note 5(b))	65,300	–	–	–	–	4	(50)	65,254
– Sales of goods (Note 5(c))	5,010	50,609	241,493	40,089	14,953	–	(857)	351,297
– Services rendered to customers-construction contracts (Note 5(c))	–	444	–	–	21,388	–	(743)	21,089
– Services rendered to customers-others (Note 5(c))	–	763	1,669	13,061	14,590	27	(654)	29,456
– Other revenue (Note 5(d))	38,843	–	–	–	–	3	(73)	38,773
Share of profits/(losses) of associates, net of tax	2,708	(6)	1,338	(93)	2,514	33	–	6,494
Share of profits/(losses) of joint ventures, net of tax	1,257	52	911	(9)	2,415	46	–	4,672
Finance income (Note 10)	–	199	528	70	1,096	266	(752)	1,407
Finance costs (Note 10)	–	(367)	(1,906)	(467)	(1,465)	(6,114)	1,847	(8,472)
Depreciation and amortisation (Note 11(b))	(8,633)	(1,326)	(6,555)	(1,997)	(1,649)	(80)	–	(20,240)
Expected credit losses (Note 8)	(72,974)	(136)	(100)	(20)	(5,804)	29	–	(79,005)
Impairment losses (Note 9)	(255)	(203)	(371)	(584)	(6,132)	(39)	–	(7,584)
Profit before taxation	104,119	1,340	17,291	1,668	1,290	2,460	(876)	127,292
Income tax (Note 12)	(16,855)	(158)	(2,827)	(554)	(437)	(524)	(114)	(21,469)
Profit for the year	87,264	1,182	14,464	1,114	853	1,936	(990)	105,823
Attributable to:								
– Ordinary shareholders of the Company	48,068	531	13,004	533	1,846	1,939	(990)	64,931
– Non-controlling interests	39,196	651	1,460	581	(993)	(3)	–	40,892

18 Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

	As at 31 December 2022 (Restated)							
	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operation management	Elimination	Total
Reportable segment assets	9,969,800	58,955	234,215	55,397	336,976	51,174	(164,474)	10,542,043
Including:								
Interests in associates (Note 32)	26,798	846	22,895	6,899	46,007	1,019	–	104,464
Interests in joint ventures (Note 33)	15,316	526	7,236	1,745	34,155	1,486	–	60,464
Reportable segment liabilities	8,924,511	39,907	105,363	24,715	157,427	203,277	(147,834)	9,307,366
Including:								
Bank and other loans (Note 44) (note)	12,716	12,840	41,813	5,670	50,270	94,793	(62,014)	156,088
Debt instruments issued (Note 45) (note)	1,081,892	–	5,011	3,129	–	86,878	(1,831)	1,175,079

Note:

The amount is the principal excluding interest accrued.

18 Segment reporting (Continued)

(b) Geographical information

An analysis of the Group's revenue and total assets by geographical area are as follows:

	Revenue from external customers For the year ended 31 December		Reportable segment assets As at 31 December	
	2023	2022 (Restated)	**2023**	2022 (Restated)
Chinese mainland	**587,536**	576,850	**10,315,696**	9,636,931
Hong Kong, Macau and Taiwan	**44,246**	39,874	**638,695**	591,800
Overseas	**49,050**	46,714	**376,529**	313,312
	680,832	663,438	**11,330,920**	10,542,043

19 Cash and deposits

	As at 31 December	
	2023	2022 (Restated)
Cash	**4,504**	5,604
Bank deposits	**114,860**	109,936
Balances with central banks (note (i)):		
– Statutory deposit reserve funds (note (ii))	**357,686**	367,350
– Surplus deposit reserve funds (note (iii))	**52,473**	104,315
– Fiscal deposits (note (iv))	**356**	298
– Foreign exchange reserves (note (v))	**2,926**	1,693
Deposits with banks and non-bank financial institutions	**90,423**	86,207
	623,228	675,403
Accrued interest	**1,966**	2,022
	625,194	677,425
Less: allowance for impairment losses on deposits with banks and non-bank financial institutions (Note 48)	**(59)**	(98)
	625,135	677,327

19 Cash and deposits (Continued)

Notes:

(i) The balances with central banks represent deposits placed with central banks by CITIC Bank and CITIC Finance Company Limited ("CITIC Finance").

(ii) CITIC Bank and CITIC Finance place statutory deposit reserve funds with the People's Bank of China and overseas central banks where they have operations. The statutory deposit reserve funds are not available for use in their daily business.

As at 31 December 2023, the statutory deposit reserve funds placed by CITIC Bank with the People's Bank of China was calculated at 7% (31 December 2022: 7.5%) of eligible RMB deposits for domestic branches of CITIC Bank and at 7% (31 December 2022: 7.5%) of eligible RMB deposits from overseas financial institutions respectively. In addition, CITIC Bank was also required to deposit an amount equivalent to 4% (31 December 2022: 6%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve funds.

As at 31 December 2023, the statutory RMB deposit reserve rate applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited in Chinese mainland, a subsidiary of CITIC Bank, according to the corresponding regulations of the People's Bank of China, was at 5% (31 December 2022: 5%).

The amounts of statutory deposit reserve funds placed with the central banks of overseas countries are determined by respective jurisdictions. The statutory deposit reserve funds are interest bearing except for the foreign currency reserve funds deposits placed with the People's Bank of China.

As at 31 December 2023, the statutory deposit reserve funds placed by CITIC Finance with the People's Bank of China was calculated at 5% (31 December 2022: 5%) of eligible RMB deposits from the customers of CITIC Finance. CITIC Finance is also required to deposit an amount equivalent to 6% (31 December 2022: 6%) of its foreign currency deposits from the customers as statutory deposit reserve funds.

(iii) The surplus deposit reserve funds are maintained with the People's Bank of China for the purposes of clearing.

(iv) Fiscal deposits placed with the People's Bank of China are not available for use in the Group's daily operations, and are non-interest bearing (unless otherwise stipulated by the local People's Bank of China).

(v) The foreign exchange reserve is maintained by CITIC Bank with the People's Bank of China in accordance with the related notice issued by the People's Bank of China. The reserve is required to be maintained on a monthly basis at 20% of the total contract amount of customers driven forward transactions in the previous month. Such foreign exchange reserve is non-interest bearing and will be maintained for in 12 months according to the notice.

(vi) In addition to the statutory deposit reserve funds, fiscal deposits and foreign exchange reserves, RMB17,357 million (31 December 2022: RMB8,840 million) included in cash and deposits as at 31 December 2023 were restricted in use, mainly including guaranteed pledged bank deposits, guaranteed deposits and risk reserve.

20 Cash held on behalf of customers

CITIC Securities, the Group's subsidiary, maintains segregated deposit accounts with banks and authorised institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as customer brokerage deposits (Note 40). In Chinese mainland, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission. In Hong Kong, the "Securities and Futures (Client Money) Rules" together with the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by relevant authorities.

21 Placements with banks and non-bank financial institutions

	As at 31 December	
	2023	2022 (Restated)
Banks	**88,447**	56,517
Non-bank financial institutions	**148,150**	159,939
	236,597	216,456
Accrued interest	**1,288**	1,038
	237,885	217,494
Less: allowance for impairment losses (Note 48)	**(143)**	(140)
	237,742	217,354
Analysed by remaining maturity:		
– Within 1 month	**70,820**	43,800
– Between 1 month and 1 year	**164,277**	130,906
– Over 1 year	**1,500**	41,750
	236,597	216,456
Accrued interest	**1,288**	1,038
	237,885	217,494
Less: allowance for impairment losses (Note 48)	**(143)**	(140)
	237,742	217,354

22 Derivative financial instruments

The Group's subsidiaries under the financial services act as an intermediary to offer derivative products including forwards, swaps and option transactions. These derivative positions are managed through entering back-to-back deals with external parties to ensure the remaining exposures are within acceptable risk levels. Meanwhile, derivatives are also used for proprietary trading purposes to manage its own asset and liability and structural positions. Derivatives, except for those which are designated as hedging instruments, are held for trading. Derivatives classified as held for trading are for trading and customer initiated transactions purpose, and those for risk management purposes but do not meet the criteria for hedge accounting.

Subsidiaries under non-financial services of the Group enter into forward and swap contracts to hedge their exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

The following tables and notes provide an analysis of the nominal amounts of derivatives and the corresponding fair values as at the financial position date. The nominal amounts of the derivatives provide a basis for comparison with fair values of derivatives recognised on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the derivatives and, therefore, do not indicate the Group's exposure to credit or market risks.

	As at 31 December					
	2023			2022		
	Nominal amount	**Assets**	**Liabilities**	Nominal amount (Restated)	Assets (Restated)	Liabilities (Restated)
Hedging instruments						
Fair value hedge						
– Interest rate derivatives	5,216	168	–	600	9	–
– Currency derivatives	2,001	179	–	1,976	176	–
Cash flow hedge						
– Interest rate derivatives	4,009	141	34	13,026	272	92
– Currency derivatives	112	3	13	213	5	9
– Other derivatives	46	46	–	92	92	–
Non-hedging instruments						
– Interest rate derivatives	6,882,563	24,618	24,058	4,932,627	22,730	21,351
– Currency derivatives	3,422,469	31,967	29,095	3,329,629	33,752	33,657
– Equity derivatives	681,454	18,337	16,413	507,788	19,696	11,611
– Precious metals derivatives	79,567	621	1,279	35,523	250	598
– Credit derivatives	14,167	37	47	12,110	79	152
– Other derivatives	794,594	1,445	2,816	855,985	3,806	4,923
	11,886,198	77,562	73,755	9,689,569	80,867	72,393

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

22 Derivative financial instruments (Continued)

(a) Nominal amount analysed by remaining maturity

	As at 31 December	
	2023	2022 (Restated)
Within 3 months	**4,014,043**	3,402,581
Between 3 months and 1 year	**4,607,586**	3,191,979
Between 1 year and 5 years	**3,028,705**	2,549,186
Over 5 years	**235,864**	545,823
	11,886,198	9,689,569

(b) Credit risk weighted amounts

The credit risk weighted amounts are solely in connection with the derivatives held by CITIC Bank, and have been computed in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" promulgated by the former China Banking and Insurance Regulatory Commission in the year of 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments including those customer-driven back-to-back transactions. As at 31 December 2023, the credit risk weighted amount for counterparty was RMB28,225 million (31 December 2022: RMB24,579 million).

23 Trade and other receivables

	As at 31 December	
	2023	2022 (Restated)
Account and bills receivables (note (a))	**92,408**	68,993
Advanced payments and settlement accounts (note (b))	**25,743**	22,477
Accounts due from brokers	**24,488**	26,731
Prepayments, deposits and other receivables (note (c))	**130,432**	107,005
	273,071	225,206
Less: allowance for impairment losses (Note 48)	**(18,619)**	(13,814)
	254,452	211,392

As at 31 December 2023, the amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is RMB2,008 million (31 December 2022: RMB2,845 million). The remaining trade and other receivables are expected to be recovered or recognised as expense within one year.

23 Trade and other receivables (Continued)

(a) Account and bills receivables

(i) Account and bills receivables at amortised cost by overdue analysis

As at 31 December 2023, the analysis of account and bills receivables at amortised cost of the Group based on the days overdue is as follows:

	As at 31 December 2023		
	Expected credit loss rate	**Gross carrying amount**	**Loss allowance provision**
Current	**2%**	**56,405**	**(1,322)**
Up to 3 months overdue	**8%**	**4,575**	**(367)**
3 months to 1 year overdue	**8%**	**2,827**	**(214)**
Over 1 year overdue	**59%**	**15,797**	**(9,275)**
		79,604	**(11,178)**

	As at 31 December 2022 (Restated)		
	Expected credit loss rate	Gross carrying amount	Loss allowance provision
Current			
Up to 3 months overdue	2%	43,490	(915)
3 months to 1 year overdue	3%	1,871	(62)
Over 1 year overdue	5%	3,181	(151)
	55%	15,644	(8,582)
		64,186	(9,710)

Note:

Each business unit has its own defined credit policy that is specific to the respective business environment and market practice.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

23 Trade and other receivables (Continued)

(a) Account and bills receivables (Continued)

(ii) Account and bills receivables at amortised cost by ageing analysis

As at 31 December, the ageing analysis of account and bills receivables at amortised cost of the Group based on invoice date is as follows:

	As at 31 December	
	2023	2022 (Restated)
Within 1 year	**56,085**	43,764
Over 1 year	**23,519**	20,422
	79,604	64,186
Less: allowance for impairment losses (Note 48)	**(11,178)**	(9,710)
	68,426	54,476

(iii) As at 31 December 2023, the carrying amount of bills receivables at FVOCI was RMB12,804 million (31 December 2022: RMB4,807 million).

(iv) The movements in the allowance for impairment losses on trade and other receivables during the years ended 31 December 2023 and 2022 are disclosed in Note 48.

(b) Advanced payments and settlement accounts

	As at 31 December	
	2023	2022 (Restated)
Advanced payments and settlement accounts	**25,743**	22,477
Less: allowance for impairment losses (Note 48)	**(204)**	(206)
	25,539	22,271

(c) Prepayments, deposits and other receivables

	As at 31 December	
	2023	2022 (Restated)
Prepayments, deposits and other receivables	**130,432**	107,005
Less: allowance for impairment losses (Note 48)	**(7,237)**	(3,898)
	123,195	103,107

24 Contract assets and contract liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 31 December	
	2023	2022 (Restated)
Contract assets	**24,509**	20,774
Less: Allowance for impairment losses (note(a))	**(197)**	(46)
Total contract assets	**24,312**	20,728
Advances from contracts with customers	**31,482**	29,596
Total contract liabilities	**31,482**	29,596

(a) Assessment of allowance for impairment losses of contract

	As at 31 December	
	2023	2022 (Restated)
Expected credit loss rate (note)	**0.80%**	0.22%
Gross carrying amount	**24,509**	20,774
Loss allowance provision	**(197)**	(46)

Note:

The ECL rate here is the average rate of loss allowance provision divided by gross carrying amount.

(b) Revenue recognised during the year that related to carried-forward contract liabilities

	For the year ended 31 December	
	2023	2022 (Restated)
Revenue from contracts with customers	**17,444**	16,716

(c) Revenue to be recognised in relating to unsatisfied performance obligations

As at 31 December 2023, transaction price allocated to unsatisfied contracts of the Group amounted at RMB88,129 million (31 December 2022: RMB82,853 million), of which RMB52,685 million is expected to be recognised as revenue in the next year (31 December 2022: RMB26,920 million) and the remaining RMB35,444 million is expected to be recognised after more than one year (31 December 2022: RMB55,932 million).

25 Inventories

	As at 31 December	
	2023	2022 (Restated)
Raw materials	**16,623**	10,417
Work-in-progress	**11,855**	8,034
Finished goods	**37,060**	27,936
Properties:		
– Properties under development	**38,721**	49,209
– Properties held-for-sale	**21,616**	3,942
– Others	**5,865**	5,893
Others	**3,402**	3,619
	135,142	109,050

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	For the year ended 31 December	
	2023	2022 (Restated)
Carrying amount of inventories sold	**372,794**	321,646
Write-down of inventories (Note 48)	**4,033**	750
Reversal of write-down of inventories (Note 48)	**(630)**	(347)
	376,197	322,049

As at 31 December 2023, the Group's inventories included an amount of RMB35,322 million expected to be recovered after more than one year (31 December 2022: RMB50,635 million).

26 Financial assets held under resale agreements

	As at 31 December	
	2023	2022 (Restated)
Analysed by counterparties:		
– Banks	**54,937**	15,259
– Non-bank financial institutions	**54,644**	2,903
– Others	**54,481**	27,451
	164,062	45,613
Accrued interest	**150**	100
	164,212	45,713
Less: allowance for impairment losses (Note 48)	**771**	–
	164,983	45,713

Analysed by types of collateral:

As at 31 December 2023, the collateral of the Group's financial assets held under resale agreements are securities or others (31 December 2022: securities or others).

Analysed by remaining maturity:

As at 31 December 2023, the Group's financial assets held under resale agreements will expire between 0 year and 5 years (31 December 2022: between 0 year and 5 years).

27 Loans and advances to customers and other parties

(a) Loans and advances to customers and other parties analysed by nature

	As at 31 December	
	2023	2022 (Restated)
Loans and advances to customers and other parties at amortised cost		
Corporate loans		
– Loans	**2,578,201**	2,419,077
– Discounted bills	**1,784**	3,704
– Finance lease receivables	**46,818**	46,566
	2,626,803	2,469,347
Personal loans		
– Residential mortgages	**1,003,320**	975,807
– Credit cards	**521,260**	511,101
– Business loans	**459,113**	378,819
– Personal consumption	**309,256**	260,436
– Finance lease receivables	**1,591**	370
	2,294,540	2,126,533
	4,921,343	4,595,880
Accrued interest	**20,188**	17,385
	4,941,531	4,613,265
Less: allowance for impairment losses (Note 48)	**(139,679)**	(137,495)
Carrying amount of loans and advances to customers and other parties at amortised cost	**4,801,852**	4,475,770
Loans and advances to customers and other parties at fair value through Profit and loss ("FVPL")		
Corporate loans		
– Loans	**5,558**	3,881
Loans and advances to customers and other parties at FVOCI		
Corporate loans		
– Loans	**58,064**	54,851
– Discounted bills	**514,666**	508,232
Carrying amount of loans and advances to customers and other parties at FVOCI	**572,730**	563,083
Total carrying amount of loans and advances	**5,380,140**	5,042,734
Allowance for impairment losses on loans and advances to customers and other parties at FVOCI (Note 48)	**(656)**	(629)

27 Loans and advances to customers and other parties (Continued)

(b) Assessment method of allowance for impairment losses

	As at 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3 (note)**	**Total**
Loans and advances at amortised cost	**4,753,741**	**96,222**	**71,380**	**4,921,343**
Accrued interest	**19,120**	**411**	**657**	**20,188**
Less: allowance for impairment losses	**(64,268)**	**(27,217)**	**(48,194)**	**(139,679)**
Carrying amount of loans and advances at amortised cost	**4,708,593**	**69,416**	**23,843**	**4,801,852**
Carrying amount of loans and advances at FVOCI	**572,273**	**345**	**112**	**572,730**
Total carrying amount of loans and advances for which allowance for impairment losses is recognised	**5,280,866**	**69,761**	**23,955**	**5,374,582**
Allowance for impairment losses of loans and advances at FVOCI	**(586)**	**–**	**(70)**	**(656)**

	As at 31 December 2022			
	Stage 1 (Restated)	Stage 2 (Restated)	Stage 3 (note) (Restated)	Total (Restated)
Loans and advances at amortised cost	4,426,303	89,433	80,144	4,595,880
Accrued interest	14,547	2,125	713	17,385
Less: allowance for impairment losses	(61,602)	(22,648)	(53,245)	(137,495)
Carrying amount of loans and advances at amortised cost	4,379,248	68,910	27,612	4,475,770
Carrying amount of loans and advances at FVOCI	562,208	720	155	563,083
Total carrying amount of loans and advances for which allowance for impairment losses is recognised	4,941,456	69,630	27,767	5,038,853
Allowance for impairment losses of loans and advances at FVOCI	(523)	(27)	(79)	(629)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

27 Loans and advances to customers and other parties (Continued)

(b) Assessment method of allowance for impairment losses (Continued)

Notes:

Loans and advances at stage 3 are credit-impaired, details are as follows:

	As at 31 December	
	2023	2022 (Restated)
Secured portion	**34,988**	43,326
Unsecured portion	**37,161**	37,686
Total loans and advances that are credit-impaired	**72,149**	81,012
Allowance for impairment losses	**(48,264)**	(53,324)

As at 31 December 2023, the maximum exposure covered by fair value of pledge and collateral held against these loans and advances amounted to RMB34,094 million (31 December 2022: RMB42,542 million).

(c) Overdue loans by overdue period

	As at 31 December 2023				
	Overdue within 3 months	**Overdue between 3 months and 1 year**	**Overdue between 1 year and 3 years**	**Overdue over 3 years**	**Total**
Unsecured loans	**20,105**	**11,922**	**2,091**	**246**	**34,364**
Guaranteed loans	**1,558**	**4,243**	**2,600**	**1,018**	**9,419**
Secured loans					
– Loans secured by collateral	**15,564**	**12,520**	**10,618**	**1,053**	**39,755**
– Pledged loans	**3,790**	**1,084**	**2,387**	**137**	**7,398**
	41,017	**29,769**	**17,696**	**2,454**	**90,936**

	As at 31 December 2022				
	Overdue within 3 months (Restated)	Overdue between 3 months and 1 year (Restated)	Overdue between 1 year and 3 years (Restated)	Overdue over 3 years (Restated)	Total (Restated)
Unsecured loans	17,097	9,365	1,696	280	28,438
Guaranteed loans	2,892	2,341	2,365	1,989	9,587
Secured loans					
– Loans secured by collateral	12,441	13,046	7,091	2,337	34,915
– Pledged loans	2,751	6,601	2,189	763	12,304
	35,181	31,353	13,341	5,369	85,244

Overdue loans represent loans of which the principal or interest are overdue one day or more.

28 Margin accounts

	As at 31 December	
	2023	2022 (Restated)
Margin accounts	**118,137**	106,976
Less: allowance for impairment losses	**609**	–
Total	**118,746**	106,976

Margin accounts are funds that the Group lends to the customers for margin financing business.

As at 31 December 2023, the Group received collateral with fair value amounted to RMB444,292 million (31 December 2022: RMB431,795 million) in connection with its margin financing business.

29 Investments in financial assets

(a) Analysed by types

	As at 31 December	
	2023	2022 (Restated)
Financial assets at amortised cost		
Debt securities	**869,969**	873,627
Investment management products managed by non-bank financial institutions	**22,908**	39,628
Trust investment plans	**194,110**	226,257
Certificates of deposit and certificates of interbank deposit	**1,064**	3,923
Investments in creditor's rights on assets	**1,900**	1,900
Others	**2,087**	336
	1,092,038	1,145,671
Accrued interest	**12,623**	10,495
	1,104,661	1,156,166
Less: allowance for impairment losses (Note 48)	**(28,622)**	(31,570)
	1,076,039	1,124,596
Financial assets at FVPL		
Debt securities	**312,247**	242,970
Investment management products managed by non-bank financial institutions	**12,706**	19,149
Trust investment plans	**11,432**	6,315
Certificates of deposit and certificates of interbank deposit	**99,972**	48,083
Wealth management products	**6,161**	3,022
Investment funds	**553,540**	555,883
Equity investment	**258,178**	224,831
Others	**37,879**	35,633
	1,292,115	1,135,886

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

29 Investments in financial assets (Continued)

(a) Analysed by types (Continued)

	As at 31 December	
	2023	2022 (Restated)
Debt investments at FVOCI (note (i))		
Debt securities	**934,693**	822,379
Certificates of deposit and certificates of interbank deposit	**25,872**	44,525
	960,565	866,904
Accrued interest	**7,238**	6,463
	967,803	873,367
Equity investments at FVOCI (note (i))		
Equity investment	**20,183**	8,997
Others	**227**	350
	20,410	9,347
	3,356,367	3,143,196
Allowance for impairment losses on debt investments at FVOCI (Note 48)	**(3,284)**	(3,069)

Note:

(i) Financial assets measured at FVOCI.

	As at 31 December 2023		
	Equity instruments	**Debt instruments**	**Total**
Cost/amortised cost	**20,630**	**960,959**	**981,589**
Accumulative fair value change in other comprehensive income	**(220)**	**(394)**	**(614)**
Accrued interest	**–**	**7,238**	**7,238**
Carrying amount	**20,410**	**967,803**	**988,213**
Allowance for impairment losses (Note 48)	**Not applicable**	**(3,284)**	**(3,284)**

	As at 31 December 2022		
	Equity instruments (Restated)	Debt instruments (Restated)	Total (Restated)
Cost/amortised cost	9,452	873,432	882,884
Accumulative fair value change in other comprehensive income	(105)	(6,528)	(6,633)
Accrued interest	–	6,463	6,463
Carrying amount	9,347	873,367	882,714
Allowance for impairment losses (Note 48)	Not applicable	(3,069)	(3,069)

29 Investments in financial assets (Continued)

(b) Analysed by counterparties

	As at 31 December	
	2023	2022 (Restated)
Issued by:		
– Government	1,526,497	1,162,046
– Policy banks	75,992	109,549
– Banks and non-bank financial institutions	1,351,070	1,490,147
– Corporates	380,959	362,987
– Public entities	2,064	1,593
	3,336,582	3,126,322
Accrued interest	19,785	16,874
	3,356,367	3,143,196
– Listed in Hong Kong	91,807	101,516
– Listed outside Hong Kong	2,778,478	2,534,409
– Unlisted	466,297	490,397
	3,336,582	3,126,322
Accrued interest	19,785	16,874
	3,356,367	3,143,196

Bonds traded in China's inter-bank bond market are "listed outside Hong Kong".

(c) Analysed by assessment method of allowance for impairment losses

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount of investments in financial assets at amortised cost	1,036,744	6,081	49,213	1,092,038
Accrued interest	12,061	488	74	12,623
Less: allowance for impairment losses	(3,384)	(1,405)	(23,833)	(28,622)
Carrying amount of investments in financial assets at amortised cost	1,045,421	5,164	25,454	1,076,039
Gross carrying amount of debt investments in financial assets at FVOCI	958,971	664	930	960,565
Accrued interest	7,104	4	130	7,238
Carrying amount of debt investments in financial assets at FVOCI	966,075	668	1,060	967,803
Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised	2,011,496	5,832	26,514	2,043,842
Allowance for impairment losses on debt investments in financial assets at FVOCI	(2,221)	(234)	(829)	(3,284)

29 Investments in financial assets (Continued)

(c) Analysed by assessment method of allowance for impairment losses (Continued)

	As at 31 December 2022			
	Stage 1 (Restated)	Stage 2 (Restated)	Stage 3 (Restated)	Total (Restated)
Gross carrying amount of investments in financial assets at amortised cost	1,083,385	5,159	57,127	1,145,671
Accrued interest	10,237	138	120	10,495
Less: allowance for impairment losses	(3,517)	(1,434)	(26,619)	(31,570)
Carrying amount of investments in financial assets at amortised cost	1,090,105	3,863	30,628	1,124,596
Gross carrying amount of debt investments in financial assets at FVOCI	865,688	136	1,080	866,904
Accrued interest	6,440	–	23	6,463
Carrying amount of debt investments in financial assets at FVOCI	872,128	136	1,103	873,367
Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised	1,962,233	3,999	31,731	1,997,963
Allowance for impairment losses on debt investments in financial assets at FVOCI	(1,555)	(98)	(1,416)	(3,069)

30 Refundable deposits

	As at 31 December	
	2023	2022 (Restated)
Trading deposits	**58,682**	52,895
Performance deposits	**3,048**	15,083
Credit deposits	**452**	1,180
	62,182	69,158

31 Subsidiaries

The particulars of the principal subsidiaries are set out in Note 61.

The following table lists out the information relating to CITIC Bank, CITIC Securities, CITIC Heavy Industries Co., Limited ("CITIC Heavy Industries"), CITIC Telecom International Holdings Limited ("CITIC Telecom International") and CITIC Resources Holdings Limited ("CITIC Resources"), which are listed subsidiaries of the Group and have material non-controlling interests. The summarised financial information below is before elimination of inter-group transactions and balances:

	As at 31 December									
	CITIC Bank		CITIC Securities		CITIC Heavy Industries		CITIC Telecom International		CITIC Resources	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Listed in:	Hong Kong and Shanghai		Hong Kong and Shanghai		Shanghai		Hong Kong		Hong Kong	
Non-controlling interests percentage	34.07%	34.03%	80.76%	81.55%	32.73%	32.73%	42.45%	42.27%	40.50%	40.50%
Total assets	9,052,484	8,547,543	1,456,211	1,311,382	18,351	19,506	15,735	16,241	10,534	11,112
Mainly including:										
Cash and deposits	497,517	556,215	109,773	112,402	1,202	1,632	1,564	1,774	1,345	1,903
Cash held on behalf of customers	–	–	239,019	245,723	–	–	–	–	–	–
Placements with banks and non-bank financial institutions	237,742	218,164	–	–	–	–	–	–	–	–
Derivative financial instruments	44,675	44,383	32,754	36,389	–	–	–	–	66	92
Financial assets held under resale agreements	104,773	13,730	62,209	31,483	–	–	–	–	–	–
Loans and advances to customers and other parties	5,383,750	5,038,967	–	–	–	–	–	–	–	–
Margin accounts	–	–	118,746	106,976	–	–	–	–	–	–
Investments in financial assets	2,592,906	2,502,869	715,744	601,200	505	508	–	–	–	–
Fixed assets	38,309	34,430	9,532	9,071	3,945	4,215	1,802	2,075	3,614	3,217
Right-of-use assets	10,643	10,824	15,699	9,597	55	20	411	535	44	68

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

31 Subsidiaries (Continued)

	As at 31 December									
	CITIC Bank		CITIC Securities		CITIC Heavy Industries		CITIC Telecom International		CITIC Resources	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)
Total liabilities	(8,317,809)	(7,861,713)	(1,181,983)	(1,052,793)	(10,113)	(11,663)	(5,890)	(6,887)	(3,428)	(4,175)
Mainly including:										
Borrowing from central banks	(273,226)	(119,422)	–	–	–	–	–	–	–	–
Deposits from banks and non-bank financial institutions	(927,887)	(1,143,776)	–	–	–	–	–	–	–	–
Placements from banks and non-bank financial institutions	(86,327)	(70,741)	(53,623)	(29,581)	–	–	–	–	–	–
Customer brokerage deposits	–	–	(283,821)	(279,402)	–	–	–	–	–	–
Trade and other payables	–	–	(198,061)	(205,287)	(3,181)	(2,608)	(834)	(1,074)	(220)	(95)
Derivative financial instruments	(41,850)	(44,265)	(32,006)	(28,123)	–	–	–	–	–	–
Financial assets sold under repurchase agreements	(463,018)	(256,194)	(283,346)	(214,283)	–	–	–	–	–	–
Deposits from customers	(5,467,657)	(5,157,864)	–	–	–	–	–	–	–	–
Bank and other loans	–	–	(7,957)	(10,073)	(2,266)	(3,834)	(319)	(847)	(1,622)	(2,307)
Lease liabilities	(10,245)	(10,272)	(2,429)	(1,972)	(58)	(21)	(308)	(406)	(37)	(55)
Net assets	734,675	685,830	274,228	258,589	8,238	7,843	9,845	9,354	7,106	6,937
Equity attributable to										
– Ordinary shareholders of subsidiaries	602,281	550,477	268,867	253,335	8,017	7,635	9,747	9,266	7,034	6,919
– Non-controlling interests in subsidiaries	132,394	135,353	5,361	5,254	221	208	98	88	72	18
Carrying amount of non-controlling interests	337,591	322,680	225,723	214,388	2,845	2,707	4,236	4,005	2,921	2,820

31 Subsidiaries (Continued)

	For the year ended 31 December									
	CITIC Bank		CITIC Securities		CITIC Heavy Industries		CITIC Telecom International		CITIC Resources	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)
Revenue	205,570	211,109	60,068	49,640	9,557	8,827	8,994	8,692	3,445	5,043
Profit/(loss) for the year	68,062	62,950	20,379	16,954	394	165	1,127	1,052	557	1,204
Total comprehensive income for the year	73,637	59,249	21,455	18,090	419	178	1,152	979	493	1,028
Profit attributable to non-controlling interests	23,878	25,139	16,976	14,018	136	68	489	461	262	520
Dividends paid to non-controlling interests	10,871	10,292	6,935	7,355	16	35	354	317	–	–
Net cash (used in)/generated from operating activities	(918)	195,066	(34,133)	(13,736)	1,200	1,213	1,694	2,340	1,040	1,851
Net cash generated from/(used in) investing activities	1,887	(115,873)	(18,198)	(6,363)	(40)	(165)	(141)	(572)	74	(740)
Net cash (used in)/generated from financing activities	(63,102)	(32,539)	48,281	(58,297)	(1,692)	(1,494)	(1,711)	(1,889)	(1,304)	(1,338)

32 Interests in associates

	As at 31 December	
	2023	2022 (Restated)
Carrying value	118,049	112,387
Less: allowance for impairment losses (Note 48)	(8,258)	(7,923)
	109,791	104,464

Note:

As at 13 April 2022, CITIC Securities has been included in the scope of the consolidation financial statements, and CITIC Securities was an material associate before the combination date.

The particulars of the principal associates are set out in Note 61.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

32 Interests in associates (Continued)

Summarised financial information of the material associates are disclosed below:

	As at 31 December					
	China Overseas Land & Investment Limited		CSC Financial Co., Ltd.		Ivanhoe Mines Ltd.	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)
Listed in:	Hong Kong		Hong Kong, Shanghai		Canada	
Gross amount of the associates						
Total assets	945,892	935,254	522,752	509,206	44,285	36,487
Total liabilities	(530,692)	(540,156)	(425,226)	(415,910)	(10,538)	(8,313)
Net assets	415,200	395,098	97,526	93,296	33,747	28,174
Equity attributable to:						
– Associates' shareholders	395,306	376,479	97,478	93,252	34,191	28,443
– Non-controlling interests in associates	19,894	18,619	48	44	(444)	(269)
	415,200	395,098	97,526	93,296	33,747	28,174

	For the year ended 31 December					
	China Overseas Land & Investment Limited		CSC Financial Co., Ltd.		Ivanhoe Mines Ltd.	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)
Revenue	202,524	180,322	33,979	36,471	–	–
Profit for the year	26,602	24,132	7,047	7,530	2,247	2,732
Other comprehensive (loss)/income for the year	(284)	(1,473)	271	(104)	432	2,201
Total comprehensive income for the year	26,318	22,659	7,318	7,426	2,679	4,933
Dividends received from associates	740	1,093	196	291	–	–
Reconciled to the Group's interests in associates						
Gross amounts of net assets of associates attributable to the associates' shareholders	395,306	376,479	97,478	93,252	34,191	28,443
Group's effective interest	10.01%	10.01%	9.47%	9.47%	24.81%	25.86%
Group's share of net assets of associates	39,570	37,686	9,231	8,831	8,483	7,355
Goodwill and others	1,266	1,266	3,805	3,786	(157)	(151)
Impairment of interests in associates	(3,539)	(3,539)	–	–	–	–
Carrying amounts in the consolidated statement of financial position	37,297	35,413	13,036	12,617	8,326	7,204
Quoted fair value	13,661	20,160	11,257	11,238	21,710	17,071

32 Interests in associates (Continued)

Note:

Aggregate information of associates that are not individually material:

	As at 31 December	
	2023	2022 (Restated)
Aggregate carrying amount of individually immaterial associates in the consolidated statement of financial position	**51,132**	49,230
Aggregate amount of the Group's share of those immaterial associates:		
Profit for the year	**2,091**	3,073
Other comprehensive loss for the year	**(32)**	(68)
Total comprehensive income for the year	**2,059**	3,005

33 Interests in joint ventures

	As at 31 December	
	2023	2022 (Restated)
Carrying value	**58,305**	61,806
Less: allowance for impairment losses (Note 48)	**(1,518)**	(1,342)
	56,787	60,464

The particulars of the principal joint ventures are set out in Note 61.

Summarised financial information of the material joint ventures are disclosed below:

	As at 31 December					
	CITIC-Prudential Life Insurance Co., Ltd.		China Shipbuilding Properties Co., Ltd.		Shanghai Ruibo Real Properties Co., Ltd.	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)
Gross amount of the joint ventures						
Total assets	236,287	208,757	16,260	14,049	33,221	29,771
Total liabilities	(225,093)	(192,319)	(8,819)	(6,781)	(24,223)	(21,256)
Net assets	11,194	16,438	7,441	7,268	8,998	8,515
Equity attributable to:						
– Joint ventures' shareholders	10,577	15,856	7,441	7,268	8,998	8,515
– Non-controlling interests in joint ventures	617	582	–	–	–	–
	11,194	16,438	7,441	7,268	8,998	8,515

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

33 Interests in joint ventures (Continued)

	For the year ended 31 December					
	CITIC-Prudential Life Insurance Co., Ltd.		China Shipbuilding Properties Co., Ltd.		Shanghai Ruibo Real Properties Co., Ltd.	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)
Revenue	11,952	9,722	533	3,452	3,662	63
Net profit	1,132	1,304	168	1,000	435	2,336
Other comprehensive income for the year	(6,238)	(5,282)	–	–	–	–
Total comprehensive income for the year	(5,106)	(3,978)	168	1,000	435	2,336
Dividends received from joint ventures	626	–	–	–	–	–
Reconciled to the Group's interests in joint ventures						
Gross amounts of net assets of joint ventures attributable to joint ventures' shareholders	10,577	15,856	7,441	7,268	8,998	8,515
Group's effective interest	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Group's share of net assets of joint ventures	5,289	7,928	3,721	3,634	4,499	4,258
Goodwill and others	1,156	1,138	874	811	253	265
Carrying amount in the consolidated statement of financial position	6,445	9,066	4,595	4,445	4,752	4,523

Aggregate information of joint ventures that are not individually material:

	As at 31 December	
	2023	2022 (Restated)
Aggregate carrying amount of individually immaterial joint ventures in the consolidated statement of financial position	40,995	42,430
Aggregate amount of the Group's share of individually immaterial joint ventures		
Profit for the year	2,763	2,412
Other comprehensive loss for the year	(586)	(44)
Total comprehensive income for the year	2,177	2,368

34 Fixed assets

	Property, plant and equipment							
	Plant and buildings	Machinery and equipment	Construction in progress	Office and other equipment	Vehicles and vessels	Others	Total	Investment properties
Cost or valuation:								
At 1 January 2023 (restated)	94,467	149,277	19,662	20,409	13,881	9,584	307,280	35,407
Exchange adjustments	369	1,626	(252)	59	57	121	1,980	185
Business combinations	9,661	30,714	5,870	659	482	5	47,391	220
Additions	563	7,055	7,690	7,846	662	1,049	24,865	693
Disposals	(1,676)	(1,632)	(790)	(1,120)	(909)	(999)	(7,126)	(341)
Transfers	2,654	5,023	(12,134)	648	574	1,089	(2,146)	2,146
Changes in fair value of investment properties	–	–	–	–	–	–	–	(157)
At 31 December 2023	106,038	192,063	20,046	28,501	14,747	10,849	372,244	38,153
Accumulated depreciation, amortisation and impairment losses:								
At 1 January 2023 (restated)	(27,378)	(95,486)	(537)	(12,248)	(6,135)	(5,693)	(147,477)	–
Exchange adjustments	(197)	(1,021)	–	(38)	(27)	(77)	(1,360)	–
Charge for the year	(3,549)	(7,695)	–	(2,988)	(837)	(1,692)	(16,761)	–
Disposals	883	1,239	20	855	629	109	3,735	–
Impairments (losses)/reversals (Note 48)	(3)	432	(20)	(3)	(63)	(5)	338	–
At 31 December 2023	(30,244)	(102,531)	(537)	(14,422)	(6,433)	(7,358)	(161,525)	–
Net book value:								
At 31 December 2023	75,794	89,532	19,509	14,079	8,314	3,491	210,719	38,153
Represented by:								
Cost	106,038	192,063	20,046	28,501	14,747	10,849	372,244	–
Valuation	–	–	–	–	–	–	–	38,153
	106,038	192,063	20,046	28,501	14,747	10,849	372,244	38,153

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

34 Fixed assets (Continued)

	Property, plant and equipment							
	Plant and buildings	Machinery and equipment	Construction in progress	Office and other equipment	Vehicles and vessels	Others	Total	Investment properties
Cost or valuation:								
At 1 January 2022 (restated)	79,987	140,943	22,356	18,758	11,182	7,197	280,423	32,709
Exchange adjustments	1,445	5,762	214	6	795	616	8,838	967
Business combinations	5,482	80	1,301	460	2,182	41	9,546	1,478
Additions	1,075	1,222	9,220	2,811	481	1,233	16,042	1,180
Disposals	(838)	(1,853)	(1,007)	(2,252)	(764)	(959)	(7,673)	(171)
Transfers	7,316	3,123	(12,422)	626	5	1,456	104	(104)
Changes in fair value of investment properties	–	–	–	–	–	–	–	(652)
At 31 December 2022 (restated)	94,467	149,277	19,662	20,409	13,881	9,584	307,280	35,407
Accumulated depreciation, amortisation and impairment losses:								
At 1 January 2022 (restated)	(24,990)	(87,318)	(601)	(12,086)	(5,875)	(4,588)	(135,458)	–
Exchange adjustments	(686)	(4,153)	(35)	(51)	(290)	(294)	(5,509)	–
Charge for the year	(2,422)	(5,752)	–	(2,220)	(497)	(1,128)	(12,019)	–
Disposals	732	1,761	121	2,110	527	328	5,579	–
Impairment losses (Note 48)	(12)	(24)	(22)	(1)	–	(11)	(70)	–
At 31 December 2022 (restated)	(27,378)	(95,486)	(537)	(12,248)	(6,135)	(5,693)	(147,477)	–
Net book value:								
At 31 December 2022 (restated)	67,089	53,791	19,125	8,161	7,746	3,891	159,803	35,407
Represented by:								
Cost	94,467	149,277	19,662	20,409	13,881	9,584	307,280	–
Valuation	–	–	–	–	–	–	–	35,407
	94,467	149,277	19,662	20,409	13,881	9,584	307,280	35,407

34 Fixed assets (Continued)

As at 31 December 2023, the Group was in the process of applying the ownership certificates in respect of certain premises of RMB955 million (31 December 2022: RMB743 million). The Group anticipates that there would be no significant issues and costs in completing such procedures.

(a) Fair value measurement of investment properties

(i) Property valuation

Investment properties were revalued by the following independent professionally qualified valuers. Management of the Group had discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each financial position date.

Properties located in	Valuers in 2023
Chinese mainland and Hong Kong	China Enterprise Appraisals Consultation Co., Ltd.
	Knight Frank Petty Limited
	China United Assets Appraisal Group
	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
	Pan-China Assets Appraisal Co.,Ltd.
	ZhongHe Appraisal Co., Ltd.
	Centaline Surveyors Limited
	Prudential Surveyors (Hong Kong) Limited
	Martin Reynolds AAPI MRICS
	Savills
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited

Properties located in	Valuers in 2022
Chinese mainland and Hong Kong	China Enterprise Appraisals Consultation Co., Ltd.
	Centaline Surveyors Limited
	Prudential Surveyors (Hong Kong) Limited
	Knight Frank Petty Limited
	China United Assets Appraisal Group
	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
	Martin Reynolds AAPI MRICS
	Savills
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited

34 Fixed assets (Continued)

(a) Fair value measurement of investment properties (Continued)

(ii) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the financial position dates on a recurring basis, categorised into the three-level hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

Level 3 valuations: Fair value measured using significant unobservable inputs.

	Level 3 For the year ended 31 December	
	2023	2022
Recurring fair value measurement		
Investment properties – Chinese mainland		
At 1 January	**23,815**	21,973
Exchange adjustments	**5**	16
Business combinations	**219**	1,329
Additions	**355**	1,151
Disposals	**(301)**	(28)
Transfers	**2,098**	(104)
Changes in fair value of investment properties	**(237)**	(522)
At 31 December	**25,954**	23,815

34 Fixed assets (Continued)

(a) Fair value measurement of investment properties (Continued)

(ii) Fair value hierarchy (Continued)

	Level 3 For the year ended 31 December	
	2023	2022 (Restated)
Recurring fair value measurement (Continued)		
Investment properties – Hong Kong		
At 1 January	**11,094**	10,329
Exchange adjustments	**162**	946
Additions	**338**	29
Disposals	**(10)**	(139)
Transfers	**48**	–
Change in fair value of investment properties	**74**	(71)
At 31 December	**11,706**	11,094
Investment properties – Overseas		
At 1 January	**498**	407
Exchange adjustments	**18**	5
Business combinations	**1**	149
Disposals	**(30)**	(4)
Change in fair value of investment properties	**6**	(59)
At 31 December	**493**	498

The Group's policy is to recognise transfers between levels of fair value hierarchy at the financial position date in which they occur. During the year ended 31 December 2023, there were no Level 1 and Level 2 fair value hierarchy (2022: Nil) and no transfers into or out of Level 3 (2022: Nil).

34 Fixed assets (Continued)

(a) Fair value measurement of investment properties (Continued)

(iii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of investment properties located in Chinese mainland is determined by using income capitalisation approach and depreciated replacement cost approach under the circumstances.

The income capitalisation approach is the sum of the term value and the reversionary value by discounting the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit market rent at the capitalisation rate after the existing lease period.

Depreciated replacement cost values a property by taking into account of its current cost of replacement or reproduction, less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. The fair value measurement is based on an estimate of the market value for the existing use of the land, plus the depreciated replacement cost.

The fair value of certain of investment properties located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

The fair value of certain other investment properties located in Hong Kong is determined by using income capitalisation approach and with reference to sales evidence as available in the market.

35 Goodwill

	For the year ended 31 December	
	2023	2022 (Restated)
Cost:		
At 1 January	**31,757**	19,349
Additions	**282**	11,447
Disposals	**–**	(22)
Exchange differences and others	**197**	983
At 31 December	**32,236**	31,757
Accumulated impairment losses:		
At 1 January	**(6,134)**	(1,697)
Additions (Note 48)	**(26)**	(4,363)
Disposals	**–**	22
Exchange differences and others	**–**	(96)
At 31 December	**(6,160)**	(6,134)
Net book value:		
At 31 December	**26,076**	25,623

Goodwill is allocated to the Group's cash-generating units identified in segments as follows:

	As at 31 December	
	2023	2022 (Restated)
Comprehensive financial services	**12,783**	12,729
Advanced intelligent manufacturing	**981**	996
Advanced materials	**512**	206
New consumption	**11,190**	11,046
New-type urbanisation	**610**	646
	26,076	25,623

In conducting goodwill impairment test, the carrying value of goodwill is allocated to the cash-generating units or groups of cash-generating units which are expected to benefit from the synergies of the business combination. The recoverable amount of the cash-generating units or groups of cash-generating units is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The corresponding impairment loss of the cash-generating units or groups of cash-generating units will not be recognised if either the fair value less costs to sell or the present value of the future cash flows expected to be derived from the asset is higher than the carrying value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

35 Goodwill (Continued)

For the comprehensive financial service segment, the Group included CITIC Securities in the consolidation scope, generating goodwill of RMB11,430 million. As at 31 December 2023, the Group allocated such goodwill to CITIC Securities for impairment test, and evaluated whether it was impaired based on the present value of the expected future cash flows. The management determined the growth rate based on historical experience and forecasts of market development. The growth rate of the forecast period was determined according to the budget approved by management, and growth rate of 2% for the stable period was used after the forecast period. The Group adopted 15.13%, which could reflect the overall risks of CITIC Securities, as the pre-tax discount rate. As the calculation showed, the goodwill arising from consolidation of CITIC Securities had not been impaired.

Among the total book value of the Group's goodwill, an amount of RMB8,806 million was from acquisition of subsidiaries by CITIC Telecom International. The recoverable amounts of the groups of cash-generating units are determined based on value-in-use calculations which is higher than the carrying amount. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. For the subsequent two years of the model, data from the financial budgets is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions. Cash flows after the first five-year period are extrapolated generally using expected annual long-term growth rates, in order to calculate the terminal value. Key assumptions used for the value-in-use calculations are as follows:

	2023	2022
Telecom Services revenue growth rates	**-8.2%~2.4%**	0.1%~7.3%
Long-term growth rates	**3.0%**	3.0%
Pre-tax discount rates	**10.7%~12.5%**	10.5%~13.4%

The average services revenue growth rates and long-term growth rates used for the respective groups of cash-generating units are based on past performance and management's expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the respective groups of cash-generating units. Any adverse change in the key assumptions could reduce the recoverable amount below carrying amount.

For the new-type urbanisation segment, RMB4,801 million in the original carrying amount of the Group's goodwill was generated from acquisition of a subsidiary of CITIC Environment Investment Group Co., Ltd. ("CITIC Environment"), and an impairment loss of RMB4,323 million was provided in 2022. As at 31 December 2023, management evaluated whether it was impaired based on the present value of the expected future cash flows. As the calculation showed, there is no further impairment on the goodwill in 2023.

36 Income tax in the statement of financial position

(a) Current income tax in the statement of financial position represents:

	As at 31 December	
	2023	2022 (Restated)
Income tax payable	**9,234**	15,727

(b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the years ended 31 December 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Tax losses	Accrued expenses	Impairment loss on assets other than fixed assets and intangible assets	Fair value changes of financial instruments	Fixed assets and intangible assets	Others	Total
Deferred tax assets							
At 1 January 2022 (restated)	11,816	4,166	48,427	571	2,815	2,283	70,078
Charged to profit or loss	(161)	66	5,758	3,132	(424)	1,209	9,580
Charged to other comprehensive income	–	(71)	9	9	–	47	(6)
Business combinations	–	4,679	2,952	571	9	354	8,565
Exchange adjustments and others	1,011	75	62	11	189	(156)	1,192
At 31 December 2022 (restated)	12,666	8,915	57,208	4,294	2,589	3,737	89,409
At 1 January 2023 (restated)	12,666	8,915	57,208	4,294	2,589	3,737	89,409
Charged to profit or loss	155	1,940	(166)	(2,416)	(560)	(439)	(1,486)
Charged to other comprehensive income	–	12	(4)	49	7	190	254
Business combinations	637	202	32	–	–	600	1,471
Exchange adjustments and others	180	(5)	55	9	10	(16)	233
At 31 December 2023	13,638	11,064	57,125	1,936	2,046	4,072	89,881

36 Income tax in the statement of financial position (Continued)

(b) Deferred tax assets/(liabilities) recognised: (Continued)

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the years ended 31 December 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value changes of financial instruments	Temporary differences on fixed assets and intangible assets	Revaluation of investment properties	Others	Total
Deferred tax liabilities					
At 1 January 2022 (restated)	(3,005)	(1,520)	(3,853)	(5,978)	(14,356)
Charged to profit or loss	(597)	(219)	121	285	(410)
Charged to other comprehensive income	2,431	–	–	61	2,492
Business combinations	(3,098)	(1,637)	–	(1,336)	(6,071)
Exchange adjustments and others	(6)	(89)	(9)	(283)	(387)
At 31 December 2022 (restated)	(4,275)	(3,465)	(3,741)	(7,251)	(18,732)
At 1 January 2023 (restated)	(4,275)	(3,465)	(3,741)	(7,251)	(18,732)
Charged to profit or loss	(148)	(184)	180	(107)	(259)
Charged to other comprehensive income	(1,833)	(5)	(1)	(316)	(2,155)
Business combinations	–	(586)	(659)	(1,196)	(2,441)
Exchange adjustments and others	237	5	(103)	147	286
At 31 December 2023	(6,019)	(4,235)	(4,324)	(8,723)	(23,301)

As at 31 December 2023, the deferred tax assets/liabilities offset by the Group were RMB6,554 million (31 December 2022: RMB579 million).

(c) Deductible temporary difference and tax losses not recognised as deferred tax assets

The Group has not recognised any deferred tax assets in respect of the following items:

	As at 31 December	
	2023	2022 (Restated)
Deductible temporary differences	**10,683**	1,686
Tax losses	**28,923**	20,908
	39,606	22,594

It is not probable that future taxable profits against which the above deductible temporary differences and tax losses can be utilised by the Group. As at 31 December 2023, tax losses amounting to RMB22,239 million (31 December 2022: RMB7,279 million) that can be carried forward against future taxable income are expiring within 5 years.

37 Deposits from banks and non-bank financial institutions

	As at 31 December	
	2023	2022 (Restated)
Banks	**275,313**	317,494
Non-bank financial institutions	**614,494**	781,503
	889,807	1,098,997
Accrued interest	**3,758**	4,102
	893,565	1,103,099
Analysed by remaining maturity:		
– On demand	**478,396**	581,640
– Within 3 months	**273,634**	193,374
– Between 3 months and 1 year	**137,777**	323,983
	889,807	1,098,997
Accrued interest	**3,758**	4,102
	893,565	1,103,099

38 Placements from banks and non-bank financial institutions

	As at 31 December	
	2023	2022 (Restated)
Banks	**139,455**	102,736
Non-bank financial institutions	**10,650**	5,717
	150,105	108,453
Accrued interest	**388**	283
	150,493	108,736
Analysed by remaining maturity:		
– Within 3 months	**99,872**	71,881
– Between 3 months and 1 year	**47,005**	35,918
– Over 1 year	**3,228**	654
	150,105	108,453
Accrued interest	**388**	283
	150,493	108,736

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

39 Financial liabilities at fair value through profit or loss

	As at 31 December	
	2023	2022 (Restated)
Not designated		
Debt instruments	**7,302**	7,903
Stocks	**10,050**	9,226
Non-controlling interests in consolidated structured entities and others	**1,158**	1,306
	18,510	18,435
Financial liabilities designated as at fair value through profit or loss		
Stocks	**47**	–
Beneficiary certificates and structured notes	**64,280**	65,484
Non-controlling interests in consolidated structured entities and others	**5,715**	10,926
	70,042	76,410
	88,552	94,845

As at 31 December 2023 and 31 December 2022, there were no significant changes in the fair value of financial liabilities designated as at fair value through profit or loss due to the changes in credit risks of the Group.

40 Customer brokerage deposits

	As at 31 December	
	2023	2022 (Restated)
Customer brokerage deposits	**282,534**	279,001

Customer brokerage deposits represent the amount received from and repayable to customers arising from the ordinary course of the Group's securities brokerage activities.

41 Trade and other payables

	As at 31 December	
	2023	2022 (Restated)
Financial liabilities		
Trade and bills payable	**113,124**	90,278
Settlement accounts	**32,535**	30,585
Client deposits payables	**134,850**	134,917
Dividend payables	**1,411**	498
Other payables	**104,119**	116,327
	386,039	372,605
Non-financial liabilities		
Advances	**308**	212
Other taxes payables	**5,601**	7,131
	5,909	7,343
	391,948	379,948

41 Trade and other payables (Continued)

At the financial position date, the ageing analysis of the Group's trade and bills payable based on the invoice date is as follows:

	As at 31 December	
	2023	2022 (Restated)
Within 1 year	**93,670**	74,496
Between 1 and 2 years	**4,997**	4,849
Between 2 and 3 years	**2,629**	1,187
Over 3 years	**11,828**	9,746
	113,124	90,278

42 Financial assets sold under repurchase agreements

	As at 31 December	
	2023	2022 (Restated)
By counterparties		
The People's Bank of China	**391,152**	217,858
Banks	**194,182**	104,805
Non-bank financial institutions	**37,939**	27,693
Others	**121,105**	119,564
	744,378	469,920
Accrued interest	**193**	557
	744,571	470,477
By types of collateral		
Debt securities	**553,472**	308,493
Discounted bills	**93,212**	69,354
Stock	**31,624**	30,520
Precious metals	**19,197**	14,954
Others	**46,873**	46,599
	744,378	469,920
Accrued interest	**193**	557
	744,571	470,477

The Group did not derecognise financial assets transferred as collateral in connection with repurchase agreements. As at 31 December 2023, legal title of these collateral pledged has not been transferred to counterparties (31 December 2022: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43 Deposits from customers

(a) Types of deposits from customers

	As at 31 December	
	2023	2022 (Restated)
Demand deposits		
Corporate customers	**2,149,823**	1,931,755
Personal customers	**340,432**	349,013
	2,490,255	2,280,768
Time and call deposits		
Corporate customers	**1,755,882**	1,854,108
Personal customers	**1,125,384**	942,803
	2,881,266	2,796,911
Outward remittance and remittance payables	**19,022**	14,420
Accrued interest	**69,450**	58,673
	5,459,993	5,150,772

(b) Deposits from customers include pledged deposits for the following items:

	As at 31 December	
	2023	2022 (Restated)
Bank acceptances	**407,634**	348,926
Letters of credit	**23,736**	25,132
Guarantees	**21,005**	17,091
Others	**38,651**	55,709
	491,026	446,858

44 Bank and other loans

(a) Types of loans

	As at 31 December	
	2023	2022 (Restated)
Bank loans		
Unsecured loans	**153,804**	108,069
Loan pledged with assets (note (d))	**42,996**	17,154
	196,800	125,223
Other loans		
Unsecured loans	**36,091**	30,262
Loan pledged with assets (note (d))	**2,241**	603
	38,332	30,865
	235,132	156,088
Accrued interest	**638**	621
	235,770	156,709

(b) Maturity of loans

	As at 31 December	
	2023	2022 (Restated)
Bank loans		
– Within 1 year or on demand	**54,033**	51,434
– Between 1 and 2 years	**60,670**	19,717
– Between 2 and 5 years	**49,774**	34,628
– Over 5 years	**32,323**	19,444
	196,800	125,223
Other loans		
– Within 1 year or on demand	**2,803**	7,688
– Between 1 and 2 years	**1,373**	17,865
– Between 2 and 5 years	**34,113**	5,257
– Over 5 years	**43**	55
	38,332	30,865
	235,132	156,088
Accrued interest	**638**	621
	235,770	156,709

44 Bank and other loans (Continued)

(c) Bank and other loans are denominated in the following currencies

	As at 31 December	
	2023	2022 (Restated)
RMB	**88,766**	48,687
US$	**55,247**	41,875
HK$	**76,150**	61,554
Other currencies	**14,969**	3,972
	235,132	156,088
Accrued interest	**638**	621
	235,770	156,709

(d) As at 31 December 2023, the Group's bank and other loans of RMB45,236 million (31 December 2022: RMB15,165 million) are pledged with cash and deposits, trade and other receivables, inventories, financial assets held for trading, fixed assets, right of use assets and intangible assets with an aggregate carrying amount of RMB88,451 million (31 December 2022: RMB71,503 million).

(e) The Group's banking facilities are subject to the fulfilment of covenants relating to balance sheet ratios or ownership of a minimum shareholding in certain entities of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 50(b). As at 31 December 2023, none of the covenants relating to drawn down facilities have been breached (31 December 2022: Nil).

45 Debt instruments issued

	As at 31 December	
	2023	2022 (Restated)
Corporate bonds issued (note (a))	**233,290**	202,077
Notes issued (note (b))	**151,813**	128,709
Subordinated bonds issued (note (c))	**82,569**	98,926
Certificates of deposit issued (note (d))	**1,418**	1,035
Certificates of interbank deposit issued (note (e))	**705,273**	720,080
Convertible corporate bonds (note (f))	**17,670**	18,212
Beneficiary certificates (note (g))	**21,547**	6,040
	1,213,580	1,175,079
Accrued interest	**7,527**	7,061
	1,221,107	1,182,140
Analysed by remaining maturity		
– Within 1 year or on demand	**828,068**	832,239
– Between 1 and 2 years	**121,781**	61,436
– Between 2 and 5 years	**136,498**	128,629
– Over 5 years	**127,233**	152,775
	1,213,580	1,175,079
Accrued interest	**7,527**	7,061
	1,221,107	1,182,140

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued for the year ended 31 December 2023 (2022: Nil).

Notes:

(a) Corporate bonds issued

	As at 31 December	
	2023	2022 (Restated)
The Company (note (i))	**43,401**	54,407
CITIC Corporation Limited (“CITIC Corporation”) (note (ii))	**27,790**	30,639
CITIC Securities (note (iii))	**158,415**	113,502
CITIC Telecom International (note (iv))	**3,184**	3,129
CITIC Pacific Limited’s (“CITIC Pacific”) subsidiaries (note (v))	**500**	400
	233,290	202,077

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

45 Debt instruments issued (Continued)

Notes: (Continued)

(a) **Corporate bonds issued** (Continued)

(i) ***Details of corporate bonds issued by the Company***

	As at 31 December 2023				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
US$ Notes 6.1	US$	110	2014-07-18	2024-01-18	4.70%
HK$ Notes 2	HK$	420	2014-07-25	2024-07-25	4.35%
US$ Notes 6.2	US$	90	2014-10-29	2024-01-18	4.70%
US$ Notes 7	US$	280	2015-04-14	2035-04-14	4.60%
US$ Notes 8	US$	150	2016-02-04	2041-02-04	4.88%
US$ Notes 9	US$	350	2016-02-04	2036-02-04	4.75%
US$ Notes 10	US$	90	2016-04-25	2036-04-25	4.65%
US$ Notes 11	US$	210	2016-04-25	2046-04-25	4.85%
US$ Notes 13	US$	750	2016-06-14	2026-06-14	3.70%
US$ Notes 14	US$	200	2016-09-07	2031-09-07	3.98%
US$ Notes 15	US$	250	2016-09-07	2046-09-07	4.49%
US$ Notes 16	US$	750	2017-02-28	2027-02-28	3.88%
US$ Notes 19	US$	500	2018-01-11	2028-01-11	4.00%
US$ Notes 20	US$	75	2018-03-13	2038-03-13	4.85%
US$ Notes 21	US$	200	2018-04-18	2048-04-18	5.07%
US$ Notes 22	US$	300	2020-02-25	2025-02-25	2.45%
US$ Notes 23	US$	700	2020-02-25	2030-02-25	2.85%
US$ Notes 24	US$	700	2022-02-17	2027-02-17	2.88%
US$ Notes 25	US$	300	2022-02-17	2032-02-17	3.50%
US$ Notes 26	US$	100	2022-08-02	2027-02-17	2.88%

45 Debt instruments issued (Continued)

Notes: (Continued)

(a) Corporate bonds issued (Continued)

(i) Details of corporate bonds issued by the Company (Continued)

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
US$ Notes 4.1	US$	750	2012-10-17	2023-01-17	6.80%
US$ Notes 4.2	US$	250	2012-12-11	2023-01-17	6.80%
US$ Notes 4.3	US$	400	2014-07-18	2023-01-17	6.80%
US$ Notes 6.1	US$	110	2014-07-18	2024-01-18	4.70%
HK$ Notes 2	HK$	420	2014-07-25	2024-07-25	4.35%
US$ Notes 6.2	US$	90	2014-10-29	2024-01-18	4.70%
US$ Notes 7	US$	280	2015-04-14	2035-04-14	4.60%
US$ Notes 8	US$	150	2016-02-04	2041-02-04	4.88%
US$ Notes 9	US$	350	2016-02-04	2036-02-04	4.75%
US$ Notes 10	US$	90	2016-04-25	2036-04-25	4.65%
US$ Notes 11	US$	210	2016-04-25	2046-04-25	4.85%
US$ Notes 13	US$	750	2016-06-14	2026-06-14	3.70%
US$ Notes 14	US$	200	2016-09-07	2031-09-07	3.98%
US$ Notes 15	US$	250	2016-09-07	2046-09-07	4.49%
US$ Notes 16	US$	750	2017-02-28	2027-02-28	3.88%
US$ Notes 18	US$	250	2018-01-11	2023-07-11	3.50%
US$ Notes 19	US$	500	2018-01-11	2028-01-11	4.00%
US$ Notes 20	US$	75	2018-03-13	2038-03-13	4.85%
US$ Notes 21	US$	200	2018-04-18	2048-04-18	5.07%
US$ Notes 22	US$	300	2020-02-25	2025-02-25	2.45%
US$ Notes 23	US$	700	2020-02-25	2030-02-25	2.85%
US$ Notes 24	US$	700	2022-02-17	2027-02-17	2.88%
US$ Notes 25	US$	300	2022-02-17	2032-02-17	3.50%
US$ Notes 26	US$	100	2022-08-02	2027-02-17	2.88%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

45 Debt instruments issued (Continued)

Notes: (Continued)

(a) **Corporate bonds issued** (Continued)

(ii) ***Details of corporate bonds issued by CITIC Corporation***

	As at 31 December 2023				
	Denominated currency	**Face value in denominated currency million**	**Issue date**	**Maturity date**	**Interest rate per annum**
05 CITIC bond-2	**RMB**	**4,000**	**2005-12-07**	**2025-12-06**	**4.60%**
19 CITIC bond-2	**RMB**	**1,500**	**2019-02-25**	**2024-02-25**	**3.85%**
19 CITIC bond-3	**RMB**	**2,000**	**2019-03-19**	**2029-03-19**	**4.59%**
19 CITIC bond-4	**RMB**	**2,000**	**2019-04-22**	**2029-04-22**	**4.71%**
19 CITIC bond-5	**RMB**	**1,800**	**2019-07-17**	**2034-07-17**	**4.60%**
19 CITIC bond-6	**RMB**	**700**	**2019-07-17**	**2029-07-17**	**4.46%**
19 CITIC bond-7	**RMB**	**500**	**2019-08-14**	**2029-08-14**	**4.38%**
19 CITIC bond-8	**RMB**	**2,000**	**2019-08-14**	**2039-08-14**	**4.58%**
19 CITIC bond-9	**RMB**	**1,000**	**2019-11-05**	**2039-11-05**	**4.65%**
20 CITIC bond-2	**RMB**	**2,000**	**2020-02-26**	**2030-02-26**	**3.88%**
20 CITIC bond-3	**RMB**	**1,000**	**2020-03-23**	**2030-03-23**	**4.00%**
20 CITIC bond-4	**RMB**	**600**	**2020-03-23**	**2040-03-23**	**4.30%**
20 CITIC bond-5	**RMB**	**1,000**	**2020-04-21**	**2030-04-21**	**3.87%**
20 CITIC bond-6	**RMB**	**1,500**	**2020-04-21**	**2040-04-21**	**4.16%**
20 CITIC bond-8	**RMB**	**1,900**	**2020-05-11**	**2040-05-11**	**4.20%**
21 CITIC bond-1	**RMB**	**1,000**	**2021-11-02**	**2026-11-02**	**3.49%**
21 CITIC bond-2	**RMB**	**2,000**	**2021-11-02**	**2031-11-02**	**3.79%**
23 CITIC bond-1	**RMB**	**1,200**	**2023-10-23**	**2028-10-23**	**3.16%**
23 CITIC bond-2	**RMB**	**800**	**2023-10-23**	**2043-10-23**	**3.35%**
23 CITIC bond-3	**RMB**	**2,000**	**2023-11-02**	**2028-11-02**	**3.19%**

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
03 CITIC bond-2	RMB	6,000	2003-12-10	2023-12-09	5.10%
05 CITIC bond-2	RMB	4,000	2005-12-07	2025-12-06	4.60%
19 CITIC bond-2	RMB	1,500	2019-02-25	2024-02-25	3.85%
19 CITIC bond-3	RMB	2,000	2019-03-19	2029-03-19	4.59%
19 CITIC bond-4	RMB	2,000	2019-04-22	2029-04-22	4.71%
19 CITIC bond-5	RMB	1,800	2019-07-17	2034-07-17	4.60%
19 CITIC bond-6	RMB	700	2019-07-17	2029-07-17	4.46%
19 CITIC bond-7	RMB	500	2019-08-14	2029-08-14	4.38%
19 CITIC bond-8	RMB	2,000	2019-08-14	2039-08-14	4.58%
19 CITIC bond-9	RMB	1,000	2019-11-05	2039-11-05	4.65%
20 CITIC bond-2	RMB	2,000	2020-02-26	2030-02-26	3.88%
20 CITIC bond-3	RMB	1,000	2020-03-23	2030-03-23	4.00%
20 CITIC bond-4	RMB	600	2020-03-23	2040-03-23	4.30%
20 CITIC bond-5	RMB	1,000	2020-04-21	2030-04-21	3.87%
20 CITIC bond-6	RMB	1,500	2020-04-21	2040-04-21	4.16%
20 CITIC bond-8	RMB	1,900	2020-05-11	2040-05-11	4.20%
21 CITIC bond-1	RMB	1,000	2021-11-02	2026-11-02	3.49%
21 CITIC bond-2	RMB	2,000	2021-11-02	2031-11-02	3.79%

45 Debt instruments issued (Continued)

Notes: (Continued)

(a) **Corporate bonds issued** (Continued)

(iii) Details of corporate bonds issued by CITIC Securities

	As at 31 December 2023				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
15 CITIC 02	RMB	2,500	2015-06-24	2025-06-25	5.10%
19 CS G2	RMB	1,000	2019-09-05	2024-09-10	3.78%
20 CS G2	RMB	2,000	2020-02-19	2025-02-21	3.31%
20 CS G4	RMB	2,000	2020-03-06	2025-03-10	3.20%
20 CS G7	RMB	1,000	2020-04-09	2025-04-14	3.10%
20 CS 20	RMB	800	2020-09-08	2030-09-11	4.20%
20 CS 24	RMB	900	2020-10-23	2030-10-28	4.27%
21 CS 02	RMB	4,600	2021-01-20	2024-01-25	3.56%
21 CS 03	RMB	3,200	2021-01-20	2031-01-25	4.10%
21 CS 04	RMB	1,500	2021-02-24	2024-03-01	3.60%
21 CS 05	RMB	3,000	2021-02-24	2031-03-01	4.10%
21 CS 06	RMB	2,500	2021-03-16	2031-03-19	4.10%
21 CS 07	RMB	1,400	2021-04-08	2031-04-13	4.04%
21 CS 08	RMB	1,000	2021-06-08	2026-06-11	3.70%
21 CS 09	RMB	2,500	2021-06-08	2031-06-11	4.03%
21 CS 10	RMB	1,500	2021-07-06	2026-07-09	3.62%
21 CS 11	RMB	1,500	2021-07-06	2031-07-09	3.92%
21 CS 12	RMB	3,000	2021-08-18	2024-08-23	3.01%
21 CS 13	RMB	1,000	2021-08-18	2026-08-23	3.34%
21 CS 14	RMB	4,500	2021-09-13	2024-09-16	3.08%
21 CS 16	RMB	2,200	2021-09-23	2024-09-27	3.09%
21 CS 17	RMB	1,800	2021-09-23	2026-09-28	3.47%
21 CS 18	RMB	2,500	2021-10-14	2024-10-19	3.25%
21 CS 19	RMB	2,000	2021-10-14	2026-10-19	3.59%
21 CS 20	RMB	3,000	2021-11-19	2024-11-24	3.07%
21 CS 21	RMB	3,000	2021-12-09	2024-12-14	2.97%
22 CS 01	RMB	500	2022-02-11	2027-01-29	3.20%
22 CS 02	RMB	1,000	2022-02-11	2032-02-06	3.69%
22 CS 03	RMB	1,000	2022-03-08	2025-03-11	3.03%
22 CS 04	RMB	500	2022-03-08	2027-03-11	3.40%
22 CS 05	RMB	3,000	2022-08-19	2025-08-24	2.50%
23 CS 10	RMB	2,000	2023-05-25	2026-05-30	2.89%
23 CS 11	RMB	500	2023-06-08	2025-06-13	2.64%
23 CS 12	RMB	2,500	2023-06-08	2026-06-13	2.80%
23 CS G1	RMB	3,000	2023-02-03	2025-02-08	2.95%
23 CS G2	RMB	1,500	2023-02-16	2025-02-21	2.89%
23 CS G3	RMB	3,000	2023-02-16	2026-02-21	3.06%
23 CS G4	RMB	2,000	2023-03-08	2025-03-13	3.01%
23 CS G5	RMB	2,000	2023-03-08	2028-03-13	3.32%
23 CS G6	RMB	2,000	2023-04-14	2025-04-19	2.87%
23 CS G7	RMB	2,500	2023-04-14	2028-04-19	3.17%
23 CS G8	RMB	3,500	2023-05-10	2024-05-15	2.53%
23 CS G9	RMB	3,500	2023-05-10	2026-05-15	2.90%

45 Debt instruments issued (Continued)

Notes: (Continued)

(a) **Corporate bonds issued** (Continued)

(iii) Details of corporate bonds issued by CITIC Securities (Continued)

	As at 31 December 2023				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
23 CS 13	RMB	2,000	2023-07-04	2025-07-07	2.64%
23 CS 14	RMB	500	2023-07-04	2026-07-07	2.75%
23 CS 15	RMB	2,500	2023-08-09	2025-08-14	2.54%
23 CS 16	RMB	2,000	2023-08-09	2026-08-14	2.72%
23 CS 17	RMB	1,000	2023-08-25	2025-08-30	2.53%
23 CS 18	RMB	2,000	2023-08-25	2026-08-30	2.70%
23 CS 20	RMB	2,500	2023-09-07	2026-09-12	2.93%
23 CS 21	RMB	1,800	2023-09-15	2026-09-20	2.86%
23 CS 22	RMB	2,200	2023-09-15	2028-09-20	3.10%
23 CS 23	RMB	1,300	2023-10-16	2025-10-19	2.80%
23 CS 24	RMB	2,700	2023-10-16	2026-10-19	2.90%
23 CS 25	RMB	2,500	2023-11-02	2025-11-07	2.78%
23 CS 26	RMB	3,500	2023-11-02	2028-11-07	3.10%
23 CS 28	RMB	2,500	2023-11-16	2026-11-21	2.87%
23 CS 29	RMB	1,000	2023-12-15	2025-12-20	2.80%
23 CS 30	RMB	4,000	2023-12-15	2026-12-20	2.90%
23 CS S7	RMB	3,000	2023-05-25	2024-05-24	2.47%
23 CS S8	RMB	4,000	2023-08-16	2024-02-21	2.12%
23 CS S9	RMB	5,000	2023-09-06	2024-09-11	2.45%
23 CS S10	RMB	4,000	2023-09-13	2024-09-18	2.52%
23 CS S11	RMB	4,000	2023-09-22	2024-06-27	2.53%
23 CS S12	RMB	6,000	2023-10-26	2024-10-31	2.72%
23 CS S13	RMB	3,000	2023-11-08	2024-11-13	2.70%
23 CS S14	RMB	4,000	2023-11-22	2024-05-29	2.64%
CITICSCSI16	US$	7	2023-07-25	2024-07-24	5.40%
CITICSCSI17	US$	44	2023-07-27	2024-01-29	0.00%
CITICSCSI20	US$	10	2023-08-16	2024-02-16	0.00%
CITICSCSI24	US$	6	2023-09-13	2024-03-13	0.00%
CITICSCSI25	US$	15	2023-10-31	2024-01-31	0.00%
CITICSCSI26	US$	5	2023-11-20	2024-02-20	0.00%
CITICSCSI27	RMB	20	2023-11-07	2024-02-07	0.00%
CITICSCSI28	US$	6	2023-12-08	2024-06-07	0.00%
CITICSCSI29	US$	6	2023-12-12	2024-03-12	0.00%
CITICSCSI30	US$	5	2023-12-21	2024-03-21	5.75%
CITICSCSI31	US$	21	2023-12-22	2024-12-20	5.62%
CITICSCSI32	US$	5	2023-12-29	2024-06-28	0.00%
CITICSCSI33	US$	5	2023-12-29	2024-12-27	0.00%
CITICSMTNECP59	US$	20	2023-10-19	2024-01-24	0.00%
CITICSMTNECP60	US$	100	2023-12-20	2024-03-13	0.00%

45 Debt instruments issued (Continued)

Notes: (Continued)

(a) Corporate bonds issued (Continued)

(iii) Details of corporate bonds issued by CITIC Securities (Continued)

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
13 CITIC 02	RMB	12,000	2013-06-07	2023-06-07	5.05%
15 CITIC 02	RMB	2,500	2015-06-25	2025-06-25	5.10%
18 CS G2	RMB	600	2018-06-15	2023-06-15	4.90%
19 CS G2	RMB	1,000	2019-09-10	2024-09-10	3.78%
20 CS G1	RMB	3,000	2020-02-21	2023-02-21	3.02%
20 CS G2	RMB	2,000	2020-02-21	2025-02-21	3.31%
20 CS G3	RMB	2,200	2020-03-10	2023-03-10	2.95%
20 CS G4	RMB	2,000	2020-03-10	2025-03-10	3.20%
20 CS G6	RMB	3,300	2020-04-14	2023-04-14	2.54%
20 CS G7	RMB	1,000	2020-04-14	2025-04-14	3.10%
20 CS 09	RMB	4,500	2020-06-02	2023-06-02	2.70%
20 CS 11	RMB	2,000	2020-06-19	2023-06-19	3.10%
20 CS 13	RMB	3,000	2020-07-14	2023-07-14	3.58%
20 CS 15	RMB	7,500	2020-07-28	2023-07-28	3.49%
20 CS 16	RMB	5,200	2020-08-07	2023-08-07	3.55%
20 CS 18	RMB	2,800	2020-08-24	2023-08-24	3.48%
20 CS 20	RMB	800	2020-09-11	2030-09-11	4.20%
20 CS 24	RMB	900	2020-10-28	2030-10-28	4.27%
21 CS 02	RMB	4,600	2021-01-25	2024-01-25	3.56%
21 CS 03	RMB	3,200	2021-01-25	2031-01-25	4.10%
21 CS 04	RMB	1,500	2021-03-01	2024-03-01	3.60%
21 CS 05	RMB	3,000	2021-03-01	2031-03-01	4.10%
21 CS 06	RMB	2,500	2021-03-19	2031-03-19	4.10%
21 CS 07	RMB	1,400	2021-04-13	2031-04-13	4.04%
21 CS 08	RMB	1,000	2021-06-11	2026-06-11	3.70%
21 CS 09	RMB	2,500	2021-06-11	2031-06-11	4.03%
21 CS 10	RMB	1,500	2021-07-09	2026-07-09	3.62%
21 CS 11	RMB	1,500	2021-07-09	2031-07-09	3.92%
21 CS 12	RMB	3,000	2021-08-23	2024-08-23	3.01%
21 CS 13	RMB	1,000	2021-08-23	2026-08-23	3.34%
21 CS 14	RMB	4,500	2021-09-16	2024-09-16	3.08%
21 CS 16	RMB	2,200	2021-09-28	2024-09-27	3.09%
21 CS 17	RMB	1,800	2021-09-28	2026-09-28	3.47%
21 CS 18	RMB	2,500	2021-10-19	2024-10-19	3.25%
21 CS 19	RMB	2,000	2021-10-19	2026-10-19	3.59%
21 CS 20	RMB	3,000	2021-11-24	2024-11-24	3.07%
21 CS 21	RMB	3,000	2021-12-14	2024-12-14	2.97%
22 CS 01	RMB	500	2022-02-16	2027-01-29	3.20%
22 CS 02	RMB	1,000	2022-02-16	2032-02-06	3.69%
22 CS 03	RMB	1,000	2022-03-11	2025-03-11	3.03%
22 CS 04	RMB	500	2022-03-11	2027-03-11	3.40%
22 CS 05	RMB	3,000	2022-08-24	2025-08-24	2.50%
CITICSCSI03	US$	26	2022-12-20	2023-03-20	0.00%
CITICSCSI01	US$	100	2022-11-25	2023-02-25	0.00%
CITICSMTNECP55	US$	60	2022-11-11	2023-11-10	0.00%
CITICSMTNECP54	US$	20	2022-10-21	2023-01-26	0.00%
CITICSMTNECP53	US$	120	2022-09-22	2023-09-21	4.15%
CITICSCSI02	US$	50	2022-09-22	2023-03-22	3.90%
CITICSMTNECP52	US$	20	2022-09-14	2023-03-16	0.00%
CITICSMTNECP51	US$	120	2022-08-16	2023-08-15	0.00%
CITICSMTNECP50	US$	50	2022-08-08	2023-08-07	0.00%
CITICSMTNECP49	US$	50	2022-08-01	2023-07-31	0.00%
CITICSMTNECP47	US$	40	2022-07-27	2023-07-26	0.00%
CITICSMTNECP48	US$	30	2022-07-06	2023-07-05	0.00%
CITICSMTNECP44	US$	30	2022-05-27	2023-05-22	2.82%
CITICSMTNECP46	US$	50	2022-05-27	2023-02-27	0.00%
CITICSMTNECP41	US$	80	2022-01-28	2023-01-28	0.00%

45 Debt instruments issued (Continued)

Notes: (Continued)

(a) **Corporate bonds issued** (Continued)

(iv) ***Details of corporate bonds issued by CITIC Telecom International***

	As at 31 December 2023				
	Denominated currency	**Face value in denominated currency million**	**Issue date**	**Maturity date**	**Interest rate per annum**
Guaranteed bonds	**US$**	**450**	**2013-03-05**	**2025-03-05**	**6.10%**

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Guaranteed bonds	US$	450	2013-03-05	2025-03-05	6.10%

(v) ***Details of corporate bonds issued by CITIC Pacific's subsidiaries***

	As at 31 December 2023				
	Denominated currency	**Face value in denominated currency million**	**Issue date**	**Maturity date**	**Interest rate per annum**
22 NNISUC 01	**RMB**	**200**	**2022-03-14**	**2025-03-14**	**5.20%**
23 NNISUC SCP001	**RMB**	**300**	**2023-08-28**	**2024-05-24**	**2.90%**

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
22 JLEPC SCP004	RMB	200	2022-06-16	2023-03-10	2.50%
22 JLEPC SCP005	RMB	200	2022-08-29	2023-04-19	1.90%

(b) **Notes issued**

	As at 31 December	
	2023	2022 (Restated)
CITIC Bank (note (i))	**138,311**	116,344
CITIC Securities (note (ii))	**12,886**	11,630
CITIC Trust Co., Ltd. ("CITIC Trust") (note (iii))	**616**	735
	151,813	128,709

45 Debt instruments issued (Continued)

Notes: (Continued)

(b) Notes issued (Continued)

(i) Details of notes issued by CITIC Bank

	As at 31 December 2023				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Financial bonds	US$	200	2021-02-02	2024-02-02	0.88%
Financial bonds	US$	350	2021-02-02	2026-02-02	1.25%
Financial bonds	RMB	20,000	2021-06-10	2024-06-10	3.19%
Financial bonds	US$	500	2021-11-17	2024-11-17	1.75%
Financial bonds	RMB	30,000	2022-04-28	2025-04-28	2.80%
Financial bonds	RMB	30,000	2022-08-05	2025-08-05	2.50%
Financial bonds	RMB	30,000	2023-04-13	2026-04-13	2.77%
Financial bonds	RMB	10,000	2023-03-27	2026-03-27	2.79%
Financial bonds	RMB	10,000	2023-05-16	2026-05-16	2.68%
Financial bonds	RMB	1,800	2023-04-26	2024-04-26	3.90%

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Financial bonds	RMB	30,000	2020-03-18	2023-03-18	2.75%
Financial bonds	US$	200	2021-02-02	2024-02-02	0.88%
Financial bonds	US$	350	2021-02-02	2026-02-02	1.25%
Financial bonds	RMB	20,000	2021-06-10	2024-06-10	3.19%
Financial bonds	US$	500	2021-11-17	2024-11-17	1.75%
Financial bonds	RMB	30,000	2022-04-28	2025-04-28	2.80%
Financial bonds	RMB	30,000	2022-08-05	2025-08-05	2.50%

(ii) Details of notes issued by CITIC Securities

	As at 31 December 2023				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
CITIC SEC N2410	US$	200	2019-10-17	2024-10-24	2.88%
CITIC SEC N2506	US$	500	2020-05-27	2025-06-03	2.00%
CITIC SEC N2504	US$	300	2022-04-21	2025-04-21	3.38%
CITIC SEC N2405	US$	175	2022-12-07	2024-05-14	5.15%
CITICISIN2502	US$	200	2023-02-14	2025-02-21	5.00%
CITICISIN2606	RMB	700	2023-06-14	2026-06-23	2.90%
CITICISIN2607	RMB	2,500	2023-07-13	2026-07-13	3.10%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

45 Debt instruments issued (Continued)

Notes: (Continued)

(b) Notes issued (Continued)

(ii) Details of notes issued by CITIC Securities (Continued)

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
CITIC SEC N2306	US$	500	2020-06-03	2023-06-03	1.75%
CITIC SEC N2506	US$	500	2020-06-03	2025-06-03	2.00%
CITIC SEC N2410	US$	200	2019-10-24	2024-10-24	2.88%
CITIC SEC N2405	US$	175	2022-12-14	2024-05-14	5.15%
CITIC SEC N2504	US$	300	2022-04-21	2025-04-21	3.38%

(iii) Details of notes issued by CITIC Trust

	As at 31 December 2023				
	Denominated currency	**Face value in denominated currency million**	**Issue date**	**Maturity date**	**Interest rate per annum**
Participation notes (note (i))	**US$**	**5**	**2018-01-22**	**2025-01-22**	**Non fixed interest rate**
Participation notes	**US$**	**1.54**	**2021-06-25**	**No fixed maturity date**	**Non fixed interest rate**
Participation notes (note (ii))	**US$**	**270**	**2022-03-30**	**2025-03-30**	**Fixed interest rate**

	As at 31 December 2022				
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Participation notes (note (i))	US$	5	2018-01-22	2025-01-22	Non fixed interest rate
Participation notes	US$	1.54	2021-06-25	No fixed maturity date	Non fixed interest rate
Participation notes (note (ii))	US$	270	2022-03-30	2025-03-30	Fixed interest rate

Notes:

(i) As at 31 December 2023, the portion held within the Group amounted to US$4.92 million (As at 31 December 2022: US$4.80 million).

(ii) As at 31 December 2023, the portion held within the Group amounted to US$185 million (As at 31 December 2022: US$110 million).

45 Debt instruments issued (Continued)

Notes: (Continued)

(c) Subordinated bonds issued

The balance represents the subordinated debts issued by CITIC Bank, CITIC Bank International Limited ("CBI"), a subsidiary of CITIC Bank, and CITIC Securities. The carrying amount of subordinated debts is as follows:

	As at 31 December	
	2023	2022 (Restated)
Fixed rate notes maturing		
– In February 2029 (i)	**3,543**	3,444
– In December 2033 (ii)	**3,543**	–
Fixed rate bonds maturing		
– In March 2023 (iii)	**–**	1,999
– In February 2024 (iv)	**3,000**	2,997
– In November 2024 (ix)	**998**	–
– In July 2025 (v)	**492**	499
– In November 2026 (x)	**998**	–
– In September 2028 (vi)	**–**	29,993
– In October 2028 (vii)	**–**	20,000
– In August 2030 (viii)	**39,995**	39,994
– In December 2033 (xi)	**21,500**	–
– In December 2038 (xii)	**8,500**	–
	82,569	98,926

		As at 31 December 2023				
		Denominated currency	**Face value in denominated currency million**	**Issue date**	**Maturity date**	**Interest rate per annum**
(i)	Subordinated Notes	**US$**	**500**	**2019-02-28**	**2029-02-28**	**4.63%**
(ii)	Subordinated Notes (note(i))	**US$**	**500**	**2023-12-05**	**2033-12-05**	**6.00%**
(iv)	21 CS C1	**RMB**	**3,000**	**2021-02-03**	**2024-02-08**	**3.97%**
(v)	22 CS C1	**RMB**	**500**	**2022-07-22**	**2025-07-22**	**3.00%**
(ix)	23 CS C1 (note(ii))	**RMB**	**1,000**	**2023-11-09**	**2024-11-14**	**2.75%**
(x)	23 CS C2 (note(ii))	**RMB**	**1,000**	**2023-11-09**	**2026-11-14**	**3.10%**
(viii)	Subordinated Fixed Rate Bonds	**RMB**	**40,000**	**2020-08-14**	**2030-08-14**	**3.87%**
(xi)	Subordinated Fixed Rate Bonds (note(i))	**RMB**	**21,500**	**2023-12-19**	**2033-12-19**	**3.19%**
(xii)	Subordinated Fixed Rate Bonds (note(i))	**RMB**	**8,500**	**2023-12-19**	**2038-12-19**	**3.25%**

Notes:

(i) Subordinated fixed rate bonds are issued by CITIC Bank, a subsidiary of the Group.

(ii) Subordinated fixed rate bonds are issued by CITIC Security, a subsidiary of the Group.

45 Debt instruments issued (Continued)

Notes: (Continued)

(c) Subordinated bonds issued (Continued)

		As at 31 December 2022				
		Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
(i)	Subordinated Notes	US$	500	2019-02-28	2029-02-28	4.63%
(iii)	20 CS C1	RMB	2,000	2020-03-24	2023-03-24	3.32%
(iv)	21 CS C1	RMB	3,000	2021-02-03	2024-02-08	3.97%
(v)	22 CS C1	RMB	500	2022-07-22	2025-07-22	3.03%
(vi)	Subordinated Fixed Rate Bonds (note)	RMB	30,000	2018-09-13	2028-09-13	4.96%
(vii)	Subordinated Fixed Rate Bonds (note)	RMB	20,000	2018-10-22	2028-10-22	4.80%
(viii)	Subordinated Fixed Rate Bonds	RMB	40,000	2020-08-14	2030-08-14	3.87%

Note:

The subordinated fixed rate bonds are issued by CITIC Bank and redeemed in 2023 before maturity.

(d) Certificates of deposit issued

These certificates of deposit were issued by CBI with interest rate of 5.85%~5.90% per annum (31 December 2022: 2.76%~5.37%).

(e) Certificates of interbank deposit issued

As at 31 December 2023, CITIC Bank issued certain certificates of interbank deposit with a total value of RMB705,273 million (31 December 2022: RMB720,080 million). The yield ranges from 2.16% to 2.75% per annum (31 December 2022: 1.65% to 2.68% per annum). The original expiry terms are between one month to one year (31 December 2022: between three month to one year).

(f) Convertible corporate bonds

As approved by the relevant regulatory authorities in China, CITIC Bank made a public offering of RMB40,000 million A-share convertible corporate bonds (the "convertible bonds") on 4 March 2019. CITIC Corporation, as its parent company, has subscribed RMB26,388 million, 65.97% of the total corporate bonds, which is the same percentage of the Group's interest in CITIC Bank's common shares, and it was transferred to CITIC Financial Holdings Co., Ltd. at nil consideration on 22 June 2022. The convertible bonds of CITIC Bank have a term of six years from 4 March 2019 to 3 March 2025, at coupon rates of 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year. The conversion of these convertible bonds begins on the first trading day (8 March 2019) after six months upon the completion date of the offering until the maturity date (from 11 September 2019 to 3 March 2025). As at 31 December 2023, convertible bonds (including accrued interest) were recorded as debt instruments issued of RMB13,728 million and non-controlling interests of RMB1,051 million, respectively.

As approved by the relevant regulatory authorities in China, CITIC Pacific Special Steel Group Co., Ltd. made a public offering of RMB5,000 million A-share convertible corporate bonds (the "convertible bonds") on 25 February 2022. The convertible bonds of CITIC Pacific Special Steel Group Co., Ltd. have a term of 6 years from 25 February 2022 to 24 February 2028, at coupon rates of 0.2% for the first year, 0.4% for the second year, 0.9% for the third year, 1.3% for the fourth year, 1.6% for the fifth year and 2.0% for the sixth year. The conversion of these convertible bonds begins on the first trading day (3 March 2022) after six months upon the completion date of the offering until the maturity date (from 5 September 2022 to 24 February 2028). As at 31 December 2023, convertible bonds were recorded as debt instruments issued of RMB4,776 million and non-controlling interests of RMB693 million, respectively.

(g) Beneficiary certificates

The beneficiary certificates vouchers are issued by CITIC Securities. As at 31 December 2023, the balance of the outstanding beneficiary certificates issued by CITIC Securities with original maturity within one year (including accrued interest) amounted to RMB21,425 million, with coupon rates ranging from 1.99% to 4.00% per annum (31 December 2022: RMB6,027 million, with coupon rates ranging from 1.60% to 4.00% per annum) and the balance of the outstanding beneficiary certificates issued by CITIC Securities with original maturity greater than one year (including accrued interest) amounted to RMB250 million, with coupon rates ranging from 2.50% to 2.80% per annum (31 December 2022: RMB28 million, with coupon rates ranging from 2.00% to 3.40% per annum).

46 Provisions

	Environmental restoration expenditures	Others	Total
Provisions (excluding impairment loss of credit commitments and guarantees provided)			
At 1 January 2022 (Restated)	1,743	4,129	5,872
Exchange differences	22	9	31
Business combinations	–	889	889
(Reversal)/charge for the year	(70)	162	92
Payments made during the year	–	(903)	(903)
At 31 December 2022 (Restated)	1,695	4,286	5,981
At 1 January 2023 (Restated)	1,695	4,286	5,981
Exchange differences	35	(2)	33
Reversal for the year	(190)	(575)	(765)
Payments made during the year	–	(1,615)	(1,615)
At 31 December 2023	1,540	2,094	3,634

Impairment loss of credit commitments and guarantees provided	**Total**
At 1 January 2022 (Restated)	14,489
Exchange differences	54
Decreases	(3,114)
At 31 December 2022 (Restated)	11,429
At 1 January 2023 (Restated)	11,429
Exchange differences	27
Additions	1,040
At 31 December 2023	12,496
Total	
At 31 December 2022 (Restated)	17,410
At 31 December 2023	16,130

47 Share capital and reserves

(a) Share capital

As at 31 December 2023, the number of ordinary shares in issue of the Company was 29,090,262,630 (31 December 2022: 29,090,262,630).

(b) Nature and purpose of reserves

(i) Capital reserve

Considerations paid to acquire subsidiaries under common control, for instance, in 2014, a total consideration of RMB226,996 million paid by the Company to acquire the shares of CITIC Corporation, are debited against the capital reserve in the Group's consolidated financial statements. In addition, gains or losses from transactions with non-controlling interests are directly debited or credited to the capital reserve in the Group's consolidated financial statements.

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedge pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedge in Note 2(I)(ii).

(iii) Investment related reserves

The investment related reserves comprise the cumulative net change in the fair value of investments in financial assets at FVOCI until the financial assets are derecognised and share of other comprehensive income of associates and joint ventures, and are dealt with in accordance with the accounting policies set out in Note 2(k)(i) and Note 2(h), respectively.

(iv) General reserve

Pursuant to the relevant notices issued by regulatory bodies, certain subsidiaries under comprehensive financial services segment in Chinese mainland are required to set aside a general reserve to cover potential losses.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(j).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's stability and growth, so that it can continue to provide returns for shareholders.

The Group actively and regularly reviews and manages its capital structure, with reference to such financial ratios like debt (total of debt instruments issued and bank and other loans) to total equity ratio, to maintain a balance between the higher shareholders' returns that might be possible with of borrowings obtained and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Certain subsidiaries under comprehensive financial services segment are subject to capital adequacy requirements imposed by the external regulators. There was no non-compliance of capital requirements as at 31 December 2023 (31 December 2022: Nil).

48 Movement of allowances for impairment losses

	For the year ended 31 December 2023				
	At 1 January (Restated)	Charge/ (reversal)	Write-offs/ transfer out	Exchange differences and others (note(i))	At 31 December
Allowances for expected credit losses					
Deposits and placements with banks and non-bank financial institutions (Note 19 and 21)	238	(39)	–	3	202
Receivables (excluding prepayments) (Note 23)	13,737	4,651	(38)	169	18,519
Loans and advances to customers and other parties (Note 27)	137,711	49,572	(61,894)	14,266	139,655
Investments in financial assets (Note 29)					
– Financial assets at amortised cost	31,532	2,467	(5,501)	86	28,584
– Debt investments at FVOCI	3,069	1,250	(1,488)	453	3,284
Credit commitments and guarantees provided (Note 46)	11,429	1,041	(1)	27	12,496
Others (note(ii))	7,356	6,673	(5,105)	486	9,410
	205,072	65,615	(74,027)	15,490	212,150
Allowances for impairment losses					
Inventories (Note 25)	6,514	3,403	(214)	339	10,042
Interests in associates (Note 32)	7,923	635	(431)	131	8,258
Interests in joint ventures (Note 33)	1,342	–	–	176	1,518
Fixed assets (Note 34)	42,521	(338)	(33)	898	43,048
Intangible assets	14,927	–	(7)	214	15,134
Prepayments (Note 23)	77	23	–	–	100
Goodwill (Note 35)	6,134	26	–	–	6,160
Other assets	1,933	846	(539)	101	2,341
	81,371	4,595	(1,224)	1,859	86,601
	286,443	70,210	(75,251)	17,349	298,751

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

48 Movement of allowances for impairment losses (Continued)

	For the year ended 31 December 2022				
	At 1 January (Restated)	Charge (Restated)	Write-offs/ transfer out (Restated)	Exchange differences and others (Restated) (note(i))	At 31 December (Restated)
Allowances for expected credit losses					
Deposits and placements with banks and non-bank financial institutions (Note 19 and 21)	235	2	–	1	238
Receivables (excluding prepayments) (Note 23)	10,447	5,023	(2,293)	560	13,737
Loans and advances to customers and other parties (Note 27)	126,645	57,097	(58,033)	12,002	137,711
Investments in financial assets (Note 29)					
– Financial assets at amortised cost	29,949	2,220	(2,581)	1,944	31,532
– Debt investments at FVOCI	2,387	716	(138)	104	3,069
Credit commitments and guarantees provided (Note 46)	14,489	7,999	(11,113)	54	11,429
Others (note(ii))	4,316	5,948	(4,354)	1,446	7,356
	188,468	79,005	(78,512)	16,111	205,072
Allowances for impairment losses					
Inventories (Note 25)	6,040	403	(353)	424	6,514
Interests in associates (Note 32)	4,969	2,581	(40)	413	7,923
Interests in joint ventures (Note 33)	1,217	15	–	110	1,342
Fixed assets (Note 34)	39,632	70	(289)	3,108	42,521
Intangible assets	13,710	–	–	1,217	14,927
Prepayments (Note 23)	64	12	–	1	77
Goodwill (Note 35)	1,697	4,363	(22)	96	6,134
Other assets	1,836	140	(233)	190	1,933
	69,165	7,584	(937)	5,559	81,371
	257,633	86,589	(79,449)	21,670	286,443

Notes:

(i) Others include recovery of loans written off.

(ii) Movement of allowances for accrued interest of loans and advances to customers and other parties, investments in financial assets are included in others.

49 Contingent liabilities and commitments

(a) Credit commitments

Credit commitments in connection with the Group take the form of loan commitments, credit card commitments, guarantees, letters of credit and acceptances.

Loan commitments represent the undrawn amount of approved loans with signed contracts. Credit card commitments represent the credit card overdraft limits authorised by the Group. Guarantees and letters of credit represent guarantee provided by the Group to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category as at the financial position date are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognised as at the financial position date if counterparties failed to perform as contracted.

	As at 31 December	
	2023	2022 (Restated)
Contractual amount		
Loan commitments		
With an original maturity of within 1 year	**13,995**	16,319
With an original maturity of 1 year or above	**32,773**	41,642
	46,768	57,961
Credit card commitments	**779,947**	704,268
Acceptances	**866,662**	795,833
Letters of credit	**256,241**	270,837
Guarantees	**237,037**	186,617
	2,186,655	2,015,516

(b) Credit commitments analysed by credit risk weighted amount

	As at 31 December	
	2023	2022 (Restated)
Credit risk weighted amount on credit commitments	**602,231**	541,153

Notes:

(i) The above credit risk weighted amount is solely in connection with the credit commitments held by CITIC Bank under the comprehensive financial services segment of the Group.

(ii) The credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the former China Banking and Insurance Regulatory Commission and depends on the status of counterparties and the maturity characteristics. The risk weighting used is ranging from 0% to 150%.

49 Contingent liabilities and commitments (Continued)

(c) Redemption commitment for treasury bonds

As an underwriting agent of PRC treasury bonds, CITIC Bank has the responsibility to buy back those bonds sold by it, should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the treasury bond holders are calculated in accordance with relevant rules of the Ministry of Finance and the People's Bank of China. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of treasury bonds underwritten and sold by CITIC Bank, but not yet matured at the financial position date:

	As at 31 December	
	2023	2022 (Restated)
Redemption commitment for treasury bonds	**2,735**	2,904

The original terms of the above treasury bonds range from one to five years. The Group believes that the amount of treasury bonds accepted in advance before the maturity date is insignificant. The Ministry of Finance will not timely pay the treasury bonds which are accepted in advance, but will pay the principal and interest according to the issuance agreement when the treasury bonds mature.

(d) Guarantees provided

Except for guarantees that have been recognised as liabilities, the guarantees issued by the Group at the financial position date are as follows:

	As at 31 December	
	2023	2022 (Restated)
Related parties (note)	**7,344**	6,969
Third parties	**3,600**	3,200
	10,944	10,169

49 Contingent liabilities and commitments (Continued)

(d) Guarantees provided (Continued)

As at balance date, the counter guarantees issued to the Group by related parties and third parties mentioned above are as follows:

	As at 31 December	
	2023	2022 (Restated)
Related parties (note)	**1,114**	1,000
Third parties	**155**	–
	1,269	1,000

Note:

As at 31 December 2023, the guarantees provided to related parties by the Group include guarantees provided to former subsidiaries of the Group that were disposed to China Overseas Land & Investment Limited ("China Overseas") in 2016, amounting to RMB1,000 million (31 December 2022: RMB1,000 million). China Overseas has provided counter guarantees to the Group.

The relationship and transaction with related parties are disclosed in Note 51.

(e) Outstanding litigation and disputes

The Group is involved in a number of current and pending legal proceedings. The Group provided for liabilities arising from those legal proceedings in which the outflow of economic benefit is probable and can be reliably estimated in the consolidated statement of financial position. The Group believes that these accruals are reasonable and adequate.

(i) There are a number of disputes with Mineralogy, and their details are disclosed in Note 3(k).

(ii) There are some issues in dispute with MCC, and their details are disclosed in Note 3(l).

(f) Capital commitments

As at the financial position date, the Group had the following capital commitments not provided for in these consolidated financial statements:

	As at 31 December	
	2023	2022 (Restated)
Contracted for	**15,201**	22,345

50 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the business of the Group. The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly updates and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with policies and procedures.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk management

Credit risk refers to the risk of loss caused by default of debtor or counterparty. Credit risk also occurs when the Group makes unauthorised or inappropriate loans and advances to customers, financial commitments or investments. The credit risk exposures of the Group mainly arise from the Group's loans and advances to customers, bonds, interbank business, receivables, lease receivables, other debt investments, off-balance sheet items such as credit commitments, financing businesses including margin financing and securities lending, and also stock-pledged repo.

The Group has standardised management on the entire credit business process including loan application, and its investigation approval and granting of loan, and monitoring of non-performing loans. Through strictly standardising the credit business process, strengthening the whole process management of pre-loan investigation, credit rating and credit granting, examination and approval, loan review and post-loan monitoring, improving the risk of slow-release of collateral, accelerating the liquidation and disposal of non-performing loans, and promoting the upgrading and transformation of credit management system, the credit risk management level of the Group has been comprehensively improved.

In addition to the credit risk to the Group caused by credit assets, for treasury business, the Group manages the credit risk for treasury business through prudently selecting peers and other financial institutions with comparable credit levels as counterparties, balancing credit risk with returns on investment, comprehensively considering internal and external credit rating information, granting credit hierarchy, and using credit management system to review and adjust credit commitments on a timely basis, etc. In addition, the Group provides off-balance sheet commitment and guarantee business to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

The Group's credit risk of securities financing transactions mainly arises from the provision of false information by customers, failure to repay liabilities at required time limit, violation of contractual agreements on size and structure of positions, violation of regulatory requirements on transactions and involvement of legal disputes on assets provided as collateral. The Company primarily adopts the risk education, credit collection, credit granting, daily marking-to-market, customer risk alert, mandatory liquidation, judicial recourse and other methods to control those credit risks.

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Credit risk management (Continued)

The Group is also confronted with credit risk resulting from receivables that arising from sale of goods and rendering of services within the non-comprehensive financial services segments. The relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available.

Measurement of ECL

The Group adopts the "ECL model" on its debt instruments which are classified as financial assets measured at amortised cost and at FVOCI, margin accounts, credit commitments and financial guarantees in accordance with the provisions of HKFRS 9.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade and other receivables and contract assets, regardless of whether there is significant financing component or not. For other financial assets that are included in the measurement of ECL, the Group evaluates whether the credit risks of related financial assets have increased significantly since initial recognition. The "three-stage" impairment model is used to measure their loss allowances respectively to recognise ECL and their movements:

Stage 1: Financial instruments with no significant increase in credit risk since its initial recognition will be classified as "stage 1" and the Group continuously monitors their credit risk. The loss allowances of financial instruments in stage 1 are measured based on the ECL in the next 12 months, which represents the proportion of the ECL in the lifetime due to possible default events in the next 12 months.

Stage 2: If there is a significant increase in credit risk since initial recognition, the Group transfers the related financial instruments to stage 2, but it will not be considered as credit-impaired instruments. The ECL of financial instruments in stage 2 is measured based on the lifetime ECL.

Stage 3: If a financial asset has shown signs of credit impairment from initial recognition, it will be moved to Stage 3. The expected credit losses of financial assets in Stage 3 are measured based on the lifetime expected credit losses.

Purchased or originated credit-impaired financial assets refers to financial assets that are credit-impaired at the initial recognition. Loss allowances on these assets are the lifetime ECL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

The Group estimates the ECL in accordance with HKFRS 9, and the key judgments and assumptions adopted by the Group are as follows:

(1) Significant increase in credit risk

On each financial position date, the Group evaluates whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. When one or more on quantitative or qualitative threshold, or upper limit are triggered, the credit risk of financial instruments would be considered as increased significantly.

By setting quantitative and qualitative threshold, and upper limit, the Group determines whether the credit risk of financial instruments has increased significantly since initial recognition. The judgment mainly includes the number of overdue days, the absolute level and relative level of the change of default probability, the change of credit risk classification and other conditions indicating significant changes in credit risk.

(2) Definition of default and credit-impaired assets

When credit impairment occurred, the Group defines that the financial asset is in default. In general, a financial asset that is overdue for more than 90 days is considered to be in default.

When one or more events that adversely affect the expected future cash flow of a financial asset occurs, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information:

– The issuer or borrower/debtor is in significant financial difficulties;

– The borrower/debtor is in breach of financial covenant(s) such as default or overdue in repayment of interests or principal etc.;

– The creditor gives the debtor concession that would not be offered otherwise, considering economic or contractual factors relating to the debtor's financial difficulties;

– It is becoming probably that the borrower/debtor will enter bankruptcy or other debt restructuring;

– An active market for that financial asset has disappeared because of financial difficulties from issuer or borrower/debtor;

– Financing financial assets are subject to mandatory liquidation measures and the collateral value is no longer sufficient for financing amounts;

– Violation grade for bond issuers or bonds in the latest external rating;

– Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The Group's default definition has been consistently applied to the modeling of default probability, default risk exposure and default loss rate in the Group's expected credit loss calculation process.

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(3) Inputs for measurement of ECL

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred or whether an asset is considered to be credit-impaired. Related definitions are as follows:

– The probability of default ("PD") represents the likelihood of a borrower/debtor defaulting on its financial obligations, either over the next 12 months or over the remaining lifetime of the obligation.

– Loss given default ("LGD") represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis.

– Exposure at default ("EAD") is based on the amounts that the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime of the obligation.

The Group regularly monitors and reviews the assumptions related to the calculation of expected credit losses, including the PD and the change in the value of collateral over time.

The Group categorises exposures with similar risk characteristics and estimates the PD, LGD, EAD by the exposures respectively. During the year of 2023, based on data accumulation, the Group optimised and updated relevant models and parameters. The Group has obtained sufficient information to ensure its statistical reliability. ECL of the Group is measured based on the continuous assessment and follow-up of individuals and their financial status.

(4) Forward-looking information

The assessment of significant increase in credit risk and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each asset portfolio.

These economic variables have different impacts on the PD and LGD of different risk groups. Expert judgment has also been applied in this process, forecasts of these economic variables are estimated by the experts of the Group on a semi-annually basis, and the impact of these economic variables on the PD and the LGD was determined by the results of expert judgement.

In addition to the base economic scenario, the Group determines the possible scenarios and their weighted by a combination of statistical analysis and expert judgment. The Group measures ECL as either a probability weighted 12 months ECL (stage 1) or a probability weight lifetime ECL (stage 2 and stage 3). These probability-weighted ECL are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(4) Forward-looking information (Continued)

Macroeconomic scenario and weighting information

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio, which mainly include Domestic GDP, producer price index, the total retail sales of consumer goods, consumer price index, narrow money supply and per capita disposable income of urban residents, etc. Based on comprehensive considerations of internal and external data, expert forecasts, and the best estimate of future outcomes, the Group makes regular forecasts of the macro indicators in three macro-economic scenarios, i. e., the positive, neutral and negative scenarios, to determine the coefficients for forward-looking adjustments. Neutral is defined as the most likely to happen in the future, as compared to other scenarios. Positive scenario and negative scenario represent the likely scenario that is better off or worse off as compared to the neutral scenario.

(i) Maximum credit risk exposure

The maximum exposure to credit risk as at the financial position date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the statement of financial position after deducting any impairment allowance. A summary of the maximum credit risk exposure of financial instruments for which allowance for impairment losses is recognised is as follows:

	As at 31 December	
	2023	2022 (Restated)
Deposits with central banks, banks and non-bank financial institutions	**620,631**	671,723
Placements with banks and non-bank financial institutions	**237,742**	217,354
Trade and other receivables	**231,150**	191,430
Financial assets held under resale agreements	**164,983**	45,713
Loans and advances to customers and other parties	**5,374,582**	5,038,853
Refundable deposits	**62,182**	69,158
Margin accounts	**118,746**	106,976
Investments in financial assets		
– At amortised cost	**1,076,039**	1,124,596
– Debt investments at FVOCI	**967,803**	873,367
Cash held on behalf of customers	**239,019**	245,723
Contract assets	**24,312**	20,728
Other financial assets	**5,986**	4,531
	9,123,175	8,610,152
Credit commitments and guarantees provided	**2,197,389**	2,025,685
Maximum credit risk exposure	**11,320,564**	10,635,837

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(i) Maximum credit risk exposure (Continued)

The maximum credit risk exposure for debt instruments at the financial position date without taking into consideration of any collateral held or other credit enhancement is represented by the balance of each type of debt instruments in the statement of financial position. A summary of the maximum exposure is as follows:

	As at 31 December	
	2023	2022 (Restated)
Derivative financial instruments	77,562	80,867
Loans and advances to customers and other parties at FVPL	5,558	3,881
Investments in financial assets		
– Financial assets at FVPL (debt instruments)	924,942	804,510
Maximum credit risk exposure	1,008,062	889,258

(ii) Expected credit losses

The following table explains the changes in the gross carrying amount for loans and advances to customers and other parties using ECL model to assess allowance for impairment loss for the year:

	For the year ended 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2023	5,003,058	92,278	81,012	5,176,348
Movements:				
Net transfers out from stage 1	(104,736)	–	–	(104,736)
Net transfers into stage 2	–	25,746	–	25,746
Net transfers into stage 3	–	–	78,990	78,990
Net increase/(decrease) during the year (note (i))	436,662	(21,286)	(26,889)	388,487
Write-offs	–	–	(61,895)	(61,895)
Others (note (ii))	10,150	240	931	11,321
Balance at 31 December 2023	5,345,134	96,978	72,149	5,514,261

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(ii) Expected credit losses (Continued)

	For the year ended 31 December 2022			
	Stage 1 (Restated)	Stage 2 (Restated)	Stage 3 (Restated)	Total (Restated)
Balance at 1 January 2022	4,710,367	89,678	75,766	4,875,811
Movements:				
Net transfers out from stage 1	(110,179)	–	–	(110,179)
Net transfers into stage 2	–	24,742	–	24,742
Net transfers into stage 3	–	–	85,437	85,437
Net increase/(decrease) during the year (note (i))	376,727	(24,051)	(23,244)	329,432
Write-offs	–	–	(58,032)	(58,032)
Others (note (ii))	26,143	1,909	1,085	29,137
Balance at 31 December 2022	5,003,058	92,278	81,012	5,176,348

The following table explains the changes in the gross carrying amount for investments in financial assets using ECL model to assess allowance for impairment loss for the year:

	For the year ended 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2023	**1,965,750**	**5,433**	**58,350**	**2,029,533**
Movements:				
Business combinations	**1,724**	**–**	**–**	**1,724**
Net transfers out from stage 1	**(6,511)**	**–**	**–**	**(6,511)**
Net transfers into stage 2	**–**	**4,637**	**–**	**4,637**
Net transfers into stage 3	**–**	**–**	**1,874**	**1,874**
Net increase/(decrease) during the year (note (i))	**46,792**	**(2,945)**	**(3,449)**	**40,398**
Write-offs	**–**	**–**	**(6,510)**	**(6,510)**
Others (note (ii))	**7,125**	**112**	**82**	**7,319**
Balance at 31 December 2023	**2,014,880**	**7,237**	**50,347**	**2,072,464**

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(ii) Expected credit losses (Continued)

	For the year ended 31 December 2022			
	Stage 1 (Restated)	Stage 2 (Restated)	Stage 3 (Restated)	Total (Restated)
Balance at 1 January 2022	1,781,965	18,796	51,729	1,852,490
Movements:				
Business combinations	62,713	1,578	–	64,291
Net transfers out from stage 1	(3,879)	–	–	(3,879)
Net transfers out from stage 2	–	(10,917)	–	(10,917)
Net transfers into stage 3	–	–	14,795	14,795
Net increase/(decrease) during the year (note (i))	111,652	(3,909)	(5,682)	102,061
Write-offs	–	–	(2,719)	(2,719)
Others (note (ii))	13,299	(115)	227	13,411
Balance at 31 December 2022	1,965,750	5,433	58,350	2,029,533

Notes:

(i) Net increase/(decrease) mainly includes changes in carrying amount due to newly purchased or originated credit-impaired financial assets or de-recognition excluding write-offs.

(ii) Others includes net changes in accrued interest and effect of exchange differences during the year.

Movements of the loss allowances for loans and advances to customers and other parties using ECL model to assess allowance for impairment loss for the year is as follows:

	For the year ended 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2023	**62,124**	**22,675**	**53,325**	**138,124**
Movements (note (i)):				
Net transfers out from stage 1	**(3,045)**	**–**	**–**	**(3,045)**
Net transfers into stage 2	**–**	**9,082**	**–**	**9,082**
Net transfers into stage 3	**–**	**–**	**34,776**	**34,776**
Net increase/(decrease) during the year (note (ii))	**6,875**	**(4,027)**	**(7,030)**	**(4,182)**
Write-offs	**–**	**–**	**(61,895)**	**(61,895)**
Parameters change for the year (note (iii))	**(1,170)**	**(149)**	**14,257**	**12,938**
Others (note (iv))	**70**	**(364)**	**14,831**	**14,537**
Balance at 31 December 2023	**64,854**	**27,217**	**48,264**	**140,335**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(ii) Expected credit losses (Continued)

	For the year ended 31 December 2022			
	Stage 1 (Restated)	Stage 2 (Restated)	Stage 3 (Restated)	Total (Restated)
Balance at 1 January 2022	51,807	25,895	49,177	126,879
Movements (note (i)):				
Net transfers out from stage 1	(2,839)	–	–	(2,839)
Net transfers out from stage 2	–	(1,224)	–	(1,224)
Net transfers into stage 3	–	–	37,959	37,959
Net increase/(decrease) during the year (note (ii))	6,230	(4,602)	(14,162)	(12,534)
Write-offs	–	–	(58,033)	(58,033)
Parameters change for the year (note (iii))	7,408	567	27,784	35,759
Others (note (iv))	(481)	2,039	10,599	12,157
Balance at 31 December 2022	62,125	22,675	53,324	138,124

Movements of the loss allowances for investments in financial assets using ECL model to assess allowance for impairment loss for the year is as follows:

	For the year ended 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2023	**5,072**	**1,532**	**28,035**	**34,639**
Movements (note (i)):				
Net transfers out from stage 1	**(245)**	**–**	**–**	**(245)**
Net transfers into stage 2	**–**	**717**	**–**	**717**
Net transfers into stage 3	**–**	**–**	**893**	**893**
Net increase during the year (note (ii))	**397**	**63**	**2,543**	**3,003**
Write-offs	**–**	**–**	**(6,510)**	**(6,510)**
Parameters change for the year (note (iii))	**6**	**(676)**	**(351)**	**(1,021)**
Others (note (iv))	**375**	**3**	**52**	**430**
Balance at 31 December 2023	**5,605**	**1,639**	**24,662**	**31,906**

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(ii) Expected credit losses (Continued)

	For the year ended 31 December 2022			
	Stage 1 (Restated)	Stage 2 (Restated)	Stage 3 (Restated)	Total (Restated)
Balance at 1 January 2022	7,030	5,725	19,683	32,438
Movements (note (i)):				
Net transfers out from stage 1	(309)	–	–	(309)
Net transfers out from stage 2	–	(3,602)	–	(3,602)
Net transfers into stage 3	–	–	8,168	8,168
Net increase/(decrease) during the year (note (ii))	1,426	(720)	(1,592)	(886)
Write-offs	–	–	(2,719)	(2,719)
Parameters change for the year (note (iii))	(1,200)	57	2,468	1,325
Others (note (iv))	(1,875)	72	2,027	224
Balance at 31 December 2022	5,072	1,532	28,035	34,639

Notes:

(i) Movements mainly includes the impacts to ECL due to changes in stages.

(ii) Net increase/(decrease) mainly includes changes in allowance of impairment due to newly purchased or originated credit-impaired financial assets or de-recognition excluding write-offs.

(iii) Parameters change mainly includes the impacts to ECL due to unwinding of discount, regular update on modeling parameters resulting from changes in PD and LGD excluding changes in stages.

(iv) Others include changes of impairment losses of accrued interest, recovery of loans written off and effect of exchange differences.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(iii) Loans and advances to customers and other parties analysed by industry sector:

	As at 31 December					
	2023			2022		
	Gross balance	%	Loans and advances secured by collateral	Gross balance (Restated)	%	Loans and advances secured by collateral (Restated)
Corporate loans						
– Real estate	264,352	5%	170,149	280,771	5%	231,897
– Rental and business services	532,395	10%	148,751	495,897	9%	193,562
– Manufacturing	477,610	9%	179,327	407,586	8%	171,457
– Water, environment and public utility management	432,724	8%	104,234	413,399	8%	129,983
– Wholesale and retail	215,348	4%	100,650	177,917	3%	95,000
– Transportation, storage and postal services	139,241	3%	63,159	149,892	3%	79,475
– Construction	123,776	2%	45,390	103,600	2%	54,690
– Production and supply of electric power, gas and water	98,121	1%	39,809	89,708	2%	41,650
– Public management and social organisations	50,914	2%	18,399	8,674	1%	1,930
– Others	354,160	6%	90,198	396,931	8%	117,282
	2,688,641	50%	960,066	2,524,375	49%	1,116,926
Personal loans	2,294,540	40%	1,510,757	2,126,533	41%	1,423,097
Discounted bills	516,450	9%	–	511,936	9%	–
	5,499,631	99%	2,470,823	5,162,844	99%	2,540,023
Accrued interest	20,188	1%	–	17,385	1%	–
	5,519,819	100%	2,470,823	5,180,229	100%	2,540,023

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(iv) Loans and advances to customers and other parties analysed by geographical sector:

	As at 31 December					
	2023			2022		
	Gross balance	%	Loans and advances secured by collateral	Gross balance (Restated)	%	Loans and advances secured by collateral (Restated)
Chinese mainland	5,290,715	95%	2,374,969	4,936,284	95%	2,442,852
Excluding Chinese mainland	208,916	4%	95,854	226,560	4%	97,171
	5,499,631	99%	2,470,823	5,162,844	99%	2,540,023
Accrued interest	20,188	1%	–	17,385	1%	–
	5,519,819	100%	2,470,823	5,180,229	100%	2,540,023

(v) Loans and advances to customers and other parties analysed by type of security:

	As at 31 December	
	2023	2022 (Restated)
Unsecured loans	1,543,908	1,381,719
Guaranteed loans	968,338	729,166
Secured loans		
– Loans secured by collateral	2,057,745	2,021,158
– Pledged loans	413,190	518,865
	4,983,181	4,650,908
Discounted bills	516,450	511,936
	5,499,631	5,162,844
Accrued interest	20,188	17,385
Gross loans and advances	5,519,819	5,180,229

50 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

(vi) Rescheduled loans and advances to customers and other parties

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower/debtor, or of the inability of the borrower/debtor to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider.

	As at 31 December			
	2023		2022	
	Gross balance	**% of total loans and advances**	Gross balance (Restated)	% of total loans and advances
Rescheduled loans and advances	**17,742**	**0.32%**	14,415	0.28%
– Rescheduled loans and advances overdue more than 3 months	**3,412**	**0.06%**	6,370	0.12%

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at 31 December 2023, the Group did not enter into significant enforceable master netting arrangements with counterparties and therefore there were no significant offsettings of any assets and liabilities in the consolidated statement of financial position (31 December 2022: Nil).

(b) Liquidity risk

Liquidity risk arises when there is mismatch between amounts and maturity dates of financial assets and financial liabilities.

Each of the Group's operating entity formulates liquidity risk management policies and procedures within the Group's overall liquidity risk management framework and takes into consideration of the business and regulatory requirements applicable to individual entity.

The Group manages liquidity risk by holding liquid assets (including deposits, other short-term funds and securities) of appropriate quality and quantity to ensure that short-term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material demand for payments in the ordinary course of business.

50 Financial risk management and fair values (Continued)

(b) Liquidity risk (Continued)

The following tables indicate the analysis by remaining maturities of the Group's financial assets and liabilities at the financial position date:

	As at 31 December 2023					
	Repayable on demand	Within 1 year	Between 1 and 5 years	More than 5 years	Undated (note)	Total
Total financial assets	633,887	3,787,860	2,683,132	2,218,185	1,175,944	10,499,008
Total financial liabilities	(3,757,854)	(4,326,465)	(1,574,515)	(150,666)	(20,488)	(9,829,988)
Financial asset-liability (gap)/surplus	(3,123,967)	(538,605)	1,108,617	2,067,519	1,155,456	669,020

	As at 31 December 2022					
	Repayable on demand (Restated)	Within 1 year (Restated)	Between 1 and 5 years (Restated)	More than 5 years (Restated)	Undated (Restated) (note)	Total (Restated)
Total financial assets	669,432	3,460,519	2,286,924	2,185,295	1,222,839	9,825,009
Total financial liabilities	(3,572,146)	(4,232,094)	(1,159,660)	(159,734)	(21,346)	(9,144,980)
Financial asset-liability (gap)/surplus	(2,902,714)	(771,575)	1,127,264	2,025,561	1,201,493	680,029

The table below presents the undiscounted cash flows of the Group's financial assets and liabilities by remaining maturities at the financial position date:

	As at 31 December 2023					
	Repayable on demand	Within 1 year	Between 1 and 5 years	More than 5 years	Undated (note)	Total
Total financial assets	633,887	4,012,527	3,200,400	2,634,813	1,178,943	11,660,570
Total financial liabilities	(3,757,854)	(4,474,085)	(1,709,326)	(178,990)	(20,613)	(10,140,868)
Financial asset-liability (gap)/surplus	(3,123,967)	(461,558)	1,491,074	2,455,823	1,158,330	1,519,702

	As at 31 December 2022					
	Repayable on demand (Restated)	Within 1 year (Restated)	Between 1 and 5 years (Restated)	More than 5 years (Restated)	Undated (Restated) (note)	Total (Restated)
Total financial assets	669,432	3,706,222	2,753,203	2,717,049	1,230,596	11,076,502
Total financial liabilities	(3,572,146)	(4,344,067)	(1,273,682)	(174,355)	(21,346)	(9,385,596)
Financial asset-liability (gap)/surplus	(2,902,714)	(637,845)	1,479,521	2,542,694	1,209,250	1,690,906

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50 Financial risk management and fair values (Continued)

(b) Liquidity risk (Continued)

Note:

For cash and balances with central banks, the indefinite maturity date amount represented statutory deposit reserve funds and fiscal deposits maintained with the People's Bank of China. For loans and advances to customers and other parties, investments in financial assets, the no fixed maturity date amount represented the balances being credit impaired or overdue for more than one month. Equity investments were also reported under no fixed maturity date.

For loans and advances to customers which are overdue with are one month yet are not impaired, the balances are reported under repayable on demand.

Credit Commitments include bank acceptances, credit card commitments, letters of guarantee issued, loan commitments and letters of credit issued. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

	As at 31 December 2023			
	Within 1 year	**Between 1 and 5 years**	**More than 5 years**	**Total**
Loan commitments	**4,288**	**11,889**	**30,591**	**46,768**
Guarantees	**154,761**	**81,650**	**626**	**237,037**
Letters of credit	**255,368**	**873**	**–**	**256,241**
Acceptances	**866,662**	**–**	**–**	**866,662**
Credit card commitments	**779,947**	**–**	**–**	**779,947**
Total	**2,061,026**	**94,412**	**31,217**	**2,186,655**

	As at 31 December 2022			
	Within 1 year (Restated)	Between 1 and 5 years (Restated)	More than 5 years (Restated)	Total (Restated)
Loan commitments	16,728	18,427	22,806	57,961
Guarantees	119,250	65,802	1,565	186,617
Letters of credit	269,893	944	–	270,837
Acceptances	795,833	–	–	795,833
Credit card commitments	704,268	–	–	704,268
Total	1,905,972	85,173	24,371	2,015,516

(c) Interest rate risk

Each of the Group's operating entities has formulated its own interest risk management policies and procedures covering identification, measurement, monitoring and control of interest risk. The Group manages interest rate risk to control potential loss from interest rate risk at an acceptable level by talking into account market conditions.

50 Financial risk management and fair values (Continued)

(c) Interest rate risk (Continued)

(i) Asset-liability gap

Interest rate risk arises from mismatch between repricing dates of financial assets and liabilities affected by market interest rate volatility.

	As at 31 December 2023				
	Non-interest bearing	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Total financial assets	**1,090,623**	**7,076,058**	**1,543,608**	**788,719**	**10,499,008**
Total financial liabilities	**(659,532)**	**(7,604,083)**	**(1,421,357)**	**(145,016)**	**(9,829,988)**
Financial asset-liability surplus/(gap)	**431,091**	**(528,025)**	**122,251**	**643,703**	**669,020**

	As at 31 December 2022				
	Non-interest bearing (Restated)	Within 1 year (Restated)	Between 1 and 5 years (Restated)	More than 5 years (Restated)	Total (Restated)
Total financial assets	1,307,774	6,139,735	1,887,433	490,067	9,825,009
Total financial liabilities	(791,361)	(7,071,454)	(1,108,855)	(173,310)	(9,144,980)
Financial asset-liability surplus/(gap)	516,413	(931,719)	778,578	316,757	680,029

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50 Financial risk management and fair values (Continued)

(c) Interest rate risk (Continued)

(ii) Effective interest rate

	As at 31 December			
	2023		2022	
	Effective interest rate	RMB million	Effective interest rate	RMB million (Restated)
Assets				
Cash and deposits	0.35%~2.07%	625,135	0.35%~1.75%	677,327
Placements with banks and non-bank financial institutions	3.18%	237,742	2.49%	217,354
Financial assets held under resale agreements	1.61%	164,983	1.45%	45,713
Loans and advances to customers and other parties	4.56%	5,380,140	4.81%	5,042,734
Investments in financial assets	2.73%~3.16%	3,356,367	2.66%~3.55%	3,143,196
Others		1,566,553		1,415,719
		11,330,920		10,542,043
Liabilities				
Borrowing from central banks	2.61%	273,226	2.94%	119,421
Deposits from banks and non-bank financial institutions	2.12%	893,565	2.09%	1,103,099
Placements from banks and non-bank financial institutions	3.00%	150,493	2.41%	108,736
Financial assets sold under repurchase agreements	2.13%	744,571	2.00%	470,477
Deposits from customers	2.12%	5,459,993	2.06%	5,150,772
Bank and other loans	0.13%~10%	235,770	1.28%~7.25%	156,709
Debt instruments issued	0.88%~6.10%	1,221,107	2.45%~6.80%	1,182,140
Others		1,015,413		1,016,012
		9,994,138		9,307,366

50 Financial risk management and fair values (Continued)

(c) Interest rate risk (Continued)

(iii) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's profit or loss. As at 31 December 2023, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, the Group's profit before taxation would decrease or increase by RMB6,967 million (31 December 2022: decrease or increase by RMB10,038 million).

This sensitivity analysis is based on a static interest rate risk profile of the Group's financial assets and financial liabilities and certain simplified assumptions. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's financial assets and financial liabilities within the one-year period. The analysis is based on the following assumptions: (1) all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature at the beginning of the respective periods; (2) there is a parallel shift in the yield curve and in interest rates; and (3) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's profit before taxation resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

(d) Currency risk

Currency risk arises from the changes in exchange rates on the Group's foreign currency denominated assets and liabilities. The Group measures its currency risk with foreign currency exposures, and manages currency risk by entering into spot foreign exchange transactions, use of derivatives (mainly foreign forwards and swaps), and matching its foreign currency denominated assets with corresponding liabilities in the same currency.

The revenue from the Group's Sino Iron Project is denominated in US$, and to meet accounting requirements US$ is the functional currency for this entity. A substantial portion of its development and operating expenditure are denominated in Australian Dollars. The Group entered into plain vanilla forward contracts to manage the foreign currency risks.

The Group funded the Sino Iron Project and the acquisition of bulk cargo vessels by borrowing US$ loans to match the future cash outflows of these assets. The Group's investments in the Sino Iron Project and bulk cargo vessels (whose functional currency is in US$) have been designated as an accounting hedge against other US$ loans.

50 Financial risk management and fair values (Continued)

(d) Currency risk (Continued)

The exposure to currency risk arising from the financial assets and financial liabilities at the financial position dates is as follows (expressed in RMB million):

	As at 31 December 2023				
	RMB	**HK$**	**US$**	**Others**	**Total**
Total financial assets	**9,629,011**	**271,879**	**521,594**	**76,524**	**10,499,008**
Total financial liabilities	**(8,878,778)**	**(281,967)**	**(611,230)**	**(58,013)**	**(9,829,988)**
Financial asset-liability surplus/(gap)	**750,233**	**(10,088)**	**(89,636)**	**18,511**	**669,020**

	As at 31 December 2022				
	RMB (Restated)	HK$ (Restated)	US$ (Restated)	Others (Restated)	Total (Restated)
Total financial assets	9,010,024	214,928	525,864	74,193	9,825,009
Total financial liabilities	(8,258,334)	(261,822)	(580,184)	(44,640)	(9,144,980)
Financial asset-liability surplus/(gap)	751,690	(46,894)	(54,320)	29,553	680,029

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's net exchange gain or loss.

Assuming all other risk variables remained constant, 100 basis points strengthening or weakening of RMB against HK$, US$ and other currencies as at 31 December 2023 would decrease or increase the Group's total comprehensive income by RMB1,492 million (31 December 2022: decrease or increase by RMB717 million with 100 basis points strengthening or weakening).

This sensitivity analysis is based on a static foreign exchange exposure profile of financial assets and financial liabilities and certain simplified assumptions. The analysis is based on the following assumptions: (i) the foreign exchange sensitivity is the foreign exchange gain or loss recognised as a result of 100 basis points fluctuation in the in the absolute value of the closing (middle) of each foreign currency against RMB; (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously and do not take into account the correlation effect of changes in different foreign currencies; and (iii) the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's comprehensive income resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

50 Financial risk management and fair values (Continued)

(e) Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying amounts of financial instruments measured at fair value as at the financial position date across the three levels of the fair value hierarchy defined in HKFRS 13, Fair value measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair values measured using quoted market for similar active markets for identical financial instruments;

- Level 2: fair values measured using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;

- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

The fair value of the Group's financial assets and financial liabilities are determined as follows:

- If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;

- If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments. If there are no available observable current market transactions prices for similar instruments, quoted prices from counterparty is used for the valuation, and management performs analysis on these prices. Discounted cash flow analysis using the applicable yield curve for the duration of the instruments is used for derivatives other than options, and option pricing models are used for option derivatives.

50 Financial risk management and fair values (Continued)

(e) Fair values (Continued)

(i) Financial instruments carried at fair value (Continued)

	As at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Bills receivables at FVOCI	–	12,804	–	12,804
Loans and advances to customers and other parties at FVOCI	–	572,730	–	572,730
Loans and advances to customers and other parties at FVPL	–	–	5,558	5,558
Derivative financial assets	1,464	69,761	6,337	77,562
Investments in financial assets	555,487	1,560,215	164,626	2,280,328
	556,951	2,215,510	176,521	2,948,982
Liabilities				
Financial liabilities at FVPL	(11,616)	(56,308)	(20,628)	(88,552)
Derivative financial liabilities	(1,003)	(67,524)	(5,228)	(73,755)
	(12,619)	(123,832)	(25,856)	(162,307)

	As at 31 December 2022			
	Level 1 (Restated)	Level 2 (Restated)	Level 3 (Restated)	Total (Restated)
Assets				
Bills receivables at FVOCI	–	4,807	–	4,807
Loans and advances to customers and other parties at FVOCI	–	563,083	–	563,083
Loans and advances to customers and other parties at FVPL	–	–	3,881	3,881
Derivative financial assets	526	73,800	6,541	80,867
Investments in financial assets	598,342	1,281,235	139,023	2,018,600
	598,868	1,922,925	149,445	2,671,238
Liabilities				
Financial liabilities at FVPL	(17,880)	(45,490)	(31,475)	(94,845)
Derivative financial liabilities	(1,154)	(66,825)	(4,414)	(72,393)
	(19,034)	(112,315)	(35,889)	(167,238)

For the year ended 31 December 2023, there were no significant transfers between instruments in different levels (2022: Nil) and no significant changes in valuation techniques for determining the fair values of the instruments (2022: Nil).

50 Financial risk management and fair values (Continued)

(e) Fair values (Continued)

(i) Financial instruments carried at fair value (Continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	For the year ended 31 December 2023						
	Assets				Liabilities		
	Loans and advances to customers and other parties at FVPL	Derivatives financial assets	Investments in financial assets	Total	Financial liabilities at fair value through profit or loss	Derivatives financial liabilities	Total
At 1 January 2023	3,881	6,541	139,023	149,445	(31,475)	(4,414)	(35,889)
Total profit/(losses):	25	(2,607)	1,945	(637)	4,872	5,021	9,893
– in profit or loss	25	(2,607)	1,282	(1,300)	4,872	5,021	9,893
– in other comprehensive losses	–	–	663	663	–	–	–
Net settlements	1,652	2,403	23,658	27,713	5,975	(5,835)	140
At 31 December 2023	5,558	6,337	164,626	176,521	(20,628)	(5,228)	(25,856)

	For the year ended 31 December 2022						
	Assets				Liabilities		
	Loans and advances to customers and other parties at FVPL (Restated)	Derivatives financial assets (Restated)	Investments in financial assets (Restated)	Total (Restated)	Financial liabilities at fair value through profit or loss (Restated)	Derivatives financial liabilities (Restated)	Total (Restated)
At 1 January 2022	–	–	32,447	32,447	(212)	–	(212)
Total profit/(losses):	–	2,262	6,055	8,317	(449)	2,545	2,096
– in profit or loss	–	2,262	6,272	8,534	(449)	2,545	2,096
– in other comprehensive losses	–	–	(217)	(217)	–	–	–
Net settlements	3,881	(629)	(4,336)	(1,084)	2,520	(2,598)	(78)
Business combinations	–	4,908	104,857	109,765	(33,334)	(4,361)	(37,695)
At 31 December 2022	3,881	6,541	139,023	149,445	(31,475)	(4,414)	(35,889)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50 Financial risk management and fair values (Continued)

(e) Fair values (Continued)

(ii) Fair value of other financial instruments (carried at other than fair value)

The carrying amounts and fair values of the Group's financial assets and liabilities, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	As at 31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Investments in financial assets					
– Financial assets at amortised cost	1,076,039	1,082,341	8,885	854,990	218,466
Financial liabilities					
Debt instruments issued					
– Corporate bonds issued	236,477	237,942	206,139	31,803	–
– Notes issued	154,307	154,833	4,671	150,162	–
– Subordinated bonds issued	83,397	84,351	7,255	77,096	–
– Certificates of deposit issued (non-trading)	1,430	1,430	–	–	1,430
– Certificates of interbank deposit issued	705,317	694,130	–	694,130	–
– Convertible corporate bonds issued	18,504	22,315	–	–	22,315
– Beneficiary certificates	21,675	21,675	–	–	21,675
	1,221,107	1,216,676	218,065	953,191	45,420

	As at 31 December 2022				
	Carrying amount (Restated)	Fair value (Restated)	Level 1 (Restated)	Level 2 (Restated)	Level 3 (Restated)
Financial assets					
Investments in financial assets					
– Financial assets at amortised cost	1,124,596	1,130,152	7,747	886,459	235,946
Financial liabilities					
Debt instruments issued					
– Corporate bonds issued	205,424	206,516	171,756	34,760	–
– Notes issued	130,663	140,736	11,163	129,573	–
– Subordinated bonds issued	100,374	101,501	3,462	98,039	–
– Certificates of deposit issued (non-trading)	1,047	1,047	–	–	1,047
– Certificates of interbank deposit issued	720,096	703,847	–	703,847	–
– Convertible corporate bonds issued	18,481	22,426	–	–	22,426
– Beneficiary certificates	6,055	6,055	–	–	6,055
	1,182,140	1,182,128	186,381	966,219	29,528

50 Financial risk management and fair values (Continued)

(e) Fair values (Continued)

(iii) Estimation of fair values

As at the financial position date, the Group adopted the following major methods and assumptions in estimating the fair value of financial instruments.

Investments in financial assets and financial liabilities

Fair value is based on quoted market prices as at the financial position date for trading financial assets and liabilities (excluding derivatives), financial assets held for investment if there is an active market. If an active market does not exist for financial assets held for investment, the fair value is determined using valuation techniques.

Derivatives

The fair values of foreign currency and interest rate contracts are either based on their listed market prices or by discount cash flow model at the measurement date.

Financial guarantees

The fair values of financial guarantees are determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

51 Material related parties

(a) Relationship of related parties

(i) In addition to subsidiaries, related parties include parent company, holding company's fellow entities, associates and joint ventures of the Group.

(ii) CITIC Group, the parent and the ultimate controlling shareholder of the Group, is a state-owned company established in Beijing in 1979.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

51 Material related parties (Continued)

(b) Related party transactions

(i) Transaction amounts with related parties

	For the year ended 31 December 2023			
	Parent company	**Holding company's fellow entities**	**Associates and joint ventures**	**Total**
Sales of goods	**–**	**164**	**3,030**	**3,194**
Purchase of goods	**–**	**1,272**	**22,970**	**24,242**
Interest income (note (2))	**69**	**109**	**1,540**	**1,718**
Interest expenses	**84**	**1,791**	**714**	**2,589**
Fee and commission income	**64**	**1**	**15**	**80**
Fee and commission expenses	**–**	**16**	**1**	**17**
Income from other services	**23**	**199**	**4,249**	**4,471**
Expenses for other services	**–**	**122**	**133**	**255**
Interest income from deposits and receivables	**–**	**–**	**576**	**576**
Other operating expenses	**–**	**1,174**	**851**	**2,025**

	For the year ended 31 December 2022			
	Parent company (Restated)	Holding company's fellow entities (Restated)	Associates and joint ventures (Restated)	Total (Restated)
Sales of goods	–	159	1,510	1,669
Purchase of goods	–	1,397	17,254	18,651
Interest income (note (2))	58	114	2,710	2,882
Interest expenses	61	703	537	1,301
Fee and commission income	40	2	36	78
Fee and commission expenses	–	–	12	12
Income from other services	4	101	2,312	2,417
Expenses for other services	–	72	26	98
Interest income from deposits and receivables	10	–	463	473
Other operating expenses	–	62	1,929	1,991

Notes:

(1) These above transactions with related parties were conducted under the normal commercial terms.

(2) Interest rates of loans and advances to the related parties were determined at rates negotiated between the Group and the corresponding related parties on a case by case basis.

(3) During the relevant years, CITIC Bank, a subsidiary of the Group, entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer (i.e. issuance of asset-backed securities in the form of public placement), wealth management, investment, deposit, settlement and clearing, off-balance sheet transactions, and purchase, sale and leases of property. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.

51 Material related parties (Continued)

(b) Related party transactions (Continued)

(ii) Outstanding balances with related parties

	As at 31 December 2023			
	Parent company	Holding company's fellow entities	Associates and joint ventures	Total
Trade and other receivables	64	1,017	10,863	11,944
Loans and advances to customers and other parties (note (2))	–	5,285	11,443	16,728
Cash and deposits	–	–	31,170	31,170
Derivative financial instruments and other assets	–	2	10,037	10,039
Placements with banks and non-bank financial institutions	–	–	33,881	33,881
Investments in financial assets				
– Financial assets at FVPL	–	–	4,900	4,900
– Debt instruments at FVOCI	1,023	–	1,366	2,389
– Equity investments at FVOCI	–	–	460	460
– Financial assets at amortised cost	985	–	–	985
Contract assets	–	5	918	923
Financial assets held under resale agreements	–	1,182	–	1,182
Trade and other payables	481	11,410	5,953	17,844
Deposits from customers	19,139	9,761	19,585	48,485
Deposits from bank and non-bank financial institutions	–	–	19,310	19,310
Contract liabilities	135	10	1,474	1,619
Lease liabilities	–	191	20	211
Derivative financial instruments and other liabilities	–	6	241	247
Bank and other loans	254	33,136	–	33,390
Off-balance sheet items				
Guarantees provided (note (3))	–	–	7,344	7,344

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

51 Material related parties (Continued)

(b) Related party transactions (Continued)

(ii) Outstanding balances with related parties (Continued)

	As at 31 December 2022			
	Parent company (Restated)	Holding company's fellow entities (Restated)	Associates and joint ventures (Restated)	Total (Restated)
Trade and other receivables	63	1,045	3,844	4,952
Loans and advances to customers and other parties (note (2))	3,917	5,071	15,539	24,527
Cash and deposits	–	–	34,126	34,126
Derivative financial instruments and other assets	–	1	3,961	3,962
Placements with banks and non-bank financial institutions	–	–	24,005	24,005
Investments in financial assets				
– Financial assets at FVPL	–	–	4,817	4,817
– Debt instruments at FVOCI	2,600	–	–	2,600
– Financial assets at amortised cost	–	–	920	920
Contract assets	–	2	247	249
Financial assets held under resale agreements	–	–	1,182	1,182
Trade and other payables	172	10,799	6,396	17,367
Deposits from customers	9,686	6,225	13,137	29,048
Deposits from bank and non-bank financial institutions	–	–	13,193	13,193
Contract liabilities	–	34	759	793
Lease liabilities	–	206	–	206
Derivative financial instruments and other liabilities	–	–	219	219
Bank and other loans	1,488	27,393	–	28,881
Off-balance sheet items				
Guarantees provided (note (3))	–	–	6,969	6,969

Notes:

(1) The above transactions with related party transactions which were conducted under the normal commercial terms.

(2) Interest rates of loans and advances to the related parties were determined at rates negotiated among the Group and the corresponding related parties on a case by case basis.

(3) The guarantees provided by the Group to the related parties were based on the terms agreed among the Group and the related parties on a case by case basis.

51 Material related parties (Continued)

(c) Transactions with other state-owned entities in the PRC

In addition to these related party transactions disclosed in Note 51(b), transactions with other state-owned entities include but are not limited to the following:

- sales and purchases of goods and provision of services;
- purchase, sale and leases of property and other assets;
- lending and deposit taking;
- taking and placing of inter-bank balances;
- derivative transactions;
- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services;
- sale, purchase, underwriting and redemption of bonds issued by other state-owned entities; and
- rendering and receiving of utilities and other services.

(d) Key management personnel remuneration

For the year ended 31 December 2023, the aggregate amount of the remuneration before tax paid to directors and executive officers of the Company amounted to RMB6.70 million (2022: RMB7.00 million).

52 Structured entities

(a) Structured entities in which the Group holds an interest

The Group holds an interest in some structured entities through investments in debt securities issued by these structured entities. Such structured entities include wealth management products, investment management products, trust investment plans, asset-backed securities and investment funds and the Group does not consolidate these structured entities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

52 Structured entities (Continued)

(a) Structured entities in which the Group holds an interest (Continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group as at the financial position date in the structured entities, as well as an analysis of the line items in the statement of financial position in which the relevant assets are recognised:

	As at 31 December 2023				
	Investments in financial assets				
Gross amount	Financial assets at amortised cost	Financial assets at FVPL	Debt investments at FVOCI	Total	Maximum loss exposure
Wealth management products	–	6,161	–	6,161	6,161
Investment management products managed by non-bank institutions	22,908	12,706	–	35,614	35,614
Trust investment plans	194,110	11,432	–	205,542	205,542
Asset-backed securities	123,158	912	19,666	143,736	143,736
Investment funds	–	553,540	–	553,540	553,540
Total	340,176	584,751	19,666	944,593	944,593

	As at 31 December 2022				
	Investments in financial assets				
Gross amount	Financial assets at amortised cost (Restated)	Financial assets at FVPL (Restated)	Debt investments at FVOCI (Restated)	Total (Restated)	Maximum loss exposure (Restated)
Wealth management products	–	1,553	–	1,553	1,553
Investment management products managed by non-bank institutions	39,628	10,712	–	50,340	50,340
Trust investment plans	226,257	5,346	–	231,603	231,603
Asset-backed securities	252,525	1,435	44,697	298,657	298,657
Investment funds	–	462,298	–	462,298	462,298
Total	518,410	481,344	44,697	1,044,451	1,044,451

(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest

The investments issued by unconsolidated structured entities sponsored by the Group are primarily wealth management products, trust plans, investment funds and investment management products. The nature and purpose of these structured entities are for the Group to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of products to investors. The interests in unconsolidated structured enties held by the Group mainly include fees charged by providing management services.

52 Structured entities (Continued)

(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest (Continued)

Wealth management products, trust plans, investment funds and investment management products

As at 31 December 2023, the aggregate amount of assets held by the unconsolidated wealth management products, trust plans, investment funds and investment management products which are sponsored by the Group was RMB6,859,588 million (31 December 2022: RMB6,397,452 million).

During the year ended 31 December 2023, the amount of fee and commission income and net interest income recognised from the above-mentioned structured entities sponsored by the Group was RMB12,777 million (2022: RMB18,741 million) and RMB220 million (2022: RMB72 million).

In order to achieve a smooth transition and steady development of the wealth management business, in 2023, in accordance with the requirements of the "Guiding Opinions on Regulating the Asset Management Business of Financial Institutions", the Group continue to promote net-value-based reporting of its asset management products and dispose of existing portfolios.

(c) Transfers of financial assets

The Group entered into transactions which involved securitisation transactions and transfers of non-performing financial assets.

These transactions were entered into in the normal course of business by which recognised financial assets were transferred to third parties or structured entities. Transfers of assets may give rise to full or partial de-recognition of the financial assets concerned. On the other hand, where transferred assets do not qualify for de-recognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Details of securitisation transactions and non-performing financial assets transfer transactions conducted by the Group for the year ended 31 December 2023 totally RMB45,172 million (2022: RMB34,212 million). Details of the financial assets sold under repurchase agreements are set forth in Note 42.

52 Structured entities (Continued)

(c) Transfers of financial assets (Continued)

Securitisation transactions

In 2023, the original book value of financial assets transferred by the Group through asset securitisation transactions was RMB17,510 million (2022: RMB14,994 million), which qualified for full de-recognition.

Transfer of loans and other financial assets

In 2023, the Group transferred loans and other financial assets by other means with the original book value of RMB27,662 million (2022: RMB19,218 million), including RMB19,272 million (2022: RMB5,628 million) of non-performing loans, RMB7,990 million (2022: RMB13,590 million) of non-performing structured investments and RMB400 million (2022: Nil) of other financial assets. The Group carried out assessment based on the transfer of risks and rewards of ownership in accordance with Note 2(k) and Note 3(i), and concluded that these transferred assets qualified for full de-recognition.

53 Supplementary information to the consolidated cash flow statement

(a) Cash and cash equivalents held by the Group are as follows:

	As at 31 December	
	2023	2022 (Restated)
Cash	**4,504**	5,604
Bank deposits on demand	**94,801**	99,447
Surplus deposit reserve funds	**52,473**	104,315
Investments in debt securities and others with original maturities of three months or less	**90,389**	137,757
Deposits with banks and non-bank financial institutions due within three months	**57,509**	44,467
Placements with banks and non-bank financial institutions due within three months	**59,707**	36,219
Cash and cash equivalents in the consolidated cash flow statement	**359,383**	427,809

(b) Disposal of subsidiaries

The Group has no disposal of significant subsidiaries for the year ended 31 December 2023 (2022: None).

53 Supplementary information to the consolidated cash flow statement

(Continued)

(c) Reconciliation of financing liabilities

	For the year ended 31 December				
	Bank and other loans	Debt instruments issued	Interest expense	Lease liabilities	Total
At 31 December 2021 (Restated)	120,640	1,017,672	4,968	16,975	1,160,255
Cash flows	18,940	(34,541)	(41,865)	(5,396)	(62,862)
Business combination	7,199	195,843	–	1,920	204,962
Foreign exchange adjustments	9,584	9,543	2,226	1,286	22,639
Other non-cash movements	(275)	(13,438)	42,353	4,743	33,383
At 31 December 2022 (Restated)	156,088	1,175,079	7,682	19,528	1,358,377
Cash flows	34,771	41,614	(43,735)	(6,045)	26,605
Business combination	39,246	300	–	82	39,628
Foreign exchange adjustments	274	685	1,918	41	2,918
Other non-cash movements	4,753	(4,098)	42,300	6,742	49,697
At 31 December 2023	235,132	1,213,580	8,165	20,348	1,477,225

(d) Issue and redemption of other equity instruments by subsidiaries

In 2023, China CITIC Bank, a subsidiary of the Group, redeemed RMB3,516 million of capital debentures without fixed terms (2022: issued RMB3,990 million of capital debentures without fixed term).

In 2023, China CITIC Security, a subsidiary of the Group, issued RMB3,000 million of capital debentures without fixed terms (2022: Nil).

In 2023, subsidiaries of the Group did not issue convertible bonds (2022: CITIC Special Steel, a subsidiary of the Group, issued convertible bonds. For details, please refer to Note 45(f)).

54 Major transactions with non-controlling interests

(a) Acquisition of additional interest in an indirectly hold subsidiary

In 2023, CITIC Financial Holding acquired 0.79% of the issued shares of CITIC Securities for a purchase consideration of RMB1,707 million. The Group recognised a decrease in non-controlling interests of RMB1,707 million, and the equity attributable to shareholders of the Company remained unchange. The effect of changes in the ownership interest of CITIC Securities on the equity attributable to shareholders of the Company during the year is summarised as follows:

	31 December 2023 RMB million
Carrying amount of non-controlling interests acquired	1,707
Consideration paid to non-controlling interests	(1,707)
Excess of consideration paid recognised within equity	–

(b) Dilution of interests in subsidiaries without loss of control

In April 2023, CITIC Metal Co., Ltd. ("CITIC Metal"), a subsidiary of the Group, issued new ordinary shares publicly in Shanghai Stock Exchange, acquiring cash amounting to RMB3,194 million. The Group recognised an increase in non-controlling interests of RMB1,738 million and an increase in equity attributable to shareholders of the Company of RMB1,456 million. The effect of changes in the ownership interest of CITIC Metal on the equity attributable to shareholders of the Company during the year is summarised as follows:

	31 December 2023 RMB million
Increase in carrying amount of non-controlling interests	1,738
Consideration received from non-controlling interests	(3,194)
Loss on disposal within equity	(1,456)

55 Financial position and reserve movement of the Company

	As at 31 December	
	2023	2022 (Restated)
Non-current assets		
Fixed assets	1	1
Interests in subsidiaries	429,203	411,028
Interests in associates	–	7,104
Interests in joint ventures	32	31
Investments in financial assets		
– Financial assets at fair value through profit or loss	3,226	3,126
	432,462	421,290
Current assets		
Amounts due from subsidiaries	76,133	65,959
Trade and other receivables	105	95
Cash and deposits	2,137	2,684
	78,375	68,738
Total assets	510,837	490,028
Current liabilities		
Bank and other loans	15,854	25,854
Amounts due to subsidiaries and other related parties	12,255	11,264
Trade and other payables	231	241
Income tax payable	2,203	1,709
Debt instruments issued	1,815	11,819
	32,358	50,887
Non-current liabilities		
Long term borrowings	68,032	37,215
Debt instruments issued	42,061	43,236
Derivative financial instruments	34	52
	110,127	80,503
Total liabilities	142,485	131,390
Equity		
Share capital	307,576	307,576
Reserves	60,776	51,062
Total ordinary shareholders' funds	368,352	358,638
Total liabilities and equity	510,837	490,028

The financial position of the Company was approved and authorised for issue by the board of directors on 28 March 2024.

Director: **Xi Guohua** *Director:* **Zhang Wenwu**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

55 Financial position and reserve movement of the Company (Continued)

(a) Reserve movement of the Company

	Share capital (Note 47(a))	Capital reserve (Note 47(b)(i))	Hedging reserve (Note 47(b)(ii))	Retained earnings	Exchange reserve (Note 47(b)(v))	Total
As at 1 January 2023	**307,576**	**505**	**57**	**17,001**	**33,499**	**358,638**
Other comprehensive income	–	–	(68)	–	5,489	5,421
Profit attributable to shareholders of the Company	–	–	–	21,517	–	21,517
Dividends paid to ordinary shareholders of the Company	–	–	–	(17,224)	–	(17,224)
As at 31 December 2023	307,576	505	(11)	21,294	38,988	368,352
As at 1 January 2022	307,576	505	(470)	15,736	3,125	326,472
Other comprehensive income	–	–	527	–	30,374	30,901
Profit attributable to shareholders of the Company	–	–	–	17,675	–	17,675
Dividends paid to ordinary shareholders of the Company	–	–	–	(16,410)	–	(16,410)
As at 31 December 2022	307,576	505	57	17,001	33,499	358,638

56 Major business combinations

(a) Combination of Pacific Steel

The Group held 40% shareholding interest of Pacific Steel, which was originally an associate of the Group. On 6 February 2023, the terms of the transaction of acquiring 60% shareholding of Pacific Steel through Jiangyin Xingcheng Special Steel Works Co., Ltd. (an indirect non-wholly owned subsidiary of the Company) at a total consideration of RMB1,908 million have been achieved. The consideration for the acquisition was settled by cash. Upon completion of the acquisition, Pacific Steel became wholly owned by the Company.

56 Major business combinations (Continued)

(a) Combination of Pacific Steel (Continued)

The consideration paid for the acquisition and the fair value of identifiable assets, liabilities and non-controlling interests acquired at the acquisition date are summarised as follows:

Consideration:

	RMB million
Fair value of investment in Pacific Steel held by the Group at the acquisition date	1,276
Cash	1,908
	3,184
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and deposits	692
Trade and other receivables	6,634
Contract assets	3
Inventory	4,804
Investment properties	86
Fixed assets	10,972
Right-of-use assets	7
Intangible assets	2,844
Deferred tax assets	587
Others	206
Total identifiable assets acquired	26,835
Bank and other loans	9,916
Trade and other payables	9,126
Contract liabilities	508
Employee benefits payables	121
Tax payables	51
Deferred tax liabilities	572
Lease liabilities	4
Others	155
Total identifiable liabilities assumed	20,453
Total identifiable net assets	6,382
Non-controlling interests	(3,191)
Total net assets acquired	3,191

Net cash paid for acquisition:

	RMB million
Total consideration paid in cash	1,908
Cash and cash equivalents acquired	(692)
	1,216

The Group's revenue and net profit attributable to ordinary shareholders of the Company during the period from the acquisition date to 31 December 2023 contributed by Pacific Steel were RMB17,782 million and RMB142 million, respectively.

56 Major business combinations (Continued)

(b) Combination of Nanjing Steel Group

On 2 April 2023, Hubei Xinyegang Steel Co., Ltd., Nanjing Steel Venture Capital Co., Ltd., Nanjing New Industrial Investment Group Co., Ltd. and Nanjing Steel Group Co., Ltd. reached an agreement in relation to the acquisition of 55.2482% shareholding of Nanjing Steel Group through Hubei Xinyegang (an indirect non-wholly owned subsidiary of the Company) with a total consideration of RMB13,580 million. On 30 November 2023, the acquisition has been approved by the Anti Monopoly Bureau of the State Administration for Market Regulation, and the terms of the transaction have been achieved. The consideration for the acquisition was settled by cash. Upon completion of the acquisition, the Company's subsidiary Hubei Xinyegang directly owned 55.2482% shareholding of Nanjing Steel Group and Nanjing Steel Group become the subsidiary of the Company.

The consideration paid for the acquisition and the fair value of identifiable assets, liabilities and non-controlling interests acquired at the acquisition date are summarised as follows:

Consideration:

	RMB million
Cash	13,580
	13,580
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and deposits	17,406
Trade and other receivables	14,583
Inventories	10,752
Investments in financial assets	7,363
Interests in joint ventures	560
Fixed assets	36,257
Investment properties	134
Deferred tax assets	884
Others	13,264
Total identifiable assets acquired	101,203

56 Major business combinations (Continued)

(b) Combination of Nanjing Steel Group (Continued)

	RMB million
Recognised amounts of identifiable assets acquired and liabilities assumed (Continued)	
Trade and other payables	24,066
Contract liabilities	5,176
Employee benefits payables	1,093
Tax payables	259
Bank and other loans	29,330
Debt instruments issued	300
Lease liabilities	78
Deferred tax liabilities	1,869
Total identifiable liabilities assumed	62,171
Total identifiable net assets	39,032
Non-controlling interests	(25,734)
Goodwill	282
Total net assets acquired	13,580

Net cash paid for acquisition:

	RMB million
Total consideration paid in cash	13,580
Cash and cash equivalents acquired	(17,406)
	(3,826)

These amounts have been calculated by adopting the Group's accounting policies and adjusting the results of the relevant subsidiary companies to reflect the additional amortisation that would have been charged assuming the fair value adjustments determined provisionally to intangible assets had been applied from 1 January 2023, together with the consequential tax effects.

The Group's revenue and net profit attributable to ordinary shareholders of the Company during the period from the acquisition date to 31 December 2023 contributed by Nanjing Steel Group were RMB5,265 million and RMB47 million, respectively.

Had Pacific Steel and Nanjing Steel Group been consolidated from 1 January 2023, the Group's consolidated income statement would show pro-forma revenue and net profit attributable to ordinary shareholders of the Company of RMB749,988 million and RMB58,284 million, respectively.

(c) Business Combination under common control

In 2023, the subsidiaries of the Company acquired CITIC Zhengye Investment Development Co., Ltd.("CITIC Zhengye Investment") and CITIC Technology Development Co.LTD.("CITIC Technology"). The acquisition represents a business combination under common control as the subsidiaries of the Company, CITIC Zhengye Investment and CITIC Technology are ultimately controlled by CITIC Group both before and after the acquisition, and that control is not transitory. The financial statements of CITIC Zhengye Investment and CITIC Technology are included in the Group's consolidated financial statements as if the combination had occurred from the date when the ultimate controlling shareholder first obtained control. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

57 Post balance sheet events

The Group does not have any significant events after the financial position date that need to be disclosed.

58 Comparative figures

Restatements have been made on some of the comparative amounts to ensure the comparability with current year's financial statements.

59 Approval of the consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

60 Possible impact of amendments, new standards and interpretations issued but not yet adopted

The Group has not applied the following amendments to standards and new standards which are effective for the financial year beginning after 1 January 2023 and which have not been early adopted in these consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (1)
Amendments to HKAS 1	Non-current Liabilities with Covenants (1)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (2)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (2)
Amendments to HKFRS 10 and HKAS 28	Sale of contribution of assets between an investor and its associate or joint venture (3)

(1) In December 2022, the Hong Kong Institute of Certified Public Accountants ("HKICPA") deferred the effective date of these amendments to annual reporting period beginning on or after 1 January 2024.

(2) Effective for the annual reporting periods beginning on or after 1 January 2024.

(3) In December 2015, the HKICPA decided to defer the application date of these amendment until such time as the HKICPA has finalised its research project on the equity method.

The Group is in the process of making an assessment of the impact of the above new standards and amendments to standards. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

61 Principal subsidiaries, associates and joint ventures

(a) Principal subsidiaries

Name of company	Place of incorporation/ Type of legal entity	Principal activity	Shares issued	Proportion of ownership interest: Attributable to the Group	Held by the Company	Held by subsidiaries
CITIC Corporation Limited 中國中信有限公司	Chinese mainland/ Limited liability	Investment holding	N/A	100%	100%	0%
CITIC Financial Holdings Co.,Ltd. 中國中信金融控股有限公司	Chinese mainland/ Limited liability	Investment holding	N/A	100%	0%	100%
CITIC Pacific Limited 中信泰富有限公司	British Virgin Islands	Investment holding	51,097	100%	100%	0%
CITIC Pacific Special Steel Group Co., Ltd. 中信泰富特鋼集團股份有限公司	Chinese mainland/Stock limited company (listed)	Special steel production	5,047,156,349	83.84%	0%	83.84%
Nanjing Iron and Steel Group Co., Ltd. 南京鋼鐵股份有限公司	Chinese mainland/Stock limited company (listed)	Production and sales of steel product	6,165,091,011	33.53%	0%	59.10%
Shanghai Zhongte Pacific Steel Co., Ltd. 上海中特泰富鋼管有限公司	Chinese mainland/ Limited liability	Sale of steel and consultation on electric power technology	N/A	83.85%	0%	100%
Dah Chong Hong Holdings Limited 大昌行集團有限公司	Hong Kong	Consumer goods	1,891,247,220	100%	0%	100%
CITIC Mining International Ltd. 中信礦業國際有限公司	Cayman Islands	Resources and energy	1	100%	100%	0%
CITIC Metal Group Ltd. 中信金屬集團有限公司	Hong Kong	Resources and energy	11,800,000,000	100%	0%	100%
CITIC Telecom International Holdings Limited 中信國際電訊集團有限公司	Hong Kong (listed)	Telecom services	3,700,035,382	57.55%	0%	57.55%
CITIC Finance Company International Limited 中信財務(國際)有限公司	Hong Kong	Financial services	N/A	100%	100%	0%
China CITIC Bank Corporation Limited 中信銀行股份有限公司	Chinese mainland/Stock limited company (listed)	Banking industry	83,966,865,954	65.93%	0%	65.93%
CITIC Securities Company Limited 中信證券股份有限公司	Chinese mainland/Stock limited company (listed)	Securities related services	14,820,546,829	19.24%	0%	19.24%
CITIC International Financial Holdings Limited 中信國際金融控股有限公司	Hong Kong	Banking industry	7,502,832,116	65.93%	0%	100%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

61 Principal subsidiaries, associates and joint ventures (Continued)

(a) Principal subsidiaries (Continued)

Name of company	Place of incorporation/ Type of legal entity	Principal activity	Shares issued	Proportion of ownership interest: Attributable to the Group	Held by the Company	Held by subsidiaries
CITIC Trust Co., Ltd. 中信信託有限責任公司	Chinese mainland/ Limited liability	Trust services	N/A	100%	0%	100%
CITIC Finance Company Limited 中信財務有限公司	Chinese mainland/ Limited liability	Financial services	N/A	94.39%	0%	98.69%
CITIC Consumer Finance Co., Ltd. 中信消費金融有限公司	Chinese mainland/ Limited liability	Consumer finance	N/A	70%	0%	70%
CITIC Resources Holdings Limited 中信資源控股有限公司	Bermuda (listed)	Resources and energy	7,857,727,149	59.50%	0%	59.50%
CITIC Australia Pty Limited 中信澳大利亞有限公司	Australia	Resources and energy	85,882,017	100%	0%	100%
CITIC Heavy Industries Co., Ltd. 中信重工機械股份有限公司	Chinese mainland/Stock limited company (listed)	Manufacturing	4,339,419,293	67.27%	0%	67.27%
CITIC Construction Company Limited 中信建設有限責任公司	Chinese mainland/ Limited liability	Engineering contracting	N/A	100%	0%	100%
CITIC Urban Development & Operation Co., Ltd. 中信城市開發運營有限責任公司	Chinese mainland/ Limited liability	Real estate development	N/A	100%	0%	100%
CITIC Heye Investment Co., Ltd. 中信和業投資有限公司	Chinese mainland/ Limited liability	Real estate development	N/A	100%	0%	100%
CITIC Capital Mansion Co., Ltd. 中信京城大廈有限責任公司	Chinese mainland/ Limited liability	Real estate management	N/A	100%	0%	100%
CITIC Building Property Management Co., Ltd. 北京中信國際大廈物業管理有限公司	Chinese mainland/ Limited liability	Real estate management	N/A	100%	0%	100%
CITIC Industrial Investment Group Corp., Ltd. 中信興業投資集團有限公司	Chinese mainland/ Limited liability	Infrastructure and elderly services	N/A	100%	0%	100%
CITIC Dicastal Company Limited 中信戴卡股份有限公司	Chinese mainland/Stock limited company	Manufacturing	1,971,342,713	42.11%	0%	42.11%
CITIC Environment Investment Group Co., Limited 中信環境投資集團有限公司	Chinese mainland/ Limited liability	Energy conservation and environmental protection	N/A	100%	0%	100%

61 Principal subsidiaries, associates and joint ventures (Continued)

(a) Principal subsidiaries (Continued)

Name of company	Place of incorporation/ Type of legal entity	Principal activity	Shares issued	Proportion of ownership interest: Attributable to the Group	Held by the Company	Held by subsidiaries
China Zhonghaizhi Corporation 中國中海直有限責任公司	Chinese mainland/ Limited liability	General aviation	N/A	51.03%	0%	51.03%
CITIC Investment Holdings Limited 中信投資控股有限公司	Chinese mainland/ Limited liability	Investment holding	N/A	100%	0%	100%
CITIC Asia Satellite Holding Company Limited 中信亞洲衛星控股有限公司	British Virgin Islands	Information industry	60,524,465	100%	0%	100%
CITIC Press Corporation 中信出版集團股份有限公司	Chinese mainland/Stock limited company (listed)	Publishing	190,151,515	73.50%	0%	73.50%
CITIC Holdings Co., Ltd. 中信控股有限責任公司	Chinese mainland/ Limited liability	Service	N/A	100%	0%	100%

(b) Principal associates

Details of the Group's interest in principal associates, which are accounted for using the equity method in the consolidated financial statements of the Group are as follows:

Name of company	Place of incorporation	Principal activity	Shares issued	Proportion of ownership interest: Attributable to the Group	Held by the Company	Held by subsidiaries
China Overseas Land & Investment Ltd. 中國海外發展有限公司	Hong Kong (listed)	Real estate development	10,944,883,535	10.01%	0%	10.01%
China Securities Co., Ltd. 中信建投證券股份有限公司	Chinese mainland (listed)	Securities related services	7,756,694,797	9.47%	0%	9.47%
Ivanhoe Mines Ltd.	Canada (listed)	Resources and energy	1,268,762,524	24.81%	0%	24.81%

(c) Principal joint ventures

Details of the Group's interest in principal joint ventures, which are accounted for using the equity method in the consolidated financial statements of the Group are as follows:

Name of company	Place of incorporation	Principal activity	Shares issued	Proportion of ownership interest: Attributable to the Group	Held by the Company	Held by subsidiaries
CITIC Prudential Life Insurance Co., Ltd. 中信保誠人壽保險有限公司	Chinese mainland	Insurance and reinsurance	N/A	50%	0%	50%
中船置業有限公司	Chinese mainland	Real estate development	N/A	50%	0%	50%
上海瑞博置業有限公司	Chinese mainland	Real estate development	N/A	50%	0%	50%

Independent Auditor's Report

To the Members of CITIC Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of CITIC Limited (the "Company") and its subsidiaries (the "Group") set out on pages 162 to 339, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets
- Consolidation of structured entities – Non-principal guaranteed wealth management products
- Impairment of the Sino Iron Project

Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2023, the gross balance of loans and advances to customers and other parties and accrued interest included for the purpose of expected credit loss assessment in the Group's consolidated statement of financial position, amounted to RMB5,514,261 million, for which management recognised an impairment allowance of RMB140,335 million; the gross balance of investments in financial assets and accrued interest included for the purpose of expected credit loss assessment amounted to RMB2,072,464 million, for which management recognised an impairment allowance of RMB31,906 million. The Group uses an expected credit loss ("ECL") model to measure the loss allowance for loans and advances to customers and other parties and investments in financial assets in accordance with Hong Kong Financial Reporting Standard 9, *Financial instruments*.	Our audit procedures to assess ECL for loans and advances to customers and other parties and investments in financial assets included the following: • With the assistance of KPMG's IT audit team, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and other parties and investments in financial assets, the credit risk staging process and the measurement of ECL for loans and advances to customers and other parties and investments in financial assets. • With the assistance of KPMG's financial risk management specialists, assessing the appropriateness of the ECL model in determining the loss allowance of loans and advances to customers and other parties and investments in financial assets and the appropriateness of the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments, and assessing the appropriateness of related key management judgement.

Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The determination of ECL allowance of loans and advances to customers and other parties and investments in financial assets is subject to the application of a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions. The amount of impairment of the loans and advances to customers and other parties and investments in financial assets is significant, and the measurement has a high degree of estimation uncertainty. The measurement of ECL applied significant management judgments and assumptions, and involved significant inherent risk. In view of these reasons, we identified this as a key audit matter.	• Assessing the completeness and accuracy of key data used in the ECL model, comparing the total balance of the loans and advances to customers and other parties and investments in financial assets used by management to assess the ECL allowance with the general ledger to check the completeness of the data. We also selected samples to compare information of individual loan and advance to customers and investments in financial assets with the underlying agreements and other related documentation to assess the accuracy of data, checking the accuracy of key external data used by management by comparing them with public sources. • For key parameters used in the ECL model which were derived from system generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis, involving KPMG's IT audit team to assess the accuracy of the loans and advances' overdue information on a sample basis.

Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
	• Evaluating the reasonableness of management's assessment on whether the credit risk of the loans and advances to customers and other parties and investments in financial assets have, or have not, increased significantly since initial recognition and whether the loans and advances to customers and other parties and investments in financial assets are credit-impaired by selecting risk-based samples, analysing the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential credit risk. For selected samples, reviewing the overdue information of loans and advances to customers and other parties and investments in financial assets, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses, to understand the status in regards to the borrowers' credit risk, and to assess the reasonableness of credit risk staging. • For corporate loans and advances and investments in financial assets that are credit-impaired, selecting samples to evaluate the forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, collateral valuations, other available information and possible future factors together with discount rates in supporting the computation of loss allowance;

Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
	• Based on our procedures performed, selecting samples and assessing the accuracy of calculation for loans and advances to customers and other parties and investments in financial assets' credit losses by using the ECL model. • Performing retrospective review of ECL model components and significant assumptions; to assess whether the results indicate possible management bias on loss estimation; • Assessing the reasonableness of the disclosures in the financial statements in relation to ECL for loans and advances to customers and other parties and investments in financial assets against prevailing accounting standards.

Consolidation of structured entities – Non-principal guaranteed wealth management products

Refer to Note 2(g), Note 3(j) and Note 52 to the consolidated financial statements.

The Key Audit Matter

As at 31 December 2023, all of non-principal guaranteed wealth management products ("WMPs") issued and managed by the Group are structured entities that are not included in the scope of consolidation.

In determining whether the Group retains any partial interests in a structured entity for non-principal guaranteed WMPs or should consolidate it, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

We have identified this as a key audit matter due to the material balance and significant management judgements were involved in assessing the consolidation of the structured entities for non-principal guaranteed WMPs.

How the matter was addressed in our audit

Our audit procedures related to consolidation of structured entities for non-principal guaranteed WMPs included the following:

- understanding and assessing the design, implementation, and operating effectiveness of key internal controls of financial reporting over measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs.
- selecting samples of structured entities for non-principal guaranteed WMPs and performing the following procedures:
  - inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity for non-principal guaranteed WMPs and the involvement the Group has with the structured entity for non-principal guaranteed WMPs and to assess management's judgement over whether the Group can exercise power over the structured entity for non-principal guaranteed WMPs.

Independent Auditor's Report

Consolidation of structured entities – Non-principal guaranteed wealth management products

Refer to Note 2(g), Note 3(j) and Note 52 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
	– performing independent analysis and tests on the variable returns from the structured entities for non-principal guaranteed WMPs, including but not limited to commission income and asset management fees earned, gains from investments, retention of residual income, and, if any, liquidity, and other support provided to the structured entities for non-principal guaranteed WMPs, to assess management's judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity. – inspecting management's analysis of the structured entity for non-principal guaranteed WMPs, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity for non-principal guaranteed WMPs, to assess management's judgement over the Group's ability to affect its variable returns from the structured entity for non-principal guaranteed WMPs. – assessing management's judgement over whether the structured entity for non-principal guaranteed WMPs should be consolidated or not. • assessing the reasonableness of the disclosures in the financial statements in relation to the measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs against prevailing accounting standards.

Impairment of the Sino Iron Project

Refer to Note 2(v), Note 3(d), Note 3(k) and Note 9 to the consolidated financial statements.

The Key Audit Matter

Management performs impairment testing of the Sino Iron Project (the "Project") when indicators of impairment are identified.

As at 31 December 2023, management assessed whether indicators of impairment exist on the Project by considering external and internal sources of information, including:

- The assessment of outstanding litigation and disputes in respect of the Project as disclosed in Note 3(k) to the consolidated financial statements;
- The production profile of the Project (mainly including ore grades, operating cost and production output);
- Forward iron ore prices;
- Foreign exchange rates, particularly between Australian and United States dollars;
- The risk-free borrowing rates.

Management determined that no impairment indicators existed for the Project as at 31 December 2023.

We identified management's assessment of impairment indicators of the Project as a key audit matter because the assessment, especially in relation to the assessment of outstanding litigation and disputes, involves significant management judgements which may be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to evaluate management's assessment of impairment indicators of the Project included the following:

- Understanding and assessing the design, implementation, and operating effectiveness of key internal controls of financial reporting over the impairment indicator assessment process;
- Assessing management's evaluation of indicators of impairment, including consideration of both external and internal sources of information with reference to our understanding of the Group and the requirements of prevailing accounting standards;
- Enquiring management and external legal counsels to understand the latest development of the outstanding litigations and disputes and the implications of such outstanding litigations and disputes; and assessing whether this resulted in an indicator of impairment with reference to our latest understanding of the progress of the outstanding litigations;
- Evaluating whether there are significant adverse changes in the economic environment impacting the Project by considering movements in forward iron ore prices, exchange rates and risk-free borrowing rates;
- Comparing budget versus actual performance during the last 12 months to evaluate economic performance of the asset.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit and Risk Management Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2024

Corporate Information

Registered Office

32nd Floor, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
Telephone: +852 2820 2111
Fax: +852 2877 2771

Beijing Office

CITIC Tower, No. 10 Guanghualu
Chaoyang District
Beijing 100020, China

Website

www.citic.com contains a description of CITIC Limited's business, copies of half-year and annual reports to shareholders, announcements, press releases and other information.

Stock Codes

The Stock Exchange of Hong Kong Limited:	00267
Bloomberg:	267:HK
Reuters:	0267.HK
American Depositary Receipts:	CTPCY
CUSIP Reference No:	17304K102

Share Registrar

Shareholders should contact CITIC Limited's Share Registrar, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at +852 2980 1333, or by fax at +852 2810 8185, on matters such as transfer of shares, change of name or address, or loss of share certificates.

Investor Relations

Investors, shareholders and research analysts may contact CITIC Limited by telephone at +852 2820 2205, or by fax at +852 2522 5259 or by email at ir@citic.com.

Corporate Information

Financial Calendar

Closure of Register: *(for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting)*	13 June 2024 to 18 June 2024 (both days inclusive)
Closure of Register: *(for the purpose of ascertaining shareholders' entitlement to the proposed final dividend)*	24 June 2024 to 26 June 2024 (both days inclusive)
Annual General Meeting:	18 June 2024
Dividend payment:	16 August 2024

Annual Report 2023

The Annual Report is printed in English and Chinese and is also available on CITIC Limited's website at www.citic.com under the 'Investor Relations' section.

Shareholders may choose to receive the Annual Report in printed form in either English or Chinese or both or in electronic form. Shareholders having difficulty in gaining access to the Annual Report will promptly be sent a printed copy free of charge upon request to CITIC Limited's Share Registrar.

Non-registered shareholders who wish to receive a printed copy of the Annual Report are requested to write to CITIC Limited's Share Registrar.

Shareholders and non-registered shareholders may at any time change their choice of the language or means of receipt of the Annual Report in writing to CITIC Limited's Share Registrar. Details please refer to "Corporate Communication Requests" under the 'Investor Relations' section in CITIC Limited's website at www.citic.com.

CITIC Limited

Registered Office

32nd Floor, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

Tel +852 2820 2111
Fax +852 2877 2771

www.citic.com

HTML

FSC
www.fsc.org
MIX
Paper | Supporting responsible forestry
FSC™ C008061