CITIC Limited
中國中信股份有限公司

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

The year 2020 was both extraordinary and challenging. The world struggled with new complexities as global norms were upended by the COVID-19 pandemic and resulting economic downturn. In China, however, effective pandemic management measures contributed to a swift recovery and the rapid resumption of domestic industrial, social and economic activities.

As such, CITIC Limited realised profit attributable to ordinary shareholders of HK$56.6 billion in 2020, an increase of 5% year-on-year that was driven by 45% growth in profit in the second half. Our financial services business, the largest contributor to the bottom line, recorded an increase of 1.6% in net profit for the year, following the implementation of policies to support the real economy and an improvement in asset quality. Our non-financial business recorded profit growth of 15% by adjusting operational strategies in response to market challenges, rapidly resuming production and fully leveraging beneficial policies.

The board recommends a final dividend payment of HK$0.388 per share, giving shareholders a total dividend of HK$0.488 per share for the year 2020, 5% more than in 2019. As at the end of 2020, CITIC Limited had approximately HK$50.68 billion in cash and available facilities.

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 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.

OPTIMISING ASSET ALLOCATION, FOCUSING ON FIVE BUSINESS SEGMENTS

To better capitalise on the advantages of operating both financial and non-financial businesses, we have optimised our business portfolio into five strategic segments for enhanced alignment and a sharpened focus.

Our comprehensive financial services segment aims to become a leader in integration, guided by the principle of "one CITIC, one account" and the objective to provide seamless services across banking, securities, trust and insurance. This segment recorded a profit of HK$43.5 billion, an increase of 1.6% from 2019 as each business managed unique challenges. CITIC Bank's profit was up 2%, while CITIC-Prudential Life outperformed the market with earnings growth of 40%. CITIC Securities and CITIC Trust maintained their market leading positions. To facilitate deeper connectivity and collaboration, we will establish a financial holding company, enabling us to better leverage information and technology, effectively prevent and control risks and provide more robust financial solutions for the real economy. This, in turn, will strengthen each of our individual businesses. We will continue to provide full support to CITIC Bank as it strives to become a premier joint-stock bank driven by technology. Our security and trust companies will also be positioned for continued industry leadership, while our insurance business will benefit from additional resources as a new driver of profit growth.

In 2020, the advanced intelligent manufacturing segment realised a net profit of HK$450 million, a decrease of 60% year-on-year, primarily due to our reduced shareholding in CITIC Dicastal as well as a loss recorded at the company's KSM production facility in Germany. During the year, CITIC Dicastal focused on expanding its domestic business to supplement international sales, which helped increase sales of aluminium wheels and castings by 17% and 19%, respectively, in the second half of 2020. Profit at CITIC Heavy Industries increased 67%, with solid performance in its heavy machinery business. New orders reached RMB10 billion, up by 48% year-on-year, a historical record. Looking ahead, we are positioning the businesses in this segment to become pioneers in smart manufacturing, able to deliver operational breakthroughs in critical technologies, such as specialty robotics, industrial software and microchips. Today, we are a leader in the production of lightweight auto parts, but we aim to build on our solid market position and transition from single components to modular and integrated manufacturing. As vehicle technology advances, we will explore opportunities in new energy vehicle manufacturing and the development of smart car solutions. Our special-purpose robots are currently used in firefighting and we will endeavour to extend these capabilities in support of emergency rescue, mining and underwater operations.

In 2020, the advanced materials segment realised a net profit of HK$10.1 billion, an increase of 28% year-on-year, driven by favourable commodity prices and the solid performance of CITIC Pacific Special Steel. Profit at our Sino Iron project grew substantially to HK$3.4 billion, reflecting the strong price of iron ore as well as enhanced operating efficiency and cost management. Profit at CITIC Metal increased by 80%. At CITIC Pacific Special Steel, the rapid adjustment of operating strategies led to an increase in sales volume and profit growth of 12%. In our specialty raw materials businesses, we will continue to leverage CITIC's investment in mineral resources such as iron ore, copper and aluminium to further develop our commodity trading operations and contribute to the stability of domestic supply chains. In special new materials, we will promote integration and broaden our competitive strengths with continued innovation in key technologies. This segment, together with advanced intelligent manufacturing, will establish advantageous vertical industrial value chains.

Driven by the principle of putting customers first, our new consumption segment will embrace opportunities catalysed by the increase in domestic digital and lifestyle consumption. In 2020, this segment realised a net profit of HK$890 million, a decline of 21% year-on-year, mainly reflecting our divestment of 22% of the McDonald's China business as well as the operational impact of the pandemic. Our publishing business, CITIC Press, achieved 12% growth in profit by quickly deploying resources to strengthen online channels. Our telecommunications business remained steady and generated stable cash flow, while the agricultural seeds business delivered a turnaround profit, realising the value of this investment. As part of our development strategy, we will continue to explore opportunities created by the transition to 5G technology, trends in the digital, cultural, lifestyle and agricultural industries. Big data, collected through our many consumer touchpoints, will empower us to serve our customers holistically and facilitate further business expansion.

In the new-type urbanisation segment, we are positioning ourselves as builders of smart cities. In 2020, this segment realised a profit of HK$9.4 billion, an increase of 17% over 2019, when an impairment was made on our equity investment in China Overseas Land and Investment. Our property business achieved 50% growth in profit while earnings from the engineering and construction business were heavily affected by the pandemic, resulting in a 10% decline in profit. However, project activities in China resumed quickly, and in the second half of 2020 profit increased by 7% against the same period in 2019. Other urban operations businesses such as water treatment and aviation services also made positive contributions. In the years ahead, we will continue to implement China's regional development strategies by focusing on the Beijing and Tianjin municipalities, Hebei province, the Guangdong-Hong Kong-Macau Greater Bay Area, the Yangtze River Delta, and the Chengdu-Chongqing economic circle, providing smart-city solutions that integrate engineering contracting, wastewater treatment, and property development and operation. We will also invest additional resources in the healthcare industry to promote longer, healthier living.

Our five business segments create a virtuous circle. The production-oriented segments, advanced intelligent manufacturing and advanced materials, serve to stabilise the industrial value chain and strengthen our reputation as a manufacturer. In our consumer-focused segments, new consumption and new-type urbanisation, we will establish CITIC as a trusted consumer brand that is data-driven and service-oriented. At the same time, our comprehensive financial services segment supports the other four segments with financial resources and a wide, well-established customer base.

BUILDING FIVE PLATFORMS, VITALISING OUR BUSINESSES

In addition to the five business segments, CITIC will also establish five platforms – financial, industrial, capital investment, capital operations and strategic investment – embracing integration, collaboration and expansion to drive future development.

The financial platform will be founded on the formation of a financial holding company, which will unleash the advantage of our full range of operating licences and enhance the competitiveness of each individual business through a centralised structure, effective risk management and stronger governance.

The industrial platform will focus on building our existing businesses into leaders of their respective fields. Specifically, we will integrate and develop synergies among the four non-financial segments to maintain the stability of domestic supply, build vertical value chains and solidify CITIC's reputational leadership.

A capital investment platform with a focus on industrial development and transformation will be established to make strategic investments that promote industrial enhancement and improve our long-term competitiveness, serving the company's overall strategy. This platform aims to incubate businesses in strategic areas to drive industrial integration, transformation and upgrading, ultimately increasing our scale and influence.

Our capital operations platform will help us increase capital efficiency and maximise capital returns. Through the careful management of equity investment, funds and value management, as well as project investment and divestment, this platform will drive strong capital flows, value creation, preservation and appreciation.

Finally, our strategic investment platform will leverage the synergy between our financial and non-financial segments, enabling us to cultivate capabilities in core industries, incubate start-ups and facilitate advancements in critical technologies.

Together, these five platforms will help us maintain a clear focus on our major businesses, solidify leading positions in the industries in which we operate and ensure the highest level of corporate governance and management efficiency. Emphasising integration, collaboration and expansion as strategic drivers, the five segments and platforms create an innovative management matrix to vitalise our business with broadened management perspective and higher operational efficiency.

MAKING A DIFFERENCE IN OUR COMMUNITIES

In addition to delivering business performance, CITIC also invests in the well-being of our communities. In 2020, we made concrete contributions to the fight against the COVID-19 pandemic, poverty alleviation, environmental protection and social development.

During the height of the pandemic, CITIC leveraged the capabilities of its diverse businesses to offer rapid and substantial support, which included designing Huoshenshan Hospital within 60 hours, donating over RMB100 million and providing financing of more than RMB800 billion to those in need.

The year 2020 was particularly decisive in China's efforts to alleviate poverty. CITIC provided financial support and other resources to partner districts and counties with the aim of assisting the development of specialised industries and enabling our communities to support themselves. During the year, we also invested in nine special projects that included drone applications for agriculture, sericulture workshops and new production lines for red rice in terraced paddy fields in poverty-stricken areas, such as Yuanyang County, Pingbian County, and Qianjiang District.

As we believe that caring for the environment is critical for our future, we continued to develop green management and green finance initiatives during the year. Our non-financial subsidiaries focused their efforts on upgrading operations to be cleaner and more energy efficient with innovation in production techniques. CITIC is also actively involved in serving society and performing charitable work. We strive to be a responsible corporate citizen and to give back to the communities in which we operate.

ACHIEVING EXCELLENCE AND HIGH-QUALITY DEVELOPMENT

Marking the commencement of the 14th Five-Year Plan, 2021 will be pivotal in CITIC's continued growth and development.

On the one hand, we will continue to optimise our business structure and the allocation of resources by disposing of under-performing assets and nurturing new businesses, particularly in emerging industries. On the other hand, CITIC will continue to focus on becoming a leaner, more efficient and risk-resilient organisation. As a conglomerate operating in both the financial and non-financial industries, CITIC has unique strengths and can unlock vast potential through the development of deep synergies across our many businesses. In this way, we will be greater as a whole than the sum of our parts.

At the same time, digitalisation is reshaping industry development and redefining competitive advantages. CITIC, with its unique business architecture, has accumulated an enormous bank of information over decades of operations in diverse sectors. Technological innovation and application must remain at the heart of our continued development and will be crucial to achieving our objectives. Accordingly, we will optimise the allocation of our technology resources, promote cooperation with external parties, enhance our technology training programmes and continually strengthen our ability to innovate. Ultimately, we must build an adaptable and synergy-generating ecosystem. As a pioneering spirit has always been a part of our DNA, I fully believe that our combined efforts will enable us to deliver against our full potential.

As CITIC enters a new phase of development, we will focus on enhancing our capabilities, cultivating the unique opportunities afforded to a conglomerate of our size and diversity, ever mindful of risk management and compliance. By adhering to our strategy and operating at the highest level of excellence, we will continue to create value for our shareholders.

Zhu Hexin
Chairman
Beijing, 30 March 2021

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

		For the year ended 31 December	
		2020	2019
	Note	***HK$ million***	*HK$ million*
Interest income		**336,985**	330,267
Interest expenses		**(164,967)**	(160,125)
Net interest income	*4(a)*	**172,018**	170,142
Fee and commission income		**44,814**	42,770
Fee and commission expenses		**(5,636)**	(6,807)
Net fee and commission income	*4(b)*	**39,178**	35,963
Sales of goods and services	*4(c)*	**323,808**	344,076
Other revenue	*4(d)*	**17,945**	16,316
		341,753	360,392
Total revenue		**552,949**	**566,497**
Cost of sales and services		**(276,305)**	(283,148)
Other net income		**6,363**	9,944
Expected credit losses		**(96,927)**	(88,722)
Impairment losses		**(3,649)**	(7,024)
Other operating expenses		**(88,647)**	(103,894)
Net valuation loss on investment properties		**(675)**	(756)
Share of profits of associates, net of tax		**10,533**	8,083
Share of profits of joint ventures, net of tax		**3,960**	5,474
Profit before net finance charges and taxation		**107,602**	**106,454**
Finance income		**1,266**	2,264
Finance costs		**(11,150)**	(12,703)
Net finance charges	*5*	**(9,884)**	**(10,439)**
Profit before taxation	*6*	**97,718**	**96,015**
Income tax	*7*	**(16,790)**	(17,827)
Profit for the year		**80,928**	**78,188**

CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

		For the year ended 31 December	
		2020	2019
	Note	***HK$ million***	*HK$ million*
Profit for the year		**80,928**	78,188
Attributable to:			
– Ordinary shareholders of the Company		**56,628**	53,903
– Non-controlling interests		**24,300**	24,285
Profit for the year		**80,928**	78,188
Earnings per share for profit attributable to ordinary shareholders of the Company during the year:			
Basic and diluted earnings per share *(HK$)*	*9*	**1.95**	1.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Profit for the year	**80,928**	78,188
Other comprehensive gain/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on financial assets at fair value through other comprehensive income	**(5,839)**	1,948
Loss allowance changes on financial assets at fair value through other comprehensive income	**943**	780
Cash flow hedge: net movement in the hedging reserve	**(618)**	(588)
Share of other comprehensive income of associates and joint ventures	**448**	85
Exchange differences on translation of financial statements and others	**59,738**	(19,027)
Items that will not be reclassified subsequently to profit or loss:		
Reclassification of owner-occupied property as investment property: revaluation gain	**57**	1,117
Fair value changes on investments in equity instruments designated at fair value through other comprehensive income	**(44)**	(436)
Other comprehensive gain/(loss) for the year	**54,685**	(16,121)
Total comprehensive income for the year	**135,613**	62,067
Attributable to:		
– Ordinary shareholders of the Company	**94,249**	43,656
– Non-controlling interests	**41,364**	18,411
Total comprehensive income for the year	**135,613**	62,067

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

		As at 31 December	
		2020	2019
	Note	***HK$ million***	*HK$ million*
Assets			
Cash and deposits		**755,386**	740,434
Placements with banks and non-bank financial institutions		**198,513**	226,686
Derivative financial instruments		**47,804**	19,580
Trade and other receivables		**169,723**	167,427
Contract assets		**13,619**	11,504
Inventories		**80,370**	54,735
Financial assets held under resale agreements		**143,029**	11,117
Loans and advances to customers and other parties	*10*	**5,206,155**	4,366,639
Investments in financial assets	*11*		
– Financial assets at amortised cost		**1,156,496**	1,040,997
– Financial assets at fair value through profit or loss		**528,293**	403,776
– Debt investments at fair value through other comprehensive income		**860,255**	701,936
– Equity investments at fair value through other comprehensive income		**8,023**	7,020
Assets classified as held for sale		**–**	28,819
Interests in associates		**131,040**	123,345
Interests in joint ventures		**50,287**	40,963
Fixed assets		**167,840**	150,075
Investment properties		**38,455**	37,555
Right-of-use assets		**37,915**	36,494
Intangible assets		**15,877**	11,977
Goodwill		**21,133**	21,203
Deferred tax assets		**74,164**	58,729
Other assets		**36,451**	28,913
Total assets		**9,740,828**	8,289,924

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

		As at 31 December	
		2020	2019
	Note	***HK$ million***	*HK$ million*
Liabilities			
Borrowing from central banks		**266,611**	268,256
Deposits from banks and non-bank financial institutions		**1,370,439**	1,061,380
Placements from banks and non-bank financial institutions		**74,308**	107,400
Financial liabilities at fair value through profit or loss		**12,423**	1,436
Derivative financial instruments		**49,808**	20,763
Trade and other payables		**160,943**	148,908
Contract liabilities		**28,092**	21,380
Financial assets sold under repurchase agreements		**94,774**	127,766
Deposits from customers	*12*	**5,427,694**	4,541,841
Employee benefits payables		**36,176**	33,357
Income tax payable		**13,448**	13,989
Bank and other loans	*13*	**163,604**	151,312
Debt instruments issued	*14*	**973,858**	823,964
Lease liabilities		**18,267**	17,435
Liabilities directly associated with assets classified as held for sale		**–**	20,674
Provisions		**15,172**	11,155
Deferred tax liabilities		**11,444**	9,963
Other liabilities		**15,125**	14,454
Total liabilities		**8,732,186**	7,395,433
Equity			
Share capital		**381,710**	381,710
Reserves		**292,566**	209,816
Total ordinary shareholders' funds		**674,276**	591,526
Non-controlling interests		**334,366**	302,965
Total equity		**1,008,642**	894,491
Total liabilities and equity		**9,740,828**	8,289,924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

The parent and the ultimate holding company of the Company is CITIC Group Corporation ("CITIC Group"). As at 31 December 2020, the equity interests held by CITIC Group in the Company through its overseas wholly-owned subsidiaries was 58.13% (31 December 2019: 58.13%).

2 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 accounting principles generally accepted in Hong Kong. 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. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of amendments to HKFRS that are first effective for the current accounting period of the Group. None of these had a significant effect on the consolidated financial statements of the Group.

(a) Definition of Material – Amendments to HKAS 1 and HKAS 8

The HKICPA has made amendments to HKAS 1 Presentation of Financial Statements and HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in HKAS 1 about immaterial information.

(b) Definition of a Business – Amendments to HKFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

(c) Interest Rate Benchmark Reform – Amendments to HKFRS 7, HKFRS 9 and HKAS 39

The amendments made to HKFRS 7 Financial Instruments: Disclosures, HKFRS 9 Financial Instruments ("HKFRS 9") and HKAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

(d) **Revised Conceptual Framework for Financial Reporting**

The HKICPA has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

– increasing the prominence of stewardship in the objective of financial reporting;

– reinstating prudence as a component of neutrality;

– defining a reporting entity, which may be a legal entity, or a portion of an entity;

– revising the definitions of an asset and a liability;

– removing the probability threshold for recognition and adding guidance on derecognition;

– adding guidance on different measurement basis, and

– stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

3 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. During the year ended 31 December 2020, the Group has made strategic adjustment based on the 14th Five-Year Plan. The Segment reporting for 2019 has been restated accordingly. 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, trust, asset management, securities and insurance 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 include exploration, processing and trading of resources and energy products, including crude oil, coal and iron ore, as well as manufacturing of special steels.

– New consumption: this segment includes motor and 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 and others.

(a) Segment results, assets and liabilities

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 2020 and 2019 is set out below:

	For the year ended 31 December 2020							
	Comprehensive financial services *HK$ million*	Advanced intelligent manufacturing *HK$ million*	Advanced materials *HK$ million*	New consumption *HK$ million*	New-type urbanisation *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Revenue from external customers	229,103	13,759	195,754	70,056	44,224	53	-	552,949
Inter-segment revenue	(14)	222	345	91	1,246	163	(2,053)	–
Reportable segment revenue	229,089	13,981	196,099	70,147	45,470	216	(2,053)	552,949
Disaggregation of revenue:								
– Net interest income *(Note 4(a))*	171,965	–	–	–	–	114	(61)	172,018
– Net fee and commission income *(Note 4(b))*	39,201	–	–	–	–	1	(24)	39,178
– Sales of goods *(Note 4(c))*	–	13,364	192,735	55,896	7,531	–	(562)	268,964
– Services rendered to customers-construction contracts *(Note 4(c))*	–	520	–	–	25,233	–	(769)	24,984
– Services rendered to customers-others *(Note 4(c))*	–	97	3,364	14,251	12,706	14	(572)	29,860
– Other revenue *(Note 4(d))*	17,923	–	–	–	–	87	(65)	17,945
Share of profits/(losses) of associates, net of tax	4,233	307	1,466	121	4,424	(18)	–	10,533
Share of profits/(losses) of joint ventures, net of tax	1,234	(1)	(265)	87	2,837	68	–	3,960
Finance income *(Note 5)*	–	157	249	89	1,021	853	(1,103)	1,266
Finance costs *(Note 5)*	–	(300)	(2,067)	(1,053)	(1,372)	(7,797)	1,439	(11,150)
Depreciation and amortisation *(Note 6(b))*	(7,193)	(583)	(6,615)	(3,860)	(1,448)	(73)	–	(19,772)
Expected credit losses	(94,167)	(103)	16	(277)	(1,812)	(584)	–	(96,927)
Impairment losses	(575)	(136)	(1,073)	(313)	(1,552)	–	–	(3,649)
Profit/(loss) before taxation	76,087	588	14,421	1,770	11,711	(6,880)	21	97,718
Income tax *(Note 7)*	(10,650)	35	(2,958)	(492)	(1,791)	(920)	(14)	(16,790)
Profit/(loss) for the year	65,437	623	11,463	1,278	9,920	(7,800)	7	80,928
Attributable to:								
– Ordinary shareholders of the Company	43,516	453	10,149	894	9,409	(7,800)	7	56,628
– Non-controlling interests	21,921	170	1,314	384	511	–	–	24,300

	As at 31 December 2020							
	Comprehensive financial services *HK$ million*	Advanced intelligent manufacturing *HK$ million*	Advanced materials *HK$ million*	New consumption *HK$ million*	New-type urbanisation *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Reportable segment assets	9,113,747	58,719	239,155	76,157	309,736	161,818	(218,504)	9,740,828
Including:								
Interests in associates	47,156	1,050	22,361	10,151	48,360	1,962	–	131,040
Interests in joint ventures	14,878	7	7,144	1,875	24,742	1,641	–	50,287
Reportable segment liabilities	8,353,514	39,574	250,098	38,529	138,696	236,525	(324,750)	8,732,186
Including:								
Bank and other loans *(Note 13) (note)*	2,382	15,867	53,753	10,301	39,217	82,529	(40,878)	163,171
Debt instruments issued *(Note 14) (note)*	872,734	–	772	3,496	360	121,736	(30,567)	968,531

Note: The amount is the principal excluding interest accrued.

	For the year ended 31 December 2019 (Restated)							
	Comprehensive financial services *HK$ million*	Advanced intelligent manufacturing *HK$ million*	Advanced materials *HK$ million*	New consumption *HK$ million*	New-type urbanisation *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Revenue from external customers	222,316	35,942	178,399	89,017	40,718	105	–	566,497
Inter-segment revenue	212	306	48	95	148	24	(833)	–
Reportable segment revenue	222,528	36,248	178,447	89,112	40,866	129	(833)	566,497
Disaggregation of revenue:								
– Net interest income *(Note 4(a))*	170,223	–	–	–	–	111	(192)	170,142
– Net fee and commission income *(Note 4(b))*	35,985	–	–	–	–	7	(29)	35,963
– Sales of goods *(Note 4(c))*	–	34,158	175,903	74,019	9,750	–	(99)	293,731
– Services rendered to customers-construction contracts *(Note 4(c))*	–	1,002	–	–	21,875	–	(24)	22,853
– Services rendered to customers-others *(Note 4(c))*	–	1,088	2,544	15,093	9,241	–	(474)	27,492
– Other revenue *(Note 4(d))*	16,320	–	–	–	–	11	(15)	16,316
Share of profits/(losses) of associates, net of tax	3,249	63	744	3	4,295	(271)	–	8,083
Share of profits of joint ventures, net of tax	1,194	–	1,555	295	2,303	127	–	5,474
Finance income *(Note 5)*	–	264	287	71	1,427	1,499	(1,284)	2,264
Finance costs *(Note 5)*	–	(509)	(2,610)	(1,668)	(1,425)	(8,139)	1,648	(12,703)
Depreciation and amortisation *(Note 6(b))*	(6,972)	(1,315)	(6,296)	(5,932)	(1,238)	(53)	–	(21,806)
Expected credit losses	(88,009)	(58)	(22)	(92)	(578)	37	–	(88,722)
Impairment losses	(1,735)	(79)	(45)	(371)	(4,200)	(594)	–	(7,024)
Profit/(loss) before taxation	73,683	1,360	12,035	3,465	10,514	(5,045)	3	96,015
Income tax *(Note 7)*	(10,150)	(163)	(2,416)	(1,014)	(1,968)	(2,101)	(15)	(17,827)
Profit/(loss) for the year	63,533	1,197	9,619	2,451	8,546	(7,146)	(12)	78,188
Attributable to:								
– Ordinary shareholders of the Company	42,845	1,132	7,925	1,134	8,025	(7,146)	(12)	53,903
– Non-controlling interests	20,688	65	1,694	1,317	521	–	–	24,285

	As at 31 December 2019 (Restated)							
	Comprehensive financial services *HK$ million*	Advanced intelligent manufacturing *HK$ million*	Advanced materials *HK$ million*	New consumption *HK$ million*	New-type urbanisation *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Reportable segment assets	7,703,980	27,930	227,711	98,713	277,700	162,748	(208,858)	8,289,924
Including:								
Interests in associates	42,267	4,787	22,024	8,700	43,807	1,760	–	123,345
Interests in joint ventures	9,871	–	6,490	1,825	21,121	1,656	–	40,963
Reportable segment liabilities	7,027,882	14,932	233,401	69,029	129,800	228,377	(307,988)	7,395,433
Including:								
Bank and other loans *(Note 13) (note)*	3,927	7,342	53,264	11,673	31,874	83,431	(40,833)	150,678
Debt instruments issued *(Note 14) (note)*	725,589	141	670	3,493	352	115,644	(27,860)	818,029

Note: The amount is the principal excluding interest accrued.

(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**	
	2020	2019	**2020**	2019
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Mainland China	**464,968**	454,970	**9,078,635**	7,643,658
Hong Kong, Macau and Taiwan	**46,430**	46,494	**543,279**	538,872
Overseas	**41,551**	65,033	**118,914**	107,394
	552,949	566,497	**9,740,828**	8,289,924

4 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 financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (Notes 4(a), 4(b) and 4(d)). For non-financial services segment, revenue mainly comprises income from sales of goods and services rendered to customers (Note 4(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	
	2020	2019
	HK$ million	*HK$ million*
Interest income arising from (*note*)**:**		
Deposits with central banks, banks and non-bank financial institutions	**9,877**	9,143
Placements with banks and non-bank financial institutions	**5,524**	7,167
Financial assets held under resale agreements	**921**	947
Investments in financial assets		
– Financial assets at amortised cost	**42,873**	44,084
– Debt investments at FVOCI	**23,675**	23,365
Loans and advances to customers and other parties	**254,076**	245,543
Others	**39**	18
	336,985	330,267
Interest expenses arising from:		
Borrowing from central banks	**(6,506)**	(9,244)
Deposits from banks and non-bank financial institutions	**(26,982)**	(28,290)
Placements from banks and non-bank financial institutions	**(2,963)**	(4,046)
Financial assets sold under repurchase agreements	**(2,558)**	(1,959)
Deposits from customers	**(101,809)**	(91,071)
Debt instruments issued	**(23,457)**	(24,574)
Lease liabilities	**(542)**	(625)
Others	**(150)**	(316)
	(164,967)	(160,125)
Net interest income	**172,018**	170,142

Note:

Interest income includes interest income accrued on credit-impaired financial assets of HK$577 million for the year ended 31 December 2020 (2019: HK$411 million).

(b) Net fee and commission income

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Guarantee and advisory fees	**5,409**	5,571
Bank card fees *(note)*	**16,515**	17,228
Settlement and clearing fees	**1,315**	1,501
Agency fees and commission	**8,479**	8,380
Trustee commission and fees	**12,832**	9,856
Others	**264**	234
	44,814	42,770
Fee and commission expenses	**(5,636)**	(6,807)
Net fee and commission income	**39,178**	35,963

Note: According to the requirement of "Notice on strictly implementing accounting standards and effectively strengthening 2020 annual reports work" issued by the Ministry of Finance, State-owned Assets Supervision and Administration Commission of the State Council, China Banking and Insurance Regulatory Commission and China Securities Regulatory Commission, the Group recognised credit card installment income, which originally accounted in fee and commission income, as interest income and restated the comparatives.

(c) Sales of goods and services

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Sales of goods	**268,964**	293,731
Services rendered to customers		
– Revenue from construction contracts	**24,984**	22,853
– Revenue from other services	**29,860**	27,492
	323,808	344,076

(d) Other revenue

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Net trading gain *(note (i))*	**3,726**	5,967
Net gain on investments in financial assets under financial services segment	**14,082**	10,222
Others	**137**	127
	17,945	16,316

(i) ***Net trading gain***

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Trading profit/(loss):		
– debt securities and certificates of deposits	**1,792**	3,148
– foreign currencies	**2,350**	2,532
– derivatives	**(416)**	287
	3,726	5,967

5 NET FINANCE CHARGES

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Finance costs		
– Interest on bank and other loans	**5,076**	6,207
– Interest on debt instruments issued	**5,946**	5,786
– Interest and finance charges paid/payable for lease liabilities	**392**	684
	11,414	12,677
Less: interest expense capitalised	**(567)**	(349)
	10,847	12,328
Other finance charges	**303**	375
	11,150	12,703
Finance income	**(1,266)**	(2,264)
	9,884	10,439

6 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	
	2020	2019
	HK$ million	*HK$ million*
Salaries and bonuses	**41,998**	49,316
Contributions to defined contribution retirement schemes	**4,152**	5,248
Others	**10,243**	9,491
	56,393	64,055

(b) Other items

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Amortisation	**2,125**	2,387
Depreciation	**17,647**	19,419
Lease charges	**924**	1,680
Tax and surcharges	**2,799**	2,673
Property management fees	**1,108**	1,372
Non-operating expenses	**700**	1,075
Professional fees (other than auditors' remuneration)	**1,057**	1,356
Auditors' remuneration		
– Audit services	**159**	179
– Non-audit services	**66**	67
	26,585	30,208

7 INCOME TAX EXPENSE

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Current tax – Mainland China		
Provision for enterprise income tax	**24,986**	24,116
Land appreciation tax	**113**	118
	25,099	24,234
Current tax – Hong Kong		
Provision for Hong Kong profits tax	**641**	1,625
Current tax – Overseas		
Provision for the year	**183**	191
	25,923	26,050
Deferred tax		
Origination and reversal of temporary differences	**(9,133)**	(8,223)
	16,790	17,827

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the year ended 31 December 2020 is 16.5% (2019: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Mainland China for the year ended 31 December 2020 is 25% (2019: 25%).

Taxation for other overseas subsidiaries is charged at the rates of taxation prevailing in the countries/ jurisdiction in which the overseas subsidiaries operate.

8 DIVIDENDS

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
2019 Final dividend paid: HK$0.285 (2018 Final: HK$0.26) per share	**8,291**	7,563
2020 Interim dividend paid: HK$0.10 (2019 Interim: HK$0.18) per share	**2,909**	5,236
2020 Final dividend proposed: HK$0.388 (2019 Final: HK$0.285) per share	**11,287**	8,291

9 EARNINGS PER SHARE

The calculation of basic earnings per share and diluted earnings per share are based on the profit attributable to ordinary shareholders of the Company of HK$56,628 million for the year ended 31 December 2020 (2019: HK$53,903 million) calculated as follows:

	For the year ended 31 December	
	2020	2019
	HK$ million	*HK$ million*
Profit attributable to ordinary shareholders of the Company	**56,628**	53,903
Weighted average number of ordinary shares *(in million)*	**29,090**	29,090

Diluted earnings per share for the year ended 31 December 2020 and 2019 are same with basic earnings per share. As at 31 December 2020, there are no share options or other equity securities of the Company in issue which if exercised would have a dilutive effect on the issued ordinary share capital as at 31 December 2020 (31 December 2019: Nil).

The basic earnings per share and diluted earnings per share for the year ended 31 December 2020 are HK$1.95 (2019: HK$1.85).

10 LOANS AND ADVANCES TO CUSTOMERS AND OTHER PARTIES

Loans and advances to customers and other parties analysed by nature

	As at 31 December	
	2020	2019
	HK$ million	*HK$ million*
Loans and advances to customers and other parties at amortised cost		
Corporate loans:		
– Loans	**2,543,662**	2,153,473
– Discounted bills	**7,947**	7,995
– Finance lease receivables	**51,910**	48,004
	2,603,519	2,209,472
Personal loans:		
– Residential mortgages	**1,088,732**	867,018
– Credit cards	**576,969**	574,535
– Personal consumption	**243,052**	232,268
– Business loans	**337,643**	253,525
	2,246,396	1,927,346
	4,849,915	4,136,818
Accrued interest	**15,182**	11,388
	4,865,097	4,148,206
Less: allowance for impairment losses	**(156,218)**	(134,001)
Carrying amount of loans and advances to customers and other parties at amortised cost	**4,708,879**	4,014,205
Loans and advances to customers and other parties at FVPL		
Personal loans	**8,465**	7,719
Loans and advances to customers and other parties at FVOCI		
Corporate loans:		
– Loans	**3,203**	1,029
– Discounted bills	**485,608**	343,686
Carrying amount of loans and advances to customers and other parties at FVOCI	**488,811**	344,715
Total carrying amount of loans and advances	**5,206,155**	4,366,639
Allowance for impairment losses on loans and advances to customers and other parties at FVOCI	**(653)**	(521)

11 INVESTMENTS IN FINANCIAL ASSETS

	As at 31 December	
	2020	2019
	HK$ million	*HK$ million*
Financial assets at amortised cost		
Debt securities	**838,502**	645,126
Investment management products managed by securities companies	**83,946**	208,896
Trust investment plans	**231,843**	183,442
Certificates of deposit and certificates of interbank deposit	**5,606**	111
Wealth management products	**–**	33
Investments in creditor's rights on assets	**96**	570
Others	**1,803**	409
	1,161,796	1,038,587
Accrued interest	**12,162**	11,080
	1,173,958	1,049,667
Less: allowance for impairment losses	**(17,462)**	(8,670)
	1,156,496	1,040,997
Financial assets at FVPL		
Debt securities	**68,495**	50,399
Investment management products managed by securities companies	**3,338**	3,159
Trust investment plans	**3,960**	7,395
Certificates of deposit and certificates of interbank deposit	**59,329**	52,236
Wealth management products	**6,532**	4,124
Investment funds	**367,787**	267,812
Equity investment	**18,546**	18,576
Others	**306**	75
	528,293	403,776
Debt investments at FVOCI		
Debt securities	**806,506**	688,554
Certificates of deposit and certificates of interbank deposit	**5,192**	5,433
Investment management products managed by securities companies	**40,751**	–
	852,449	693,987
Accrued interest	**7,806**	7,949
	860,255	701,936
Allowance for impairment losses on debt investments at FVOCI	**(3,148)**	(1,820)
Equity investments at FVOCI		
Equity investment	**7,639**	6,602
Investment funds	**384**	418
	8,023	7,020
	2,553,067	2,153,729

12 DEPOSITS FROM CUSTOMERS

(a) Types of deposits from customers

	As at 31 December	
	2020	2019
	HK$ million	*HK$ million*
Demand deposits		
Corporate customers	**2,258,627**	1,862,591
Personal customers	**388,658**	307,582
	2,647,285	2,170,173
Time and call deposits		
Corporate customers	**1,991,042**	1,653,630
Personal customers	**726,173**	672,759
	2,717,215	2,326,389
Outward remittance and remittance payables	**10,763**	7,227
Accrued interest	**52,431**	38,052
	5,427,694	4,541,841

(b) Deposits from customers include pledged deposits for the following items:

	As at 31 December	
	2020	2019
	HK$ million	*HK$ million*
Bank acceptances	**265,419**	192,095
Letters of credit	**13,112**	13,122
Guarantees	**13,399**	23,879
Others	**124,564**	104,172
	416,494	333,268

13 BANK AND OTHER LOANS

(a) Types of loans

	As at 31 December	
	2020	2019
	HK$ million	*HK$ million*
Bank loans		
Unsecured loans	**116,984**	106,021
Loan pledged with assets	**17,842**	16,430
	134,826	122,451
Other loans		
Unsecured loans	**27,517**	27,177
Loan pledged with assets	**828**	1,050
	28,345	28,227
	163,171	150,678
Accrued interest	**433**	634
	163,604	151,312

(b) Maturity of loans

	As at 31 December	
	2020	2019
	HK$ million	*HK$ million*
Bank loans		
– Within 1 year or on demand	**47,714**	38,632
– Between 1 and 2 years	**17,394**	17,392
– Between 2 and 5 years	**42,471**	39,479
– Over 5 years	**27,247**	26,948
	134,826	122,451
Other loans		
– Within 1 year or on demand	**13,549**	6,599
– Between 1 and 2 years	**3,024**	13,446
– Between 2 and 5 years	**6,398**	3,065
– Over 5 years	**5,374**	5,117
	28,345	28,227
	163,171	150,678
Accrued interest	**433**	634
	163,604	151,312

14 DEBT INSTRUMENTS ISSUED

	As at 31 December	
	2020	2019
	HK$ million	*HK$ million*
Corporate bonds issued	**112,959**	99,913
Notes issued	**60,208**	113,592
Subordinated bonds issued	**134,526**	97,196
Certificates of deposit issued	**–**	3,109
Certificates of interbank deposit issued	**645,179**	489,886
Convertible corporate bonds	**15,659**	14,333
	968,531	818,029
Accrued interest	**5,327**	5,935
	973,858	823,964
Analysed by remaining maturity:		
– Within 1 year or on demand	**668,965**	605,729
– Between 1 and 2 years	**22,547**	19,912
– Between 2 and 5 years	**116,344**	51,306
– Over 5 years	**160,675**	141,082
	968,531	818,029
Accrued interest	**5,327**	5,935
	973,858	823,964

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued during the year ended 31 December 2020 (2019: Nil).

15 CONTINGENT LIABILITIES AND COMMITMENTS – 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 balance sheet. The Group believes that these accruals are reasonable and adequate.

(a) Mineralogy Pty Ltd ("Mineralogy") disputes

Each of Sino Iron Pty Ltd ("Sino Iron") and Korean Steel Pty Ltd ("Korean Steel"), 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 and Korean Steel 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.

Option Agreement Dispute

The Company is a party to an Option Agreement with Mineralogy and Mr. Clive Palmer pursuant to which the Company has options to acquire up to four further companies, each holding the right to mine one billion tonnes of magnetite ore in the vicinity of the Sino Iron Project. The Company exercised the first option under the Option Agreement on 13 April 2012. The remaining options have now lapsed. Following the exercise of the first option, Mineralogy and Mr. Palmer alleged that the Option Agreement had been repudiated by the Company, purported to accept that repudiation and stated that the Option Agreement was at an end.

The Company and its affected subsidiaries, Sino Iron and Korean Steel (together referred to as the "CITIC Parties"), commenced a legal proceeding in relation to the dispute in the Supreme Court of Western Australia. On 30 September 2015, the Court made declarations by consent, including that the Company had not repudiated the Option Agreement in the manner asserted by Mineralogy and Mr. Palmer.

Notwithstanding the making of these declarations, Mineralogy and Mr. Palmer have not taken the actions necessary to permit completion of the transaction resulting from the Company's exercise of the first option under the Option Agreement. On 31 March 2016, the CITIC Parties commenced a proceeding in the Supreme Court of Western Australia in relation to the Option Agreement ("Proceeding CIV 1514/2016") to seek orders compelling Mineralogy to take the steps necessary to complete the transfer of a further company having the right to mine one billion tonnes of magnetite ore. On 26 February 2018, Justice K Martin granted leave for Cape Preston Resource Holdings Pty Ltd to be added as a plaintiff to the proceeding and for the writ to be amended for that purpose.

Mineralogy and Mr. Palmer had previously made allegations of breach, repudiation, frustration and termination of the Option Agreement in their respective defences. However, shortly before the trial, on 22 September 2020, Mineralogy and Mr. Palmer abandoned those pleas, and said that they were willing to complete the first option, but on the basis that the further company had to be Balmoral Iron Pty Ltd ("Balmoral Iron").

On 29 November 2020, the Company accepted the nomination of Balmoral Iron on the basis of certain representations and subject to certain conditions concerning guarantees, indemnities and warranties which had been proffered by Mineralogy and Mr. Palmer in the preceding weeks.

In their latest statement of claim filed on 1 December 2020, the CITIC Parties and Cape Preston Resource Holdings Pty Ltd seek, among other things:

(a) a declaration that the Option Agreement remains in full force and effect;

(b) specific performance by Mineralogy and Mr. Palmer of the Option Agreement; and

(c) an order that Mineralogy and Mr. Palmer complete the first option by taking the steps required under the Option Agreement, including by entering into certain transaction documents in the form submitted to the court by the CITIC Parties.

The trial took place on 7 to 9 and 15 December 2020. As the issues in dispute had narrowed, the principal remaining issue for determination at trial was the form of the Takeover Agreement and the Project Agreements to be entered into by the further company to complete the exercise of the first option.

Justice K Martin has reserved his decision.

FCD Indemnity Disputes

Mineralogy and Mr. Palmer have commenced and threatened to commence proceedings to pursue claims pursuant to an indemnity given by the Company under the Fortescue Coordination Deed ("FCD") to Mineralogy and Mr. Palmer. That indemnity extends to losses suffered by Mineralogy and Mr. Palmer in relation to the failure by Sino Iron and Korean Steel to perform their obligations under the project agreements.

(i) Queensland Nickel FCD Indemnity Claim

On 29 June 2017, the final day of the trial in Proceeding CIV 1808/2013, 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 by an amended statement of claim to AUD1,806,438,000). This amount is alleged to represent the reduction in the value of the assets of the joint venture business carried on by the Queensland Nickel group of companies controlled by Mr. Palmer. The joint venture business was a nickel and cobalt refinery located at Yabulu in North Queensland.

As Sino Iron and Korean Steel had not paid amounts sought by Mineralogy on account of the royalty on products produced by Sino Iron and Korean Steel ("Royalty Component B"), Mr. Palmer claims that Mineralogy did not, and was unable to, provide the funds to Queensland Nickel Pty Limited to enable it to continue managing and operating the joint venture business. Mr. Palmer alleges that Queensland Nickel Pty Limited was subsequently placed in administration, followed by liquidation, because it did not receive those funds from Mineralogy.

After commencing this proceeding, Mr. Palmer joined Mineralogy as a second plaintiff and Sino Iron and Korean Steel as second and third defendants.

On 16 April 2018, the CITIC Parties filed an amended defence, which pleaded a number of defences, including that there has been no breach of the project agreements, construction arguments, causation and mitigation.

On 14 February 2020, Mineralogy and Mr. Palmer provided an incomplete list of documents to the CITIC Parties, which relate to the categories of documents identified for discovery. Mineralogy and Mr. Palmer provided further discovery on 23 July 2020.

On 24 September 2020, Justice K Martin ordered that:

(a) this proceeding be heard together with Proceeding CIV 1267/2018; and

(b) damages be determined separately and subsequently to liability.

On 3 March 2021, Mineralogy and Mr. Palmer filed an application for leave to amend their statement of claim to introduce an allegation that the CITIC Parties' purpose in failing to pay Royalty Component B was to apply commercial pressure upon Mineralogy and Mr. Palmer to agree to alter the contractual relationship between the parties. In Mineralogy and Mr. Palmer's view, that alleged purpose amounts to the commission of the tort of collateral abuse of process and unconscionable conduct in contravention of section 21 of the Australian Consumer Law. The CITIC Parties reject those allegations and intend to defend the application. The application is listed for a hearing or a directions hearing on 15 April 2021.

No trial date has been set for this proceeding.

(ii) Palmer Petroleum FCD Indemnity Claim

On 16 February 2018, Mineralogy commenced another 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. The statement of claim pleads that Mineralogy had agreed to provide:

(a) from December 2009, funding; and

(b) in or about 2013, all future working capital,

to its wholly owned subsidiary, Palmer Petroleum Pty Ltd (now named Aspenglow Pty Ltd) ("Palmer Petroleum"). As Sino Iron and Korean Steel had not paid Royalty Component B from the fourth quarter of 2013 to the second quarter of 2016, it is claimed that Mineralogy did not, and was unable to, provide the funds to Palmer Petroleum.

Mineralogy alleges that as a result, Palmer Petroleum was wound up in insolvency. The statement of claim pleads that Palmer Petroleum subsequently lost rights to a Papua New Guinea petroleum prospecting licence and suffered a diminution in value, equivalent to the sale value of oil that allegedly would have been recoverable under that licence. Mineralogy claims that it suffered a loss equivalent to the diminution in value of its shareholding in Palmer Petroleum.

On 24 April 2018, the CITIC Parties filed and served their defence, which is in similar terms to their defence in Proceeding CIV 2072/2017. The CITIC Parties have pleaded a number of defences including that there has been no breach of the project agreements, construction arguments, causation and mitigation.

On 14 February 2020, Mineralogy provided an incomplete list of documents to the CITIC Parties, which relate to the categories of documents identified for discovery. The CITIC Parties are waiting for Mineralogy to provide a list of further discovery in the prescribed form, which was due on 24 July 2020.

On 24 September 2020, Justice K Martin ordered that:

(a) this proceeding be heard together with Proceeding CIV 2072/2017; and

(b) damages be determined separately and subsequently to liability.

On 3 March 2021, Mineralogy filed an application for leave to amend its statement of claim to introduce an allegation that the CITIC Parties' purpose in failing to pay Royalty Component B was to apply commercial pressure upon Mineralogy to agree to alter the contractual relationship between the parties. In Mineralogy's view, that alleged purpose amounts to the commission of the tort of collateral abuse of process and unconscionable conduct in contravention of section 21 of the Australian Consumer Law. The CITIC Parties reject those allegations and intend to defend the application. The application is listed for a hearing or a directions hearing on 15 April 2021.

No trial date has been set for this proceeding.

Mine Continuation Proposals/Tenure Dispute

The continued operation of the Sino Iron Project requires it to extend beyond the footprint it currently occupies. The need for extension is primarily driven by the need to accommodate 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. Without an increased footprint, it will be necessary to suspend operations at the Sino Iron Project.

The CITIC Parties commenced a proceeding against Mineralogy and Mr. Palmer in the Federal Court of Australia ("Proceeding WAD 471/2018"). Following a cross-vesting application by the defendants, the proceeding was transferred to the Supreme Court of Western Australia and admitted to the Commercial Managed Cases List of Justice K Martin on 10 June 2019 ("Proceeding CIV 1915/2019"). The proceeding relates to the failure and refusal of Mineralogy to:

(a) submit Mine Continuation Proposals for the Sino Iron Project to the State of Western Australia under the State Agreement;

(b) grant further necessary tenure for the Sino Iron Project;

(c) take steps to secure the re-purposing of general purpose leases for the Sino Iron Project; and

(d) submit a Programme of Works for the Sino Iron Project to the State of Western Australia.

The CITIC Parties bring claims for breach of contract, of unconscionable conduct under the Australian Consumer Law, and in estoppel. Mr. Palmer is sued as an accessory to the unconscionable conduct claim. The CITIC Parties seek orders requiring Mineralogy to take the four steps listed above, and to pay the CITIC Parties damages for its failure and refusal to do so. Damages are also sought from Mr. Palmer. The State of Western Australia is joined to the proceeding as a necessary party, because it is a party to the State Agreement, but no relief is sought against it.

Mediation was conducted in late 2019 but was unsuccessful.

On 10 March 2020, Mineralogy and Mr. Palmer filed their further amended defences. The amendments allege breaches of various project agreements, and that Mineralogy and Mr. Palmer have allocated parts of certain tenements to other projects. On 23 March 2020, the CITIC Parties filed their reply.

On 24 April 2020, the CITIC Parties filed an application to strike out aspects of Mineralogy's further amended defence which related to purported breaches of the CITIC Parties' obligations in relation to (1) the standard of work in connection with the design and construction of the Sino Iron Project, (2) the Option Agreement, (3) the FCD, and (4) the Site Remediation Fund. On 18 May 2020, Justice K Martin heard the CITIC Parties' application. On 1 September 2020, Justice K Martin struck out the pleas relating to the standard of work (without leave to replead) and the pleas relating to the Option Agreement and the FCD (with leave to replead). Justice K Martin said he would revisit the Site Remediation Fund pleas following the determination of the trial in the Site Remediation Fund proceeding (see below).

On 17 September 2020, Mineralogy filed its latest further amended pleadings which removed the pleas relating to the standard of work, the Option Agreement and the FCD.

On 14 December 2020, Mineralogy provided discovery. Mr. Palmer has, to date, failed to do so, without explanation. The CITIC Parties have provided three tranches of documents by way of discovery and expect to complete their discovery obligations (subject to the obligation to give on-going discovery) before the next directions hearing.

On 5 January 2021, Mineralogy and Mr. Palmer filed an application to permanently stay the proceeding, alleging that the proceeding has been brought for an illegitimate or collateral purpose (namely, to apply commercial pressure upon Mineralogy and Mr. Palmer to agree to alter the contractual relationship between the parties) and is an abuse of process.

On 26 February 2021, the CITIC Parties filed an application to summarily dismiss or strike out Mineralogy and Mr. Palmer's permanent stay application. The CITIC Parties' application is listed for hearing on 15 April 2021.

No trial date has been set for this proceeding.

Minimum Production Royalty Disputes

The MRSLAs required each of Sino Iron and Korean Steel to produce a minimum of six million tonnes of product by 21 March 2013, unless prevented from doing so by:

(a) an act, matter or thing outside their control;

(b) Mineralogy doing, or failing to do an act (under the MRSLAs or otherwise); or

(c) a failure to obtain all government approvals necessary to allow them to do so (provided Sino Iron and Korean Steel used their best endeavours to obtain such approvals in a timely manner).

If Sino Iron and Korean Steel failed to do so, they were each required, within one month of that date, to pay Mineralogy the equivalent of the Mineralogy Royalty payable on the amount of magnetite ore required to produce six million tonnes of iron ore concentrate ("Minimum Production Royalty"). The Minimum Production Royalty has been the subject of earlier proceedings, including Proceeding CIV 1808/2013, Proceeding CIV 2303/2015, Proceeding CIV 3011/2017 and Proceeding CIV 3166/2017.

On 11 December 2018, Mineralogy and Mr. Palmer commenced a new proceeding against the CITIC Parties and Sino Iron Holdings Pty Ltd ("SIH") in the Supreme Court of Western Australia ("Proceeding CIV 3129/2018"), in which the claim for the Minimum Production Royalty was again revived. In their statement of claim in Proceeding CIV 3129/2018, Mineralogy and Mr. Palmer pleaded that each of Sino Iron and Korean Steel failed to produce at least six million tonnes of product by 21 March 2013 (and were not prevented from doing so for any of the reasons set out in clause 6.3(a) of the MRSLAs), and accordingly became liable to pay the Minimum Production Royalty by 21 April 2013. In the event that Mineralogy and Mr. Palmer were unsuccessful against Sino Iron and Korean Steel, Mineralogy and Mr. Palmer also pursued a separate claim against the Company pursuant to the guarantee and indemnity in the FCD. Mineralogy sought relief, including:

(a) orders that each of Sino Iron and Korean Steel pay Mineralogy AUD6,865,985 plus US$87,104,633, plus default interest;

(b) an order that the Company pay Mineralogy AUD13,731,970 plus US$174,209,266, plus interest (pursuant to the guarantee under the FCD);

(c) orders for specific performance of the MRSLAs and the FCD; and

(d) a declaration that Sino Iron and Korean Steel have acted in breach of their obligation of good faith.

If the Court were to find in favour of Mineralogy, Mineralogy could recover the judgment sum from either Sino Iron and Korean Steel, on the one hand, or from the Company, on the other. However, it could not recover the same loss from multiple parties.

In the event that Mineralogy was estopped or precluded from seeking the above relief in Proceeding CIV 3129/2018, Mr. Palmer also sought payment by the Company of US$187,941,236 pursuant to the guarantee and indemnity in the FCD.

On 23 January 2019, the CITIC Parties and SIH filed and served an application to stay or permanently dismiss Proceeding CIV 3129/2018, or strike out the statement of claim, on grounds including that it was an abuse of process. That application was heard on 25 September 2019. Justice K Martin delivered his reasons for decision on 13 February 2020, finding in favour of the CITIC Parties. His Honour found that Proceeding CIV 3129/2018 was an abuse of process of the court by Mineralogy and Mr. Palmer and on 20 February 2020 his Honour ordered that the proceeding be permanently stayed.

On 4 March 2020, Mineralogy and Mr. Palmer filed notices of appeal against the decision by Justice K Martin to permanently stay Proceeding CIV 3129/2018. The appeals are Proceedings CACV 27/2020 and CACV 29/2020 respectively. Mineralogy and Mr. Palmer argue, among other things, that it was not open for Justice K Martin to find that the commencement of Proceeding CIV 3129/2018 was an abuse of process.

The appeals were heard by the Supreme Court of Western Australia Court of Appeal on 22 and 23 March 2021. The Court reserved its decision in each appeal.

Site Remediation Fund Dispute

Under clause 20.5 of the MRSLAs, Mineralogy may require Sino Iron and Korean Steel to provide reasonable security for the performance of their obligations under clause 20 of the MRSLAs, relating to the protection of the environment and rehabilitation following Mine Closure. Such security is to be provided by way of contributions by Sino Iron and Korean Steel into a Site Remediation Fund. Clause 20.6 of the MRSLAs provides for the operation of the Site Remediation Fund, and requires that:

(a) Mineralogy will establish the Site Remediation Fund, which will be maintained in a separate interest-bearing trust account, designated as a trust account, and Sino Iron and Korean Steel will make contributions into the Site Remediation Fund; and

(b) for each Operating Year, Mineralogy will "determine an annual charge on account of future Site Remediation Costs … having regard to … Mineralogy's best prevailing estimate of the amount of future Site Remediation Costs … and the number of years remaining until Mine Closure".

On 22 October 2018, Mineralogy commenced a proceeding against the CITIC Parties in the Supreme Court of Western Australia ("Proceeding CIV 2840/2018") concerning the Site Remediation Fund. Mineralogy claimed that the CITIC Parties are required to contribute AUD529,378,207 into the Site Remediation Fund established under the MRSLAs, as security for the performance of their obligations relating to the protection of the environment and rehabilitation.

While the CITIC Parties have always acknowledged their site remediation obligations and their obligations under clauses 20.5 and 20.6 of the MRSLAs, they disputed the amount claimed by Mineralogy. Among other arguments, the CITIC Parties considered that the amount demanded by Mineralogy was not an "annual charge" as required by clause 20.6(e) of the MRSLAs. Further, the CITIC Parties did not consider that the amount demanded was a "best prevailing estimate" of future site remediation costs, as required by clause 20.6(e) of the MRSLAs.

The CITIC Parties filed a defence and counterclaim in Proceeding CIV 2840/2018 seeking, among other things, orders appointing a trustee in place of Mineralogy and a declaration that the annual charge to be made by Sino Iron and Korean Steel in the operating year commencing on 1 July 2018 is AUD6,000,000 or such other amount determined by the Court.

The trial took place between 16 and 24 November 2020. On 24 February 2021, Justice K Martin published his reasons for decision. His Honour held that Mineralogy's claim should be dismissed, and that the CITIC Parties' counterclaim should be dismissed. His Honour found, consistent with the submissions of the CITIC Parties, that the formulation of an "annual charge" pursuant to clause 20.6(e) requires Mineralogy to take its best prevailing estimate, subtract the amount already in the Site Remediation Fund, and then divide that amount by the number of years remaining until mine closure.

In its application to adjourn the hearing of the appeals against Justice K Martin's decision to permanently stay the Minimum Production Royalty proceeding (Proceedings CACV 27/2020 and CACV 29/2020), Mineralogy and Mr. Palmer indicated that Mineralogy intends to appeal the decision of Justice K Martin in Proceeding CIV 2840/2018. No appeal has been commenced at this time.

(b) 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 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 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 2020.

Note:

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results 2020 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2020 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

FINANCIAL REVIEW AND ANALYSIS

HK$ million	**For the year ended 31 December 2020**	2019	Increase/ (Decrease) (%)
Revenue	**552,949**	566,497	(2.4%)
Profit before taxation	**97,718**	96,015	1.8%
Net profit	**80,928**	78,188	3.5%
Net profit attributable to ordinary shareholders	**56,628**	53,903	5.1%
Basic earnings per share *(HK$)*	**1.95**	1.85	5.4%
Diluted earnings per share *(HK$)*	**1.95**	1.85	5.4%
Dividend per share *(HK$)*	**0.488**	0.465	4.9%
Net cash generated from operating activities	**193,225**	160,082	21%
Capital expenditure	**29,616**	32,318	(8.4%)

	As at 31 December 2020	As at 31 December 2019	Increase/ (Decrease) (%)
Total assets	**9,740,828**	8,289,924	18%
Total liabilities	**8,732,186**	7,395,433	18%
Total ordinary shareholders' funds and perpetual capital securities	**674,276**	591,526	14%
Return on total assets *(%)*	**1.2%**	1.4%	(0.2%)
Return on net assets *(%)*	**8.9%**	9.4%	(0.5%)
Staff employed	**135,304**	287,910	(53%)

Major indicators by business

Revenue from external customers

HK$ million	**For the year ended 31 December 2020**	2019	Increase/(Decrease) Amount	%	% (excluding the effect of currency translation)
Comprehensive financial services	**229,103**	222,316	6,787	3.1%	4.4%
Advanced intelligent manufacturing	**13,759**	35,942	(22,183)	(62%)	(61%)
Advanced materials	**195,754**	178,399	17,355	9.7%	9.7%
New consumption	**70,056**	89,017	(18,961)	(21%)	(21%)
New-type urbanisation	**44,224**	40,718	3,506	8.6%	9.7%

Profit

HK$ million	**For the year ended 31 December 2020**	2019	Increase/(Decrease) Amount	%	% (excluding the effect of currency translation)
Comprehensive financial services	**65,437**	63,533	1,904	3.0%	4.4%
Advanced intelligent manufacturing	**623**	1,197	(574)	(48%)	(47%)
Advanced materials	**11,463**	9,619	1,844	19%	19%
New consumption	**1,278**	2,451	(1,173)	(48%)	(48%)
New-type urbanisation	**9,920**	8,546	1,374	16%	17%

Profit attributable to ordinary shareholders

HK$ million	**For the year ended 31 December 2020**	2019	Increase/(Decrease) Amount	%	% (excluding the effect of currency translation)
Comprehensive financial services	**43,516**	42,845	671	1.6%	2.9%
Advanced intelligent manufacturing	**453**	1,132	(679)	(60%)	(59%)
Advanced materials	**10,149**	7,925	2,224	28%	28%
New consumption	**894**	1,134	(240)	(21%)	(21%)
New-type urbanisation	**9,409**	8,025	1,384	17%	18%

Assets

HK$ million	**As at 31 December 2020**	**As at 31 December** 2019	Increase/(Decrease) Amount	%	% (excluding the effect of currency translation)
Comprehensive financial services	**9,113,747**	7,703,980	1,409,767	18%	11%
Advanced intelligent manufacturing	**58,719**	27,930	30,789	110%	98%
Advanced materials	**239,155**	227,711	11,444	5.0%	5.0%
New consumption	**76,157**	98,713	(22,556)	(23%)	(24%)
New-type urbanisation	**309,736**	277,700	32,036	12%	7.8%

Revenue by nature

HK$ million	**For the year ended 31 December 2020**	2019	Increase/(Decrease) Amount	%
Net interest income	**172,018**	170,142	1,876	1.1%
Net fee and commission income	**39,178**	35,963	3,215	8.9%
Sales of goods and services	**323,808**	344,076	(20,268)	(5.9%)
– Sales of goods	**268,964**	293,731	(24,767)	(8.4%)
– Revenue from construction contracts	**24,984**	22,853	2,131	9.3%
– Revenue from other services	**29,860**	27,492	2,368	8.6%
Other revenue	**17,945**	16,316	1,629	10%

Note: The CITIC Bank reclassified the instalment income of credit card-based consumption from fee income to interest income as of 2020, and financial indicators related to net interest income and net fee and commission income during the comparable periods were restated.

Capital Expenditure

HK$ million	**For the year ended 31 December 2020**	2019	Increase/(Decrease) Amount	%
Comprehensive financial services	**7,909**	4,975	2,934	59%
Advanced intelligent manufacturing	**579**	1,638	(1,059)	(65%)
Advanced materials	**9,761**	10,278	(517)	(5.0%)
New consumption	**2,994**	8,671	(5,677)	(65%)
New-type urbanisation	**8,373**	6,756	1,617	24%
Total	**29,616**	32,318	(2,702)	(8.4%)

Group Financial Position

HK$ million	**As at 31 December 2020**	As at 31 December 2019	Increase/(Decrease) Amount	%
Total assets	**9,740,828**	8,289,924	1,450,904	18%
Loans and advances to customers and other parties	**5,206,155**	4,366,639	839,516	19%
Investments in financial assets	**2,553,067**	2,153,729	399,338	19%
Cash and deposits	**755,386**	740,434	14,952	2.0%
Placement with banks and non-bank financial institutions	**198,513**	226,686	(28,173)	(12%)
Trade and other receivables	**169,723**	167,427	2,296	1.4%
Fixed assets	**167,840**	150,075	17,765	12%
Total liabilities	**8,732,186**	7,395,433	1,336,753	18%
Deposits from customers	**5,427,694**	4,541,841	885,853	20%
Deposits from banks and non-bank financial institutions	**1,370,439**	1,061,380	309,059	29%
Debt instruments issued	**973,858**	823,964	149,894	18%
Borrowing from central banks	**266,611**	268,256	(1,645)	(0.6%)
Bank and other loans	**163,604**	151,312	12,292	8.1%
Trade and other payables	**160,943**	148,908	12,035	8.1%
Total ordinary shareholders' funds	**674,276**	591,526	82,750	14%

Loans and advances to customers and other parties

As at 31 December 2020, the loans and advances to customers and other parties of the Group was HK$5,206,155 million, an increase of HK$839,516 million or 19% compared to 31 December 2019. The proportion of loans and advances to customers and other parties to total assets was 53.45%, an increase of 0.78 percentage point compared to 31 December 2019.

In HK$ million	**As at 31 December 2020**	As at 31 December 2019	Increase/(Decrease) Amount	%
Loans and advances to customers and other parties measured at amortised cost				
Corporate loans	**2,595,572**	2,201,477	394,095	18%
Discounted bills	**7,947**	7,995	(48)	(0.6%)
Personal loans	**2,246,396**	1,927,346	319,050	17%
Accrued interest	**15,182**	11,388	3,794	33%
Total loans and advances to customers and other parties measured at amortised cost	**4,865,097**	4,148,206	716,891	17%
Impairment allowances	**(156,218)**	(134,001)	(22,217)	(17%)
Carrying amount of loans and advances to customers and other parties measured at amortised cost	**4,708,879**	4,014,205	694,674	17%
Loans and advances to customers and other parties at fair value through other comprehensive income				
Personal loans	**8,465**	7,719	746	10%
Loans and advances to customers and other parties measured at fair value through other comprehensive income				
Corporate loans	**3,203**	1,029	2,174	211%
Discounted bills	**485,608**	343,686	141,922	41%
Carrying amount of loans and advances to customers and other parties measured at fair value through other comprehensive income	**488,811**	344,715	144,096	42%
Net loans and advances to customers and other parties	**5,206,155**	4,366,639	839,516	19%

Investments in financial assets

As at 31 December, the Investments in financial assets of the Group was HK$2,553,067 million, an increase of HK$399,338 million, increased 19% compared with 31 December 2019. The proportion of Investments in financial assets to total assets was 26.21%, an increase of 0.23% compared with 31 December 2019.

(a) Analysed by types

In HK$ million	**As at 31 December 2020**	As at 31 December 2019	Increase/(Decrease) Amount	%
Debt securities	**1,713,503**	1,384,079	329,424	24%
Investment management products managed by securities companies	**128,035**	212,055	(84,020)	(40%)
Investment funds	**368,171**	268,230	99,941	37%
Trust investment plans	**235,803**	190,837	44,966	24%
Certificates of deposit and certificates of interbank deposit	**70,127**	57,780	12,347	21%
Equity investment	**26,185**	25,178	1,007	4.0%
Wealth management products	**6,532**	4,157	2,375	57%
Investments in creditor's rights on assets	**96**	570	(474)	(83%)
Others	**2,109**	484	1,625	336%
Subtotal	**2,550,561**	2,143,370	407,191	19%
Accrued interest	**19,968**	19,029	939	4.9%
Less: allowance for impairment losses	**(17,462)**	(8,670)	(8,792)	(101%)
Total	**2,553,067**	2,153,729	399,338	19%

(b) Analysed by measurement attribution

In HK$ million	**As at 31 December 2020**	As at 31 December 2019	Increase/(Decrease) Amount	%
Financial assets at amortised cost	**1,156,496**	1,040,997	115,499	11%
Financial assets at FVPL	**528,293**	403,776	124,517	31%
Debt investments at FVOCI	**860,255**	701,936	158,319	23%
Equity investments at FVOCI	**8,023**	7,020	1,003	14%
Total	**2,553,067**	2,153,729	399,338	19%

Deposits from customers

As at 31 December 2020, deposits from customers of the financial institutions under the Group were HK$5,427,694 million, an increase of HK$885,853 million or 20% compared to 31 December 2019. The proportion of deposits from customers to total liabilities was 62.16%, an increase of 0.74 percentage point compared to 31 December 2019.

In HK$ million	**As at 31 December 2020**	As at 31 December 2019	Increase/(Decrease) Amount	%
Corporate deposits				
Time deposits	**1,991,042**	1,653,630	337,412	20%
Demand deposits	**2,258,627**	1,862,591	396,036	21%
Subtotal	**4,249,669**	3,516,221	733,448	21%
Personal deposits				
Time deposits	**726,173**	672,759	53,414	7.9%
Demand deposits	**388,658**	307,582	81,076	26%
Subtotal	**1,114,831**	980,341	134,490	14%
Outward remittance and remittance payables	**10,763**	7,227	3,536	49%
Accrued interest	**52,431**	38,052	14,379	38%
Total	**5,427,694**	4,541,841	885,853	20%

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 Group'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 Group. 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 2020, consolidated debt of CITIC Limited(1) was HK$1,131,702 million, including loans of HK$163,171 million and debt instruments issued(2) of HK$968,531 million. Debt of CITIC Bank(3) accounted for HK$837,209 million. CITIC Limited attaches importance to cash flow management, the head office of CITIC Limited had cash and deposits of HK$12,890 million and available committed facilities of HK$37,790 million.

The details of debt are as follows:

As at 31 December 2020	***HK$ million***
Consolidated debt of CITIC Limited	1,131,702
Among which: Debt of CITIC Bank	837,209

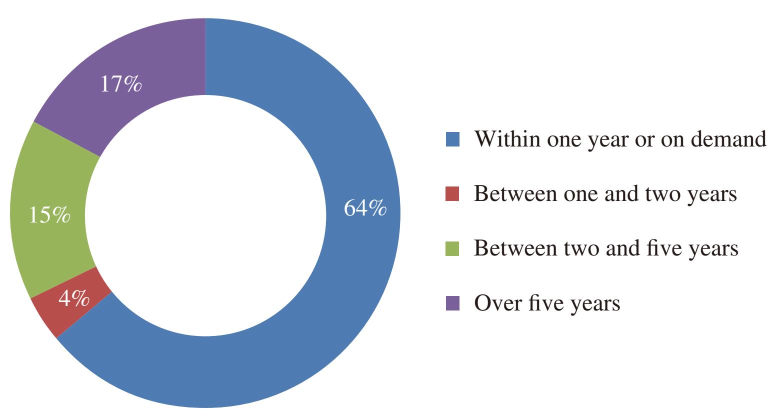
Note:

(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;

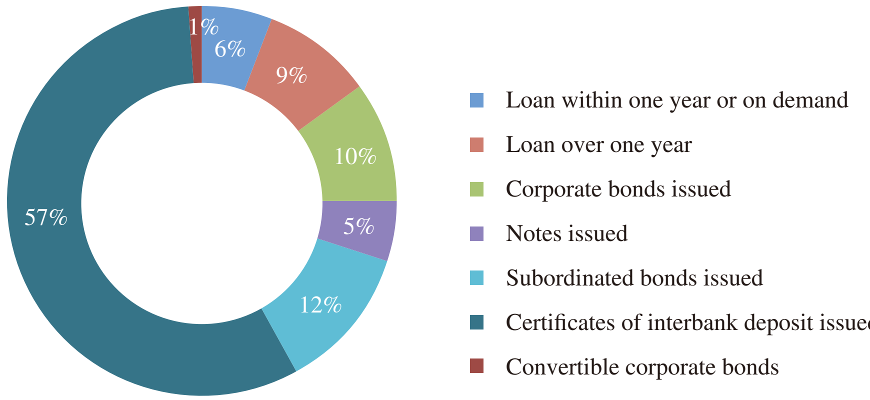
(2) Debt instruments issued include corporate bonds, notes, subordinated bonds, certificates of interbank deposit issued and convertible corporate bonds excluding interest accrued;

(3) Debt of CITIC Bank refers to CITIC Bank's consolidated debt securities issued, including long-term debt securities, subordinated bonds, certificates of interbank deposit issued and convertible corporate bonds excluding interest accrued and convertible corporate bonds that has been subscribed by another subsidiary of the group.

Consolidated debt by maturity as at 31 December 2020



Consolidated debt by type as at 31 December 2020



The debt to equity ratio of CITIC Limited as at 31 December 2020 is as follows:

In HK$ million	**Consolidated**
Debt	1,131,702
Total equity[(4)]	1,008,642
Debt to equity ratio	112%

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 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.

3. *Credit ratings*

	Standard & Poor's	**Moody's**
31 December 2020	BBB+/Stable	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.

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 HKD. Translation exposures from the consolidation of subsidiaries, whose functional currency is not HKD, 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 and cross currency swaps, provided that hedging is only considered for firm commitments and highly probable forecast transactions.

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 or forward contracts 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. 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.

COVID-19 continues spreading around the world, causing tremendous impacts on both economic and social development. In the meanwhile, 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 Group 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 contracting, real estate, 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 Group pays close attention to market developments and credit risks arising from business partners. If the Group 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 Group.

– The financial services business faces fierce competition from domestic and international commercial banks and other financial institutions.

– The engineering contracting business is challenged by global peers as well as China's large state-owned enterprises and private companies.

– Resources and energy, manufacturing, real estate operations, 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2020, CITIC Limited faced several complex and difficult external challenges, particularly with the outbreak of the COVID-19 pandemic. Nevertheless, we not only succeeded in achieving our business goals for the year by taking effective action to contain the pandemic, we also made strong progress towards our goals of alleviating poverty, protecting the environment and promoting social wellbeing through charitable activities. All of these objectives were attained by leveraging CITIC's strengths as a leading conglomerate in mainland China and the Asia Pacific region.

Combating The Pandemic Together

Following the outbreak of the pandemic in late 2019, we immediately established the Leading Group on Pandemic Prevention and Control Work committee, comprising the Company's senior management to help our subsidiaries set up pandemic prevention and control task forces in their respective areas. Given the nature of our diversified businesses, we were able to provide a strong and unified approach to manage the pandemic and pledged our full support to the national government's efforts to prevent its spread.

Quick Action against the Pandemic

In early 2020 CITIC Engineering accepted the task of designing an emergency specialty field hospital – Huoshenshan Hospital – for COVID-19 patients in Wuhan. The team assigned to this project completed the site grading plan in just five hours and the schematic drawings in only 24 hours. All construction drawings were ready within 60 hours to help bring the pandemic under control during a very critical time for the country. CITIC Heavy Industries also developed China's first rotating disinfection robot in less than 10 days and donated three of these robots to Wuhan. Another CITIC company, CITIC COHC, tested blood samples taken from nearly 5,000 passengers and crew on the cruise ship Costa Serena docked in Tianjin. Within a 24-hour period, COHC was able to determine that there were zero infections on board the ship, thereby preventing a further outbreak. For its part, China CITIC Bank opened a green funding channel for purchasing imported protective gear, allocated funds for fighting the pandemic, and extended service hours for any organisation working to contain the outbreak.

Extending our Financial Support

To support businesses affected by the pandemic, China CITIC Bank developed new financial services policies, including those designed to stabilise foreign trade and provide credit to the manufacturing industry. CITIC Securities and China Securities also offered financing to companies involved in manufacturing protective gear, as well as organisations researching and developing new medical equipment and vaccines. Within our own businesses, our industrial subsidiaries were able to quickly resume normal production and operations, as did our overseas projects. A total of RMB800,000 from special funds was also reserved to provide protective gear and support for poverty-stricken counties across China.

Support for the Community

In 2020 CITIC companies made a strong effort to help people and organisations affected by the pandemic. China CITIC Bank continued to provide financial services so that customers could meet their daily expenses and waived handling fees for designated hospitals and charitable organisations. CITIC Prudential set up a special COVID-19 condolence fund and provided free accidental injury insurance of RMB337 million to community workers in Beijing. CITIC Agriculture donated 480,000 catties of rice and RMB200,000 worth of eggs to Hubei. CITIC Telecom International and CITIC Environmental Technology both maintained uninterrupted operations, while CITIC Publishing donated more than 3,000 e-books and 600 audio books to medical workers nationwide by giving them free annual access to its Enjoy Listening to Good Books programme.

STAFF DEVELOPMENT PLATFORM

The staff of CITIC are encouraged to develop their potential during their employment with us, as this not only helps their career prospects but contributes to the growth of the Company. As of the end of 2020, CITIC Limited had a total of 135,304 full-time employees, of which 36.64% were women, and 52.56% were employees under the age of 35.

During the year, we continued to strengthen the link between employee performance and remuneration. Staff with outstanding performance are remunerated at a rate that is competitive with the market. In accordance with the requirements of the Hong Kong SAR Government, we made contributions to the Mandatory Provident Fund for all Hong Kong-based staff. We also provided full coverage of basic social insurance for employees, as required by local governments in China. Most of our mainland companies also offered a corporate annuity (supplemental pension insurance) scheme and supplemental medical insurance to their staff of 138,000 people.

To strengthen the capabilities of our key professionals and technical personnel, we implemented our 13th Five-Year talent development plan and reviewed its effectiveness. We also reviewed accredited professional titles, with 55 employees receiving senior professional titles and 84 employees receiving deputy senior professional titles. Due to social distancing measures during the pandemic, we promoted online learning in our staff development programmes. A total 100,000 learning sessions were held throughout the year to provide an average of 90 online learning hours per employee.

The safety of our people remained a high priority during the year, and we continued to build a strong sense of responsibility and bottom-line thinking. At CITIC Construction, a Guidance Plan to Prevent and Control COVID-19 by Overseas Institutions was issued to help staff handle unexpected challenges caused by the pandemic. CITIC Pacific Special Steel also established occupational healthcare records to keep track of the physical condition of all employees and provided occupational disease testing.

Environmental protection for a beautiful China

Throughout the region, we continued to improve our environmental management system. According to the revised environmental regulations in Australia, CITIC Sino Iron submitted an application to the government to adjust the project's annual greenhouse gas emissions benchmark.

CITIC Bank, which has been promoting green finance, had a green credit loan balance of RMB66.195 billion at the end of 2020, an increase of 1.61%.

CITIC Resources Yuedong Oilfield continued to carefully monitor the storage of oil-based hazardous waste to reduce the amount produced. This company also reduced the amount of water purifying agents it uses to treat sewage, from 200 kg per day to 100 kg, without compromising quality standards. The amount of sludge was also reduced by about 183 tonnes during the year.

CITIC Pacific Special Steel Xingcheng Special Steel partially completed the process of desulfurization and denitrification, achieving a significant reduction in air pollution, while Qingdao Special Steel's gas desulfurization and denitration of its coke oven flue cut smoke and dust levels.

In terms of resource and energy conservation, CITIC Resources Karazhanbas Oilfield retrofitted a number of boilers to recycle waste heat and save energy. CITIC Pacific Special Steel Daye Special Steel carried out a series of measures that reduced power consumption intensity by 29.14Kwh per tonne over 2019; the blast furnace gas emission rate also decreased by 38.1%.

During the year, CITIC Engineering launched the third phase of its Clean Water for River Basins project to protect the Yangtze River. For CITIC Tower, CITIC Heye reduced energy consumption by adopting an international integrated building energy management system and advanced green technology. In 2020, CITIC Tower gained LEED-CS gold certification.

Serving customers with high quality products and services

The development of our business has depended on serving our customers with high quality products and services. In 2020 CITIC Construction completed a variety of significant projects, including a wind energy and solar project in Kazakhstan as well as a residential apartment project in Phuket, Thailand. Both CITIC-Prudential and CITIC Publishing have been meeting the needs of younger customer groups by building "smart services" that have helped to improve the customer experience. CITIC Press's DSR service index of T-mall e-commerce stores reached 30% in the year, which is a higher rate than the industry as a whole.

In 2020 CITIC Heavy Industries launched cantilever excavator specialized in tunnelling engineering in hard rock conditions. At CITIC Dicastal, the company launched a patented resonator noise reduction wheel technology that can be used in new energy vehicles, while CITIC Special Steel used its proprietary technology to produce its strongest wire material, at 2000 MPa, for the Shanghai-Sutong Yangtze River Bridge project. This was the first time in the world that cables and wires of this class were used to build such a massive bridge.

Our financial services companies continued to safeguard their customers during the year, including their right to privacy and information. In 2020 CITIC Securities launched a data desensitisation platform for shielding sensitive customer data, and earned an Excellent rating from the China Securities Regulatory Commission for its Jingxin Academy investor education hub. For the past 10 consecutive years, CITIC Trust has been named a Trust Culture in China company and became a leading investor education and service brand in the industry.

Developing industry together with partners

CITIC attaches great importance to the relationships it has developed with government and industry partners. In 2020, our senior management completed field studies across the country, including Yunnan, Fujian, Zhejiang and Hubei provinces, and signed strategic cooperation agreements with many provincial and municipal governments. The Company also attended hundreds of meetings with government officials and partners such as China Life, Bank of Communications and Alibaba to identify collaborative opportunities in financial services, advanced/smart production, information technology, and agriculture.

During the year, we remained committed to creating a responsible supply chain. Among the 3,899 suppliers of CITIC Heavy Industries, domestic suppliers accounted for 94.02% of its business and suppliers in Henan accounted for 29.03%. To help local companies improve their business capabilities, the CITIC Sino Iron project launched a supplier development pilot programme with one-on-one guidance.

In 2020, we continued to increase value for industries' development. CITIC Heavy Industries took the lead by undertaking a scientific research project for the Ministry of Industry and Information Technology of China on the use of hydraulic pile hammers for offshore operations. CITIC Dicastal also participated in a technology project for large aluminium alloy wheels, which won second prize in the National Science and Technology Progress Award. In a project investigating the potential of green technology for special steel, CITIC Special Steel won the first prizes in the National Science and Technology Advancement and Metallurgical Science and Technology awards programmes. Another technology project by CITIC Titanium and the Chinese Academy of Sciences won the second prize in the National Technical Invention Award.

CITIC companies continued to respect intellectual property in 2020. CITIC Press uncovered more than 50,000 instances of piracy and copyright infringements, identified multiple cases of shops and warehouses selling illegal publications, and completed nearly 100 copyright violation reports.

Anti-corruption remained a top priority in our internal risk control. In 2020 we continued to improve disciplinary and inspection procedures in our own operations as well as those of our subsidiaries. We also carried out on-site risk inspections of all our major subsidiaries and organised company-wide risk management training. In addition, all CITIC subsidiaries stepped up their efforts to combat money laundering.

Working towards a better future for all

The year 2020 was a decisive one in the country's efforts to alleviate poverty. As a state-owned enterprise, we at CITIC played a prominent role in this campaign by investing a total of RMB129.677 million in assistance funds with contributions of RMB11.852 million. The Company's headquarters also implemented 4 projects in four districts and counties, including projects for building schools and photovoltaic power stations as well as developing encouraged industries. All four districts and counties were subsequently lifted out of poverty.

We also continued to support worthwhile causes in Hong Kong and Macau. During the year, the CITIC Volunteer Team organised a series of activities, including visits to the elderly who live alone, donations of anti-pandemic protective gear, and environmental protection. These activities fully reflect CITIC's commitment to corporate responsibility and dedication to Hong Kong. At CITIC Pacific the Inclusive and Mutual Love community care project and Community Chest Employee Donation Plan were launched to encourage employees to continue providing assistance to groups in need. CITIC Telecom International launched the Mid-Autumn Festival Caring Day, and Macau Telecom organised activities to support the Macao Water Run.

What's more, we are actively involved in overseas charity work. CITIC Sino Iron has sponsored Clontarf College for ten consecutive years, while CITIC Resources Karazhanbas Oilfield has invested KZT70 million to support the construction of local public facilities and children's activities. On overseas projects, CITIC Construction has provided strong support to local healthcare, sports and education, demonstrating that Chinese enterprises are behaving responsibly while "going global".

CORPORATE GOVERNANCE

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. 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. A full description of CITIC Limited's corporate governance will be set out in the section of Corporate Governance contained in the 2020 Annual Report.

CITIC Limited has applied the principles and complied throughout the year 2020 with all the code provisions of the corporate governance code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the board reviewed the 2020 consolidated financial statements and the annual results for the year ended 31 December 2020 in conjunction with the management and CITIC Limited's external auditor and recommended its adoption by the board. The committee consists of five non-executive directors of whom three are independent.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have resolved to recommend to shareholders the payment of a final dividend ("2020 Final Dividend") of HK$0.388 per share (2019: HK$0.285 per share), which together with the interim dividend of HK$0.10 per share (2019: HK$0.18 per share) already paid makes a total dividend of HK$0.488 per share (2019: HK$0.465 per share) for the year ended 31 December 2020. The total dividend of HK$0.488 per share will amount to HK$14,196 million of CITIC Limited's profit for the year ended 31 December 2020 (2019: HK$13,527 million).

The proposed 2020 Final Dividend of HK$0.388 per share, the payment of which is subject to approval of the shareholders at the annual general meeting of CITIC Limited to be held on Wednesday, 9 June 2021 ("2021 AGM"), is to be payable on Tuesday, 3 August 2021 to shareholders whose names appear on the Register of Members of CITIC Limited at the close of business on Friday, 18 June 2021.

The proposed 2020 Final Dividend will be payable in cash to each shareholder in HK Dollars ("HKD") 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 2020 Final Dividend in RMB at the average benchmark exchange rate of HKD to RMB as published by the People's Bank of China during the five business days ending on 9 June 2021 (inclusive), being the date of the 2021 AGM. A dividend currency election form will be despatched to shareholders in late June 2021 as soon as practicable after the record date of 18 June 2021 to determine shareholders' entitlement to the proposed 2020 Final Dividend.

The Register of Members of CITIC Limited will be closed during the following periods:

(i) from Thursday, 3 June 2021 to Wednesday, 9 June 2021, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2021 AGM. In order to be eligible to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited's Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 2 June 2021; and

(ii) from Wednesday, 16 June 2021 to Friday, 18 June 2021, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed 2020 Final Dividend. In order to establish entitlements to the proposed 2020 Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited's Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 15 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 10 April 2020, CITIC Limited fully redeemed the USD500 million 6.375% notes under the Medium Term Note Programme upon maturity. These notes were issued on 10 April 2013 and listed on The Stock Exchange of Hong Kong Limited.

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 2020.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent CITIC Limited's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some cases materially, from those implied or anticipated in any forward looking statement or assessment of risk.

ANNUAL REPORT AND FURTHER INFORMATION

A copy of the announcement is posted on CITIC Limited's website (www.citic.com) and Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk). The full Annual Report will be made available on the respective websites of CITIC Limited and Hong Kong Exchanges and Clearing Limited around 21 April 2021.

By Order of the Board
CITIC Limited
Zhu Hexin
Chairman

Beijing, 30 March 2021

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