CITIC Limited
中國中信股份有限公司

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

Amidst a difficult and complex operating environment in the first half of 2022, CITIC Limited realised a revenue of HK$392.4 billion and a profit attributable to ordinary shareholders of HK$50.1 billion, up by 11% and 13% respectively, year-on-year. Our financial subsidiaries provided support to the real economy, while our non-financial subsidiaries maintained steady operations and production, despite the pressure of reduced market demand and supply chain disruptions.

The board recommends the payment of an interim dividend of HK$0.20 per share, an increase of HK$0.05 over the same period in 2021.

BUSINESS REVIEW

The comprehensive financial services segment recorded a profit attributable to ordinary shareholders of HK$30.5 billion, a year-on-year increase of 5.1%. In March, CITIC Financial Holdings was officially established after becoming one of the first institutions to successfully obtain a financial holding company licence. CITIC Bank delivered strong performance with a 12% growth in net profit. Total assets increased with deposits and loans each exceeding RMB5 trillion, while asset quality improved with decreases in both the NPL ratio and NPL balance. CITIC Bank continued to provide credit support to public and private enterprises in key areas such as inclusive finance, manufacturing, strategic emerging industries, green credit and rural revitalisation. CITIC Securities maintained its industry leadership and ranked first as the lead underwriter of equity and bonds by value. The business enhancement of CITIC Trust yielded results with assets under management again exceeding RMB1 trillion. CITIC-Prudential Life also delivered steady performance with a comprehensive solvency adequacy ratio of 242%, above regulatory requirements.

The advanced intelligent manufacturing segment recorded a profit attributable to ordinary shareholders of HK$0.41 billion, a year-on-year increase of 20%. Profit at CITIC Dicastal rose by 8.1% year-on-year. For the first time, CITIC Dicastal participated in the development and release of new ISO standards, another milestone for Chinese automotive wheel producers on the world stage. CITIC Heavy Industries intensified its market development efforts and received over RMB6 billion in new orders, a new record for a first half-year period.

The advanced materials segment realised a profit attributable to ordinary shareholders of HK$9.3 billion. Despite weak market demand, CITIC Pacific Special Steel achieved a record sales volume of 7.68 million tonnes of products, securing its leading position in the special steel industry. Sino Iron focused on reducing costs and improving efficiency and overcame multiple challenges to maintain stable production and operations. In the first half of the year, it exported 10.1 million wet tonnes of iron ore concentrate to remain the world's largest seaborne supplier of magnetite concentrate to China. CITIC Metal grew in scale and continued to enhance its performance, recording a historic high revenue for the period. The second phase of its KK copper mine project in the Democratic Republic of Congo and CITIC Titanium's new 60,000-tonne titanium dioxide project went into production ahead of schedule, ensuring a stable national supply of these strategic resources. As part of its business transformation efforts and exploration of new growth areas, CITIC Resources is moving forward with the disposal of crude oil and coal assets.

The new consumption segment achieved a profit attributable to ordinary shareholders of HK$0.47 billion. CITIC Press enhanced its content production and service capabilities, which led to multiple awards and maintained its industry leadership. Dah Chong Hong recorded a stable profit despite reduced consumer demand and supply chain disruptions. Its motor business was solid, while the food and FMCG businesses focused on driving synergy. Its healthcare distribution business delivered strong growth. CITIC Telecom International accelerated efforts to improve the quality and efficiency of its business.

The new-type urbanisation segment recorded a profit attributable to ordinary shareholders of HK$3.6 billion, a year-on-year increase of 14%. CITIC Construction's participation in the operation and maintenance of the Chongli Prince City Ice and Snow Town project for the 2022 Beijing Winter Olympic and Paralympic Games was recognised by both the Olympic organising committee and the local community, highlighting CITIC's comprehensive strengths, service expertise and contribution to the Games. Guided by its strategy of developing business at home and abroad in parallel, CITIC Construction won the bid for the Angola terminal franchise project and completed the Yunnan Chuda Highway project on time. CITIC Engineering also made progress on major construction projects. It has largely completed the Network Security Base project and opened the Forest Avenue project to traffic. CITIC Pacific Properties accelerated its asset optimisation with the successful sales of commercial buildings in the Nanjing Qingliangmen, Wuhan Harbour City and Shanghai T Center projects.

AIMING TO BECOME "A WORLD-CLASS ENTERPRISE"

Thriving enterprises contribute to a strong and prosperous nation. We are committed to the country's long-term development objectives and are striving to become a world-class enterprise. Focusing on three fundamental questions – who is the competition, on what basis should we compete and how to outcompete – we have defined goals for each stage of growth with a long-term view and holistic perspective, embracing the spirit of reform. We believe this approach will enable our development to progress at a steady pace. While maintaining stability and enhancing our operations and management, we have been rigorous in our transformation efforts, encouraging a hard red-line mentality, technological innovation and social responsibility to cement our business culture and accelerate our progress towards becoming a world-class enterprise.

(1) *Tackling tough reforms and achieving multi-point breakthroughs*. The March debut of CITIC Financial Holdings will bring new opportunities for our comprehensive financial services business. This platform is positioned to become a major driver of CITIC's high-quality development. We are continuing to accelerate business integration to strengthen our core businesses, amplify our capabilities and improve resource allocation.

(2) *Deepening synergies among businesses and exploring growth potential*. In the first half of 2022, we expanded CITIC's "circle of friends" and deepened internal synergies. The collaboration among our financial subsidiaries has yielded fruitful results, with co-financing totalling RMB979.5 billion, an increase of 25.87% year-on-year. Assets under custody by CITIC Bank grew by RMB779.4 billion to nearly RMB2 trillion and corporate client cross-selling reached RMB29.8 billion, a year-on-year increase of 154.7%. Retail cross-selling amounted to RMB53.7 billion, a year-on-year increase of 19.73%, pushing the combined cross-selling total to RMB83.5 billion. "CITIC U Enjoy+" directed 3.48 million customers to our financial subsidiaries. We also made breakthroughs in the collaboration between our financial and non-financial businesses and continued to promote cooperation among our subsidiaries and CITIC Bank. We have established a collaborative ecosystem, where our non-financial subsidiaries can deepen collaboration by sharing resources, complementing their unique strengths and undertaking joint projects.

(3) *Upholding red-line thinking and building solid safeguards*. We maintain a hard red-line mentality and a high level of risk awareness, regularly enhancing our comprehensive risk management system to safeguard our development. We continuously improve our risk governance structure, accountability and policies and procedures, while cultivating expertise and strengthening our digital capabilities. We are also actively exploring new risk mitigation models within the financial businesses, as well as between the financial and non-financial segments, to help our subsidiaries defuse risks.

(4) *Leveraging technology and innovation to drive sustainable growth*. We have always valued technological advancements and innovation as they open up infinite possibilities and create the momentum for long-term growth. In the first half of 2022, we continued to increase our investment in R&D and improved our ability to innovate. At the head office, we established a technological innovation committee and a technological expert committee to expedite the implementation of major advancements. To foster a culture of innovation, we introduced a performance assessment framework to encourage investments in R&D, while our subsidiaries actively deployed cutting-edge technologies to accelerate the incubation of in-house innovations. In the first half of the year, we garnered a China Patent Excellence Award and 19 provincial and ministerial-level sci-tech awards and honorary titles.

(5) *Thinking responsibly and making a difference*. In addition to striving for excellence in our operations and management, a world-class enterprise must embrace responsible thinking to make a positive impact by embedding ESG fundamentals into corporate development. Leveraging the synergies among our diversified businesses, we have successfully navigated the challenges of the pandemic to maintain business continuity, uniting with our clients, employees and the wider community. Answering the call for green development, we released a carbon peak and carbon neutrality white paper in the first half of the year, which was exemplified through a series of concrete actions. For example, CITIC Bank and CITIC Securities led their industries with green finance businesses while CITIC Dicastal steadily increased the use of green energy such as photovoltaics in its production processes and explored business opportunities in clean energy-aluminium and recycled aluminium.

Embarking on what is sure to be a long and challenging journey, we are steadily moving forward. With unswerving determination CITIC is resolutely marching on towards becoming a world-class enterprise. We look forward to an exciting chapter of high-quality development, with a focus on creating sustainable value and prosperity for society.

Zhu Hexin
Chairman
Beijing, 30 August 2022

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Unaudited Six months ended 30 June	
		2022	2021
	Note	***HK$ million***	*HK$ million*
Interest income		**193,903**	184,307
Interest expenses		**(101,097)**	(93,473)
Net interest income	*4(a)*	**92,806**	90,834
Fee and commission income		**38,202**	29,107
Fee and commission expenses		**(4,061)**	(2,803)
Net fee and commission income	*4(b)*	**34,141**	26,304
Sales of goods and services	*4(c)*	**237,870**	220,712
Other revenue	*4(d)*	**27,590**	15,071
		265,460	235,783
Total revenue		**392,407**	352,921
Cost of sales and services		**(211,497)**	(190,106)
Other net income		**14,442**	3,781
Expected credit losses		**(53,509)**	(58,838)
Impairment losses		**(1,419)**	(676)
Other operating expenses		**(55,175)**	(42,380)
Net valuation loss on investment properties		**(178)**	(224)
Share of profits of associates, net of tax		**4,898**	6,689
Share of profits of joint ventures, net of tax		**1,979**	1,330
Profit before net finance charges and taxation		**91,948**	72,497
Finance income		**582**	1,424
Finance costs		**(4,753)**	(4,784)
Net finance charges	*5*	**(4,171)**	(3,360)
Profit before taxation	*6*	**87,777**	69,137
Income tax	*7*	**(14,253)**	(10,448)
Profit for the period		**73,524**	58,689

CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Unaudited	
		Six months ended 30 June	
		2022	2021
	Note	***HK$ million***	*HK$ million*
Profit for the period		**73,524**	58,689
Attributable to:			
– Ordinary shareholders of the Company		**50,051**	44,175
– Non-controlling interests		**23,473**	14,514
Profit for the period		**73,524**	58,689
Earnings per share for profit attributable to ordinary shareholders of the Company during the period:			
Basic and diluted earnings per share *(HK$)*	*9*	**1.72**	1.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Profit for the period	**73,524**	58,689
Other comprehensive (loss)/gain for the period		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on debt instruments at fair value through other comprehensive income	**(4,127)**	555
Loss allowance changes on debt instruments at fair value through other comprehensive income	**(28)**	(247)
Cash flow hedge: net movement in the hedging reserve	**602**	403
Share of other comprehensive (loss)/gain of associates and joint ventures	**(150)**	200
Exchange differences on translation of financial statements and others	**(63,141)**	10,630
Items that will not be reclassified subsequently to profit or loss:		
Reclassification of owner-occupied property as investment property: revaluation gain	**8**	–
Fair value changes on investments in equity instruments designated at fair value through other comprehensive income	**(31)**	(12)
Other comprehensive (loss)/gain for the period	**(66,867)**	11,529
Total comprehensive income for the period	**6,657**	70,218
Attributable to:		
– Ordinary shareholders of the Company	**13,787**	52,060
– Non-controlling interests	**(7,130)**	18,158
Total comprehensive income for the period	**6,657**	70,218

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

	Note	**30 June 2022** *HK$ million* **(Unaudited)**	31 December 2021 *HK$ million* (Audited)
Assets			
Cash and deposits		**793,511**	720,235
Cash held on behalf of customers		**300,033**	–
Placements with banks and non-bank financial institutions		**270,967**	173,754
Derivative financial instruments		**76,944**	27,958
Trade and other receivables		**295,911**	172,837
Contract assets		**14,973**	13,407
Inventories		**133,313**	113,403
Financial assets held under resale agreements		**88,036**	112,227
Loans and advances to customers and other parties	*10*	**5,719,555**	5,809,296
Margin accounts		**130,274**	–
Investments in financial assets	*11*		
– Financial assets at amortised cost		**1,269,857**	1,435,823
– Financial assets at fair value through profit or loss		**1,359,305**	667,206
– Debt investments at fair value through other comprehensive income		**886,489**	793,188
– Equity investments at fair value through other comprehensive income		**10,806**	10,645
Refundable deposits		**79,556**	–
Interests in associates		**131,786**	154,181
Interests in joint ventures		**61,218**	60,599
Fixed assets		**181,779**	177,306
Investment properties		**40,299**	40,006
Right-of-use assets		**46,921**	38,503
Intangible assets		**17,877**	18,404
Goodwill		**34,513**	21,590
Deferred tax assets		**93,808**	82,619
Other assets		**46,407**	42,334
Total assets		**12,084,138**	10,685,521

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2022

	Note	**30 June 2022** *HK$ million* **(Unaudited)**	31 December 2021 *HK$ million* (Audited)
Liabilities			
Borrowing from central banks		**221,837**	231,479
Deposits from banks and non-bank financial institutions		**1,141,231**	1,422,328
Placements from banks and non-bank financial institutions		**144,878**	107,799
Financial liabilities at fair value through profit or loss		**118,584**	5,685
Customer brokerage deposits		**355,973**	–
Derivative financial instruments		**75,337**	30,043
Trade and other payables		**469,004**	184,939
Contract liabilities		**36,743**	33,488
Financial assets sold under repurchase agreements		**421,103**	122,452
Deposits from customers	*12*	**6,011,183**	5,852,701
Employee benefits payables		**55,542**	38,548
Income tax payable		**10,997**	16,184
Bank and other loans	*13*	**172,572**	145,362
Debt instruments issued	*14*	**1,354,374**	1,250,325
Lease liabilities		**20,720**	20,762
Provisions		**29,799**	24,903
Deferred tax liabilities		**22,094**	14,480
Other liabilities		**19,542**	18,453
Total liabilities		**10,681,513**	9,519,931
Equity			
Share capital		**381,710**	381,710
Reserves		**370,300**	369,697
Total ordinary shareholders’ funds		**752,010**	751,407
Non-controlling interests		**650,615**	414,183
Total equity		**1,402,625**	1,165,590
Total liabilities and equity		**12,084,138**	10,685,521

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 Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation.

The parent and the ultimate holding company of the Company is CITIC Group Corporation ("CITIC Group").

These condensed unaudited consolidated interim accounts (the "Accounts") are presented in millions of Hong Kong dollars ("HK$"), unless otherwise stated.

The financial information relating to the year ended 31 December 2021 that is included in the Accounts as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is extracted 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 2021 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).

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

2 BASIS OF PREPARATION

The Accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Accounts should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies adopted in the preparation of the Accounts are consistent with those adopted in the Company's annual financial statements for the year ended 31 December 2021, except for the following amendments which became effective for the first time for the financial year beginning on or after 1 January 2022:

HKFRS 16 (Amendments)	Covid-19-related Rent Concessions
HKAS 16 (Amendments)	Property, Plant and Equipment
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRS Standards 2018–2020	Annual Improvements to HKFRS Standards 2018–2020
Accounting Guideline 5	Merger Accounting for Common Control Combinations

Adoption of the amendments does not have a significant impact on the Accounts.

2 BASIS OF PREPARATION (CONTINUED)

The Group has not applied the following new standard which is not yet effective for the financial year beginning on or after 1 January 2021 and which have not been early adopted in the Accounts:

HKFRS 17	Insurance Contracts [1]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current [1]
HKFRS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of accounting policies [1]
HKAS 8 (Amendments)	Definition of accounting estimates [1]
HKAS 12 (Amendments)	Effect of deferred tax of assets and liabilities arising from a single transaction [1]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause [1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture [2]

(1) Effective for the annual periods beginning on or after 1 January 2023.

(2) In December 2015 the HKICPA decided to defer the application date of this amendment until such time as the HKICPA has finalised its research project on the equity method.

The Group is in the process of making an assessment of the impact of the above new standards and amendments to standards. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

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. 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 includes 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.

3 SEGMENT REPORTING (CONTINUED)

(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 six months ended 30 June 2022 and 2021 is set out below:

	Six months ended 30 June 2022							
	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	158,890	29,105	152,128	30,577	21,662	45	–	392,407
Inter-segment revenue	442	177	670	49	754	8	(2,100)	–
Reportable segment revenue	159,332	29,282	152,798	30,626	22,416	53	(2,100)	392,407
Disaggregation of revenue:								
– Net interest income *(Note 4(a))*	93,233	–	–	–	–	6	(433)	92,806
– Net fee and commission income *(Note 4(b))*	34,151	–	–	–	–	–	(10)	34,141
– Sales of goods *(Note 4(c))*	4,355	28,784	151,730	23,038	4,353	5	(819)	211,446
– Services rendered to customers-construction contracts *(Note 4(c))*	–	249	–	–	10,669	–	(436)	10,482
– Services rendered to customers-others *(Note 4(c))*	–	249	1,068	7,588	7,394	36	(393)	15,942
– Other revenue *(Note 4(d))*	27,593	–	–	–	–	6	(9)	27,590
Share of profits/(losses) of associates, net of tax	2,014	(3)	874	(88)	2,128	(27)	–	4,898
Share of profits/(losses) of joint ventures, net of tax	632	(1)	553	23	746	26	–	1,979
Finance income *(Note 5)*	–	37	245	33	464	160	(357)	582
Finance costs *(Note 5)*	–	(246)	(1,088)	(246)	(675)	(3,398)	900	(4,753)
Depreciation and amortisation *(Note 6(b))*	(4,674)	(721)	(1,310)	(1,195)	(890)	(2,568)	–	(11,358)
Expected credit losses	(53,042)	(79)	(10)	(34)	(344)	–	–	(53,509)
Impairment losses	(302)	(94)	(930)	(93)	–	–	–	(1,419)
Profit before taxation	61,944	1,003	12,811	1,138	4,198	6,873	(190)	87,777
Income tax *(Note 7)*	(10,012)	(149)	(2,366)	(305)	(495)	(918)	(8)	(14,253)
Profit for the period	51,932	854	10,445	833	3,703	5,955	(198)	73,524
Attributable to:								
– Ordinary shareholders of the Company	30,532	413	9,289	466	3,591	5,958	(198)	50,051
– Non-controlling interests	21,400	441	1,156	367	112	(3)	–	23,473

	As at 30 June 2022							
	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	11,423,747	62,736	278,534	70,920	379,961	136,971	(268,731)	12,084,138
Including:								
Interests in associates	39,067	886	32,380	1,110	56,658	1,685	–	131,786
Interests in joint ventures	17,000	27	39,209	1,501	3,474	7	–	61,218
Reportable segment liabilities	10,276,361	41,796	261,909	34,159	200,835	240,421	(373,968)	10,681,513
Including:								
Bank and other loans *(Note 13) (note)*	12,694	4,987	59,422	5,852	68,651	94,733	(74,586)	171,753
Debt instruments issued *(Note 14) (note)*	1,270,126	–	3,437	3,501	–	99,250	(30,904)	1,345,410

Note: The amount is the principal excluding interest accrued.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

	Six months ended 30 June 2021							
	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	132,245	23,071	142,504	32,885	22,195	21	–	352,921
Inter-segment revenue	(5)	103	273	55	450	78	(954)	–
Reportable segment revenue	132,240	23,174	142,777	32,940	22,645	99	(954)	352,921
Disaggregation of revenue:								
– Net interest income *(Note 4(a))*	90,882	–	–	–	–	55	(103)	90,834
– Net fee and commission income *(Note 4(b))*	26,311	–	–	–	–	–	(7)	26,304
– Sales of goods *(Note 4(c))*	–	22,810	140,728	25,481	2,644	–	(365)	191,298
– Services rendered to customers-construction contracts *(Note 4(c))*	–	245	–	–	15,756	–	(148)	15,853
– Services rendered to customers-others *(Note 4(c))*	–	119	2,049	7,459	4,245	31	(342)	13,561
– Other revenue *(Note 4(d))*	15,047	–	–	–	–	13	11	15,071
Share of profits/(losses) of associates, net of tax	3,514	2	573	(11)	2,575	36	–	6,689
Share of profits of joint ventures, net of tax	557	3	340	104	303	23	–	1,330
Finance income *(Note 5)*	–	54	215	43	1,110	368	(366)	1,424
Finance costs *(Note 5)*	–	(164)	(912)	(313)	(632)	(3,361)	598	(4,784)
Depreciation and amortisation *(Note 6(b))*	(3,908)	(690)	(3,649)	(1,214)	(820)	(32)	–	(10,313)
Expected credit losses	(56,561)	(84)	(26)	(15)	(2,140)	(12)	–	(58,838)
Impairment losses	(49)	(61)	(23)	(73)	1	(471)	–	(676)
Profit/(Loss) before taxation	48,497	851	16,186	1,528	3,923	(1,856)	8	69,137
Income tax *(Note 7)*	(7,043)	(109)	(1,654)	(346)	(585)	(703)	(8)	(10,448)
Profit/(Loss) for the period	41,454	742	14,532	1,182	3,338	(2,559)	–	58,689
Attributable to:								
– Ordinary shareholders of the Company	29,052	344	13,402	791	3,145	(2,559)	–	44,175
– Non-controlling interests	12,402	398	1,130	391	193	–	–	14,514

	As at 31 December 2021							
	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	10,050,873	66,837	272,756	72,055	349,907	141,799	(268,706)	10,685,521
Including:								
Interests in associates	59,880	944	25,297	9,532	55,795	2,733	–	154,181
Interests in joint ventures	17,135	692	8,171	1,973	30,811	1,817	–	60,599
Reportable segment liabilities	9,154,415	45,128	261,138	34,047	168,199	231,000	(373,996)	9,519,931
Including:								
Bank and other loans *(Note 13) (note)*	4,865	15,823	58,887	5,966	46,938	90,837	(78,411)	144,905
Debt instruments issued *(Note 14) (note)*	1,167,869	–	489	3,500	372	104,713	(32,237)	1,244,706

Note: The amount is the principal excluding interest accrued.

3 SEGMENT REPORTING (CONTINUED)

(b) Geographical information

An analysis of the Group's revenue and total assets by geographical area are as follows:

	Revenue from external customers Six months ended 30 June		Reportable segment assets	
			30 June	31 December
	2022	2021	**2022**	2021
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Mainland China	**346,029**	304,389	**11,071,602**	9,952,724
Hong Kong, Macau and Taiwan	**25,755**	26,155	**696,201**	586,588
Overseas	**20,623**	22,377	**316,335**	146,209
	392,407	352,921	**12,084,138**	10,685,521

4 REVENUE

As a multi-industry conglomerate, the Group is principally engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and 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), 4(d)). For non-financial services segment, revenue mainly comprises total invoiced value of 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.

4 REVENUE (CONTINUED)

(a) Net interest income

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Interest income arising from *(note)*:		
Deposits with central banks, banks and non-bank financial institutions	**7,192**	5,091
Placements with banks and non-bank financial institutions	**3,284**	2,745
Financial assets held under resale agreements	**1,303**	583
Investments in financial assets		
– Financial assets at amortised cost	**24,829**	23,221
– Debt investments at fair value through other comprehensive income ("FVOCI")	**10,275**	12,716
Loans and advances to customers and other parties	**144,396**	139,947
Margin financing and securities lending	**2,552**	–
Others	**72**	4
	193,903	184,307
Interest expenses arising from:		
Borrowing from central banks	**(3,407)**	(4,107)
Deposits from banks and non-bank financial institutions	**(15,291)**	(17,113)
Placements from banks and non-bank financial institutions	**(1,671)**	(1,551)
Financial assets sold under repurchase agreements	**(2,206)**	(1,122)
Deposits from customers	**(59,299)**	(54,337)
Debt instruments issued	**(17,989)**	(14,926)
Customer brokerage deposits	**(460)**	–
Lease liabilities	**(313)**	(272)
Others	**(461)**	(45)
	(101,097)	(93,473)
Net interest income	**92,806**	90,834

Note:

Interest income includes interest income accrued on credit-impaired financial assets of HK$214 million for the six months ended 30 June 2022 (six months ended 30 June 2021: HK$298 million).

4 REVENUE (CONTINUED)

(b) Net fee and commission income

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Bank card fees	**9,712**	9,343
Trustee commission and fees	**9,287**	10,746
Agency fees and commission	**3,707**	4,554
Guarantee and advisory fees	**3,703**	3,102
Commission on securities brokerage	**3,888**	–
Commission on fund management	**2,250**	–
Commission on investment banking	**2,066**	–
Settlement and clearing fees	**1,410**	1,171
Commission on asset management	**1,015**	–
Commission on futures brokerage	**882**	–
Others	**282**	191
	38,202	29,107
Fee and commission expenses	**(4,061)**	(2,803)
Net fee and commission income	**34,141**	26,304

(c) Sales of goods and services

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Sales of goods	**211,446**	191,298
Services rendered to customers		
– Revenue from construction contracts	**10,482**	15,853
– Revenue from other services	**15,942**	13,561
	237,870	220,712

4 REVENUE (CONTINUED)

(d) Other revenue

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Net trading gain under financial services segment *(note (i))*	**3,999**	4,534
Net gain on financial investments under financial services segment	**23,371**	9,927
Others	**220**	610
	27,590	15,071

(i) Net trading gain under financial services segment

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Trading profit:		
– debt securities and certificates of deposits	**1,740**	2,904
– foreign currencies	**(1,299)**	1,509
– derivatives	**3,558**	121
	3,999	4,534

5 NET FINANCE CHARGES

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Finance costs		
– Interest on bank and other loans	**2,580**	1,919
– Interest on debt instruments issued	**2,591**	2,916
– Interest and finance charges paid for lease liabilities	**125**	120
	5,296	4,955
Less: interest expense capitalised	**(649)**	(339)
	4,647	4,616
Other finance charges	**106**	168
	4,753	4,784
Finance income	**(582)**	(1,424)
	4,171	3,360

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

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
	(note)	
Salaries and bonuses	**28,549**	21,438
Contributions to defined contribution retirement schemes	**3,162**	2,559
Others	**7,023**	5,861
	38,734	29,858

Note:

The Group included CITIC Securities Company Limited ("CITIC Securities") in the consolidated financial statements from 13 April 2022 onward. On a comparable basis without consolidating CITIC Securities, the staff costs of the Group is HK$31,873 million for the six months ended 30 June 2022, with a year-on-year increase of 7%, among which, salaries and bonuses are HK$22,652 million, with a year-on-year increase of 6%.

(b) Other items

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Amortisation	**1,541**	1,206
Depreciation	**9,817**	9,107
Lease charges	**236**	289
Tax and surcharges	**2,296**	1,621
Property management fees	**436**	434
Non-operating expenses	**253**	231
Professional fees	**598**	482
	15,177	13,370

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Current tax – Mainland China		
Provision for enterprise income tax	**15,443**	15,190
Land appreciation tax	**23**	205
	15,466	15,395
Current tax – Hong Kong		
Provision for Hong Kong profits tax	**800**	648
Current tax – Overseas		
Provision for the period	**104**	39
	16,370	16,082
Deferred tax		
Origination and reversal of temporary differences	**(2,117)**	(5,634)
	14,253	10,448

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the six months ended 30 June 2022 is 16.5% (six months ended 30 June 2021: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Mainland China for the six months ended 30 June 2022 is 25% (six months ended 30 June 2021: 25%).

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

The non-taxable income mainly contains interest income arising from PRC government bonds and local government bonds.

8 DIVIDENDS

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
2021 Final dividend paid: HK$0.456 (2020 Final: HK$0.388) per share	**13,265**	11,287
2022 Interim dividend proposed: HK$0.20 (2021 Interim: HK$0.15) per share	**5,818**	4,364

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$50,051 million for the six months ended 30 June 2022 (six months ended 30 June 2021: HK$44,175 million) calculated as follows:

	Six months ended 30 June	
	2022	2021
	HK$ million	*HK$ million*
Profit attributable to ordinary shareholders of the Company	**50,051**	44,175
Weighted average number of ordinary shares *(in million)*	**29,090**	29,090

Diluted earnings per share for the six months ended 30 June 2022 and 2021 are same as basic earnings per share. As at 30 June 2022, 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 30 June 2022 (30 June 2021: Nil).

The basic and diluted earnings per share for the six months ended 30 June 2022 are HK$1.72(six months ended 30 June 2021: HK$1.52).

10 LOANS AND ADVANCES TO CUSTOMERS AND OTHER PARTIES

	30 June 2022 *HK$ million*	31 December 2021 *HK$ million*
Loans and advances to customers and other parties at amortised cost		
Corporate loans:		
– Loans	**2,755,008**	2,749,733
– Discounted bills	**3,759**	5,532
– Finance lease receivables	**57,017**	57,307
	2,815,784	2,812,572
Personal loans:		
– Residential mortgages	**1,149,610**	1,190,546
– Business loans	**411,747**	382,318
– Credit cards	**605,097**	646,112
– Personal consumption	**293,503**	304,048
	2,459,957	2,523,024
	5,275,741	5,335,596
Accrued interest	**17,010**	16,181
	5,292,751	5,351,777
Less: allowance for impairment losses	**(156,846)**	(154,269)
Carrying amount of loans and advances to customers and other parties at amortised cost	**5,135,905**	5,197,508
Loans and advances to customers and other parties at FVOCI		
Corporate loans:		
– Loans	**56,216**	47,210
– Discounted bills	**527,434**	564,578
Carrying amount of loans and advances to customers and other parties at FVOCI	**583,650**	611,788
Total carrying amount of loans and advances	**5,719,555**	5,809,296
Allowance for impairment losses on loans and advances to customers and other parties at FVOCI	**(598)**	(916)

11 INVESTMENTS IN FINANCIAL ASSETS

	30 June 2022 *HK$ million*	31 December 2021 *HK$ million*
Financial assets at amortised cost		
Debt securities	**976,306**	1,104,924
Investment management products managed by securities companies	**51,572**	61,660
Trust investment plans	**268,142**	290,864
Certificates of deposit and certificates of interbank deposit	**–**	1,692
Others	**687**	646
	1,296,707	1,459,786
Accrued interest	**13,926**	12,792
	1,310,633	1,472,578
Less: allowance for impairment losses	**(40,776)**	(36,755)
	1,269,857	1,435,823
Financial assets at FVPL		
Debt securities	**324,950**	75,792
Investment management products managed by securities companies	**58,346**	11,134
Trust investment plans	**7,005**	4,706
Certificates of deposit and certificates of interbank deposit	**53,178**	37,642
Wealth management products	**14,402**	2,677
Investment funds	**652,693**	517,919
Equity investment	**223,726**	16,876
Others	**25,005**	460
	1,359,305	667,206
Debt investments at FVOCI		
Debt securities	**850,037**	781,923
Certificates of deposit and certificates of interbank deposit	**30,393**	5,267
Investment management products managed by securities companies	**–**	30
	880,430	787,220
Accrued interest	**6,059**	5,968
	886,489	793,188
Allowance for impairment losses on debt investments at FVOCI	**(3,011)**	(2,919)
Equity investments at FVOCI		
Equity investment	**10,330**	10,287
Investment funds	**323**	358
Others	**153**	–
	10,806	10,645
	3,526,457	2,906,862

12 DEPOSITS FROM CUSTOMERS

(a) Types of deposits from customers

	30 June 2022 *HK$ million*	31 December 2021 *HK$ million*
Demand deposits		
– Corporate customers	**2,417,278**	2,401,056
– Personal customers	**405,802**	379,224
	2,823,080	2,780,280
Time and call deposits		
– Corporate customers	**2,220,617**	2,183,893
– Personal customers	**889,670**	809,998
	3,110,287	2,993,891
Outward remittance and remittance payables	**14,118**	13,062
Accrued interest	**63,698**	65,468
	6,011,183	5,852,701

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

	30 June 2022 *HK$ million*	31 December 2021 *HK$ million*
Bank acceptances	**358,354**	303,261
Letters of credit issued	**23,685**	23,991
Letters of guarantee issued	**19,759**	17,201
Others	**87,846**	99,446
	489,644	443,899

13 BANK AND OTHER LOANS

(a) Types of loans

	30 June 2022 *HK$ million*	31 December 2021 *HK$ million*
Bank loans		
Unsecured loans	**124,459**	99,946
Loan pledged with assets	**16,095**	17,638
	140,554	117,584
Other loans		
Unsecured loans	**29,851**	25,804
Loan pledged with assets	**1,348**	1,517
	31,199	27,321
	171,753	144,905
Accrued interest	**819**	457
	172,572	145,362

13 BANK AND OTHER LOANS (CONTINUED)

(b) Maturity of loans

	30 June 2022	31 December 2021
	HK$ million	*HK$ million*
Bank loans		
– Within 1 year or on demand	**60,093**	36,102
– Between 1 and 2 years	**20,643**	18,867
– Between 2 and 5 years	**37,881**	35,449
– Over 5 years	**21,937**	27,166
	140,554	117,584
Other loans		
– Within 1 year or on demand	**4,606**	4,517
– Between 1 and 2 years	**6,400**	6,400
– Between 2 and 5 years	**20,021**	14,599
– Over 5 years	**172**	1,805
	31,199	27,321
	171,753	144,905
Accrued interest	**819**	457
	172,572	145,362

14 DEBT INSTRUMENTS ISSUED

	30 June 2022 *HK$ million*	31 December 2021 *HK$ million*
Corporate bonds issued	**282,132**	102,776
Notes issued	**109,156**	81,075
Subordinated bonds issued	**120,694**	138,390
Certificates of deposit issued	**1,488**	1,480
Certificates of interbank deposit issued	**807,926**	904,546
Convertible corporate bonds	**18,092**	16,439
Structured notes	**5,922**	–
	1,345,410	1,244,706
Accrued interest	**8,964**	5,619
	1,354,374	1,250,325
Analysed by remaining maturity:		
– Within 1 year or on demand	**958,066**	927,411
– Between 1 and 2 years	**73,362**	57,260
– Between 2 and 5 years	**137,526**	73,257
– Over 5 years	**176,456**	186,778
	1,345,410	1,244,706
Accrued interest	**8,964**	5,619
	1,354,374	1,250,325

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 and approvals, 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.

There are a number of ongoing disputes between the Company, Sino Iron and Korean Steel ("CITIC Parties") on the one hand, and Mineralogy and Mr. Clive Palmer on the other hand, arising from the MRSLAs and other project agreements. Set out below are the details of those disputes considered to be material.

FCD Indemnity Disputes

Mineralogy and Mr. Palmer have commenced proceedings to pursue claims pursuant to an indemnity given by the Company under the Fortescue Coordination Deed ("FCD") 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, 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 AUD1,800,438,000). 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.

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

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

FCD Indemnity Disputes (Continued)

(i) Queensland Nickel FCD Indemnity Claim (Continued)

On 14 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.

The CITIC Parties filed a re-amended defence on 22 October 2021. Among other things, the amended pleadings relate to the Royalty Component B dispute, identify additional issues raised in other related proceedings and introduce abuse of process allegations.

On 23 March 2022, Justice K Martin made orders, among other things, requiring Mineralogy and Mr. Palmer to file a reply to the CITIC Parties' re-amended defence, and that reply was filed on 8 April 2022. Justice K Martin also ordered the CITIC Parties to file their foreshadowed permanent stay or strike out application, which was filed on 25 March 2022, and that Mineralogy and Mr. Palmer file any cross application in response to the CITIC Parties' permanent stay application, which was filed on 21 April 2022.

On 29 June 2022, Justice K Martin made orders by consent reserving to the final hearing of the matter the CITIC Parties' permanent stay or dismissal application and discontinuing Mineralogy and Mr. Palmer's cross application for orders including that abuse of process allegations be finally determined as a separate question at the same time as the hearing of the CITIC Parties' permanent stay or dismissal application.

On 29 April 2022, the CITIC Parties filed an application to strike out certain allegations raised in Mineralogy's and Mr. Palmer's reply. No date has been fixed for the hearing of this application.

A strategic conference in this proceeding was held on 19 August 2022. Mineralogy and Mr. Palmer sought a trial date to be set immediately, alongside detailed programming orders. The CITIC Parties sought orders for the case management of several issues before a trial is listed. Justice K Martin reserved his decision and, as at the date of these financial statements, orders have not yet been made.

No trial date has been set for this proceeding.

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

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

FCD Indemnity Disputes (Continued)

(ii) Palmer Petroleum FCD Indemnity Claim

On 16 February 2018, Mineralogy commenced a proceeding against the CITIC Parties in the Supreme Court of Western Australia ("Proceeding CIV 1267/2018") in which it claims damages in the sum of AUD2,675,400,000. 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, Mineralogy claims that it did not, and was unable to, provide the funding to Palmer Petroleum.

Mineralogy's claim purports to be made pursuant to an indemnity given by the Company under the FCD to Mineralogy, which extends to losses suffered by Mineralogy in relation to failure by Sino Iron and Korean Steel to perform their Royalty Component B payment obligations under the MRSLAs.

Mineralogy alleges that as a result of the non-payment of Royalty Component B, Palmer Petroleum was wound up in insolvency. In the statement of claim, Mineralogy 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 pleaded a number of defences including that there has been no breach of the project agreements, construction arguments, causation and mitigation.

On 14 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.

The CITIC Parties filed an amended defence in Proceeding CIV 1267/2018 on 22 October 2021. Among other things, the amended pleadings relate to the Royalty Component B dispute, identify additional issues raised in other related proceedings and introduce abuse of process allegations.

On 23 March 2022, Justice K Martin made orders, among other things, requiring Mineralogy to file a reply to the CITIC Parties' re-amended defence, and that reply was filed on 8 April 2022. Justice K Martin also ordered the CITIC Parties to file their foreshadowed permanent stay or strike out application, which was filed on 25 March 2022, and that Mineralogy file any cross application in response to the CITIC Parties' permanent stay application, which was filed on 21 April 2022.

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

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

FCD Indemnity Disputes (Continued)

(ii) Palmer Petroleum FCD Indemnity Claim (Continued)

On 29 June 2022, Justice K Martin made orders by consent reserving to the final hearing of the matter the CITIC Parties' permanent stay or dismissal application and discontinuing Mineralogy's cross application for orders including that abuse of process allegations be finally determined as a separate question at the same time as the hearing of the CITIC Parties' permanent stay or dismissal application.

On 29 April 2022, the CITIC Parties filed an application to strike out certain allegations raised in Mineralogy's reply. No date has been fixed for the hearing of this application.

A strategic conference in this proceeding was held on 19 August 2022. Mineralogy sought a trial date to be set immediately, alongside detailed programming orders. The CITIC Parties sought orders for the case management of several issues before a trial is listed. Justice K Martin reserved his decision and, as at the date of these financial statements, orders have not yet been made.

No trial date has been set for this proceeding.

Mine Continuation Proposals 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.

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

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

Mine Continuation Proposals Dispute (Continued)

The CITIC Parties brought 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 those things. 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 30 June 2021, Mineralogy and Mr. Palmer filed a chamber summons seeking a stay of Proceeding CIV 1915/2019 until after the CITIC Parties obtained approval under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of matters the subject of the specific performance orders or injunctions sought by the CITIC Parties. On 15 July 2021, Mineralogy and Mr. Palmer advised the CITIC Parties' solicitors that they did not intend to pursue that application. On 16 July 2021, by consent, that application was dismissed by the Court.

The CITIC Parties commenced a new proceeding ("Proceeding CIV 2326/2021") on 8 December 2021. Proceeding CIV 2326/2021 seeks orders for specific performance in relation to a refined tenure request addressed to Mineralogy on 29 November 2021. That tenure request is in the alternative to the tenure in respect of which relief is sought in Proceeding CIV 1915/2019. The CITIC Parties applied to the Court on 8 December 2021 to consolidate Proceeding CIV 2326/2021 with Proceeding CIV 1915/2019. That application was heard by Justice K Martin on 13 December 2021, and, on 29 December 2021, his Honour ordered that Proceeding CIV 1915/2019 and Proceeding CIV 2326/2021 be consolidated and proceed as one action ("Consolidated MCP Proceedings"). The orders required the CITIC Parties to file a consolidated further re-amended statement of claim incorporating the Proceeding CIV 1915/2019 further amended statement of claim and the Proceeding CIV 2326/2021 writ of summons and statement of claim.

On 18 January 2022, Justice K Martin's decision to consolidate Proceeding CIV 2326/2021 with Proceeding CIV 1915/2019 was appealed by Mineralogy and Mr. Palmer to the Court of Appeal ("Proceeding CACV 5/2022"). On 7 April 2022, the CITIC Parties filed their respondents' answer. On 28 July 2022, the Court of Appeal ordered that the hearing of the appeal in Proceeding CACV 5/2022 be stayed pending delivery of the judgment in the primary trial.

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

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

On 14 March 2022, part way through the trial described below, the CITIC Parties' solicitors received a chamber summons from Mr. Palmer. The chamber summons sought a stay of Proceeding CIV 1915/2019 until after the CITIC Parties obtained approval under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of matters the subject of the relief sought by the CITIC Parties. The chamber summons was on substantially the same terms as the chamber summons which was previously filed by Mineralogy and Mr. Palmer on 30 June 2021, and subsequently dismissed by consent. On 21 March 2022, the CITIC Parties filed submissions contending that the Court should make no directions on Mr Palmer's chamber summons and that the Court should not allow any further time of the Court or the CITIC Parties to be taken up by the chamber summons. On 30 March 2022, Mr. Palmer filed an amended chamber summons seeking orders that summary judgment be entered for Mr. Palmer and that the CITIC Parties' claims against Mr. Palmer be dismissed. Justice K Martin made orders on 31 March 2022 refusing Mr. Palmer's application for leave to bring his application under his amended chamber summons of 30 March 2022.

The primary trial in the Consolidated MCP Proceedings commenced before Justice K Martin on 21 February 2022 and concluded on 29 April 2022. The primary trial was to determine all issues in the Consolidated MCP Proceedings other than the quantification of any loss or damage suffered by the CITIC Parties. That question will be addressed in a separate trial in the Consolidated MCP Proceedings if that trial becomes necessary. Justice K Martin reserved his decision on the issues raised in the primary trial.

Site Remediation Fund Disputes

(i) 2018 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 were 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. The CITIC Parties filed a defence and counterclaim in Proceeding CIV 2840/2018 which sought, among other things, orders appointing an independent trustee in place of Mineralogy.

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

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

Site Remediation Fund Disputes (Continued)

(i) 2018 Site Remediation Fund Dispute (Continued)

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 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 also 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.

On 10 June 2021, Mineralogy appealed Justice K Martin's decision to dismiss Mineralogy's claim in Proceeding CIV 2840/2018 ("Proceeding CACV 42/2021"). Proceeding CACV 42/2021 was heard by the Court of Appeal on 16 May 2022. The Court of Appeal reserved its decision.

(ii) 2021/22 Site Remediation Fund Dispute

On 31 May 2021, Mineralogy issued a purported annual charge to Sino Iron and Korean Steel for the 2021–2022 Operating Year seeking payment of AUD580,504,721 into the Site Remediation Fund by 31 December 2021 ("2021 Notices"). Sino Iron and Korean Steel requested further information from Mineralogy regarding the 2021 Notices, but Mineralogy refused to provide the requested information.

On 16 December 2021, Sino Iron and Korean Steel commenced a proceeding against Mineralogy in the Supreme Court of Western Australia ("Proceeding CIV 2373/2021"). Sino Iron and Korean Steel seek declarations that the 2021 Notices are invalid and of no effect. Sino Iron and Korean Steel allege that the 2021 Notices are not valid due to non-compliance with the terms of the MRSLAs. Consequently, Sino Iron and Korean Steel also allege that the 2021 Notices do not enliven their obligations under clause 20.6 of the MRSLAs to pay an annual charge into the Site Remediation Fund. Nevertheless, on a voluntary basis and without admission of liability, Sino Iron and Korean Steel each made a good faith payment of AUD7,256,309 on 24 December 2021 into the account notified by Mineralogy for Site Remediation Fund contributions. On 24 January 2022, Justice K Martin made orders staying Proceeding CIV 2373/2021 pending the outcome of the appeal in Proceeding CACV 42/2021.

On 26 May 2022, Mineralogy issued a purported annual charge to Sino Iron and Korean Steel for the 2022–2023 Operating Year seeking payment of AUD618,866,793.38 into the Site Remediation Fund by 31 December 2022 ("2022 Notices"). As in 2021, Sino Iron and Korean Steel requested further information from Mineralogy regarding the 2022 Notices, but Mineralogy refused to provide the requested information.

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

(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 the Sino Iron Project. The fixed price contract amount was US$3.4 billion.

On 30 January 2013, MCC announced that it had incurred costs over the value of the contract and had provided additional funding of US$858 million to MCC Mining (Western Australia) Pty Ltd. ("MCC WA"), its wholly owned subsidiary company responsible for delivering MCC's obligations under the contract.

As at the date of issuance of these financial statements, MCC has not claimed any additional costs from Sino Iron or its subsidiary companies, other than minor contract variations in the normal course of operations, and the Group believes it has satisfied all of its obligations under the contract.

Under the contract, the Group has a right to claim liquidated damages from MCC WA for certain delays in the completion of their project scope at a daily amount of 0.15% of the value of the main contract (approximately US$5 million per day, with a cap of approximately US$530 million in total). As at balance sheet date the cumulative days of delay that has been incurred has resulted in the contractual cap to the liquidated damages being reached.

As set out in the Company's announcement dated 24 December 2013, Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron Project. An independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings of the independent audit, Sino Iron and MCC WA expect to enter into further negotiations to determine the amount of liabilities to be borne between the parties. Outcomes are not yet known as at 30 June 2022.

FINANCIAL REVIEW AND ANALYSIS

HK$ million	**Six months ended 30 June**		Increase/ (Decrease)
	2022	2021	%
Revenue	**392,407**	352,921	11%
Profit before taxation	**87,777**	69,137	27%
Net profit	**73,524**	58,689	25%
Net Profit attributable to ordinary shareholders	**50,051**	44,175	13%
Basic earnings per share *(HK$)*	**1.72**	1.52	13%
Diluted earnings per share *(HK$)*	**1.72**	1.52	13%
Dividend per share *(HK$)*	**0.20**	0.15	33%
Net cash generated from/(used in) operating activities	**15,369**	(226,732)	107%
Capital expenditure	**14,472**	19,080	(24%)

	As at 30 June 2022	As at 31 December 2021	Increase/ (Decrease) %
Total assets	**12,084,138**	10,685,521	13%
Total liabilities	**10,681,513**	9,519,931	12%
Total ordinary shareholders' funds	**752,010**	751,407	0.1%

Major indicators by business

Revenue from external customers

	Six months ended 30 June		Increase/(Decrease)	
HK$ million	**2022**	2021	Amount	%
Comprehensive financial services	**158,890**	132,245	26,645	20%
Advanced intelligent manufacturing	**29,105**	23,071	6,034	26%
Advanced materials	**152,128**	142,504	9,624	6.8%
New consumption	**30,577**	32,885	(2,308)	(7.0%)
New-type urbanisation	**21,662**	22,195	(533)	(2.4%)

Profit

HK$ million	**Six months ended 30 June 2022**	2021	Increase/(Decrease) Amount	%
Comprehensive financial services	**51,932**	41,454	10,478	25%
Advanced intelligent manufacturing	**854**	742	112	15%
Advanced materials	**10,445**	14,532	(4,087)	(28%)
New consumption	**833**	1,182	(349)	(30%)
New-type urbanisation	**3,703**	3,338	365	11%

Profit attributable to ordinary shareholders

HK$ million	**Six months ended 30 June 2022**	2021	Increase/(Decrease) Amount	%
Comprehensive financial services	**30,532**	29,052	1,480	5.1%
Advanced intelligent manufacturing	**413**	344	69	20%
Advanced materials	**9,289**	13,402	(4,113)	(31%)
New consumption	**466**	791	(325)	(41%)
New-type urbanisation	**3,591**	3,145	446	14%

Assets

	As at 30 June 2022	As at 31 December 2021	Increase/(Decrease) Amount	%
Comprehensive financial services	**11,423,747**	10,050,873	1,372,874	14%
Advanced intelligent manufacturing	**62,736**	66,837	(4,101)	(6.1%)
Advanced materials	**278,534**	272,756	5,778	2.1%
New consumption	**70,920**	72,055	(1,135)	(1.6%)
New-type urbanisation	**379,961**	349,907	30,054	8.6%

Revenue by nature

HK$ million	**Six months ended 30 June** **2022**	2021	Increase/(Decrease) Amount	%
Net interest income	**92,806**	90,834	1,972	2.2%
Net fee and commission income	**34,141**	26,304	7,837	30%
Sales of goods and services	**237,870**	220,712	17,158	7.8%
–Sales of goods	**211,446**	191,298	20,148	11%
–Revenue from construction contracts	**10,482**	15,853	(5,371)	(34%)
–Revenue from other services	**15,942**	13,561	2,381	18%
Other revenue	**27,590**	15,071	12,519	83%

Capital Expenditures

HK$ million	**Six months ended 30 June** **2022**	2021	Increase/(Decrease) Amount	%
Comprehensive financial services	**6,936**	8,274	**(1,338)**	**(16%)**
Advanced intelligent manufacturing	**1,004**	537	**467**	**87%**
Advanced materials	**3,475**	5,775	**(2,300)**	**(40%)**
New consumption	**756**	730	**26**	**3.6%**
New-type urbanisation	**2,301**	3,764	**(1,463)**	**(39%)**
Total	**14,472**	19,080	**(4,608)**	**(24%)**

Group Financial Position

HK$ million	**As at 30 June 2022**	As at 31 December 2021	Increase/(decrease) Amount	%
Total assets	**12,084,138**	10,685,521	1,398,617	13%
Loans and advances to customers and other parties	**5,719,555**	5,809,296	(89,741)	(1.5%)
Investments in financial assets	**3,526,457**	2,906,862	619,595	21%
Cash and deposits	**793,511**	720,235	73,276	10%
Trade and other receivables	**295,911**	172,837	123,074	71%
Fixed assets	**181,779**	177,306	4,473	2.5%
Placements with banks and non-bank financial institutions	**270,967**	173,754	97,213	56%
Total liabilities	**10,681,513**	9,519,931	1,161,582	12%
Deposits from customers	**6,011,183**	5,852,701	158,482	2.7%
Deposits from banks and non-bank financial institutions	**1,141,231**	1,422,328	(281,097)	(20%)
Debt instruments issued	**1,354,374**	1,250,325	104,049	8.3%
Borrowing from central banks	**221,837**	231,479	(9,642)	(4.2%)
Trade and other payables	**469,004**	184,939	284,065	154%
Bank and other loans	**172,572**	145,362	27,210	19%
Total ordinary shareholders' funds	**752,010**	751,407	603	0.1%

Loans and advances to customers and other parties

As at 30 June 2022, the net loans and advances to customers and other parties of the Group was HK$5,719,555 million, a decrease of HK$89,741 million, decreased 1.5% compared with 31 December 2021. The proportion of loans and advances to customers and other parties to total assets was 47.33%, a decrease of 7.04 percentage points compared with 31 December 2021.

HK$ million	**As at 30 June 2022**	As at 31 December 2021	Increase/(decrease) Amount	%
Loans and advances to customers and other parties measured at amortised cost				
Corporate loans	**2,812,025**	2,807,040	4,985	0.2%
Discounted bills	**3,759**	5,532	(1,773)	(32%)
Personal loans	**2,459,957**	2,523,024	(63,067)	(2.5%)
Accrued interest	**17,010**	16,181	829	5.1%
Total loans and advances to customers and other parties measured at amortised cost	**5,292,751**	5,351,777	(59,026)	(1.1%)
Impairment allowances	**(156,846)**	(154,269)	(2,577)	(1.7%)
Carrying amount of loans and advances to customers and other parties measured at amortised cost	**5,135,905**	5,197,508	(61,603)	(1.2%)
Loans and advances to customers and other parties measured at fair value through other comprehensive income				
Corporate loans	**56,216**	47,210	9,006	19%
Discounted bills	**527,434**	564,578	(37,144)	(6.6%)
Carrying amount of loans and advances to customers and other parties measured at fair value through other comprehensive income	**583,650**	611,788	(28,138)	(4.6%)
Net loans and advances to customers and other parties	**5,719,555**	5,809,296	(89,741)	(1.5%)

Investments in financial assets

As at 30 June 2022, the investments in financial assets of the Group was HK$3,526,457 million, an increase of HK$619,595 million, increased 21% compared with 31 December 2021. The proportion of investments in financial assets to total assets was 29.18%, an increase of 1.98 percentage points compared with 31 December 2021.

(a) Analysed by types

HK$ million	**As at 30 June 2022**	As at 31 December 2021	Increase/(decrease) Amount	%
Debt securities	**2,151,293**	1,962,639	188,654	9.6%
Investment management products managed by securities companies	**109,918**	72,824	37,094	51%
Investment funds	**653,016**	518,277	134,739	26%
Trust investment plans	**275,147**	295,570	(20,423)	(6.9%)
Certificates of deposit and certificates of interbank deposit	**83,571**	44,601	38,970	87%
Equity investment	**234,056**	27,163	206,893	762%
Wealth management products	**14,402**	2,677	11,725	438%
Others	**25,845**	1,106	24,739	2,237%
Subtotal	**3,547,248**	2,924,857	622,391	21%
Accrued interest	**19,985**	18,760	1,225	6.5%
Less: allowance for impairment losses	**(40,776)**	(36,755)	(4,021)	(11%)
Total	**3,526,457**	2,906,862	619,595	21%

(b) Analysed by measurement attribution

HK$ million	**As at 30 June 2022**	As at 31 December 2021	Increase/(decrease) Amount	%
Financial assets at amortised cost	**1,269,857**	1,435,823	(165,966)	(12%)
Financial assets at FVPL	**1,359,305**	667,206	692,099	104%
Debt investments at FVOCI	**886,489**	793,188	93,301	12%
Equity investments at FVOCI	**10,806**	10,645	161	1.5%
Total	**3,526,457**	2,906,862	619,595	21%

Deposits from customers

As at 30 June 2022, total deposits from customers of the financial institutions under the Group was HK$6,011,183 million, an increase of HK$158,482 million, or 2.7% compared with 31 December 2021. The proportion of deposits from customers to total liabilities was 56.28%, a decrease of 5.20 percentage points compared with 31 December 2021.

HK$ million	**As at 30 June 2022**	As at 31 December 2021	Increase/(decrease) Amount	%
Corporate deposits				
Time deposits	**2,220,617**	2,183,893	36,724	1.7%
Demand deposits	**2,417,278**	2,401,056	16,222	0.7%
Subtotal	**4,637,895**	4,584,949	52,946	1.2%
Personal deposits				
Time deposits	**889,670**	809,998	79,672	9.8%
Demand deposits	**405,802**	379,224	26,578	7.0%
Subtotal	**1,295,472**	1,189,222	106,250	8.9%
Outward remittance and remittance payables	**14,118**	13,062	1,056	8.1%
Accrued interest	**63,698**	65,468	(1,770)	(2.7%)
Total	**6,011,183**	5,852,701	158,482	2.7%

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 30 June 2022, consolidated debt of CITIC Limited[(1)] was HK$1,517,163 million, including loans of HK$171,753 million and debt instruments issued[(2)] of HK$1,345,410 million. Debt of CITIC Bank[(3)] accounted for HK$1,041,349 million. CITIC Limited attaches importance to cash flow management, the head office of CITIC Limited had cash and deposits of HK$2,084 million and available committed facilities of HK$27,732 million.

The details of debt are as follows:

As at 30 June 2022	*HK$ million*
Consolidated debt of CITIC Limited	1,517,163
Among which: Debt of CITIC Bank	1,041,349

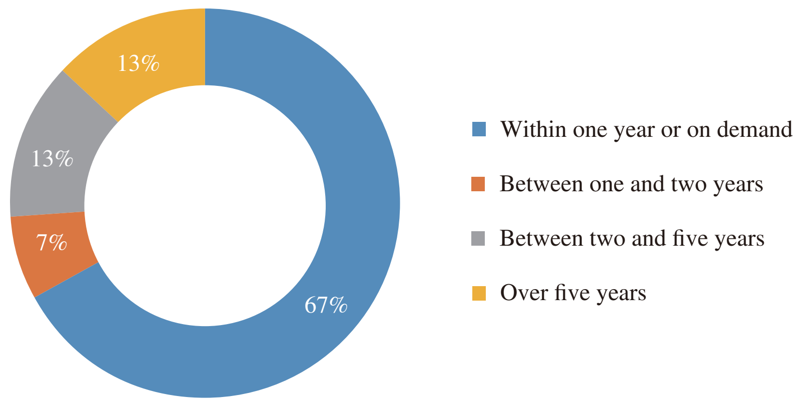
Note:

(1) Consolidated debt of CITIC Limited is the sum of "bank and other loans" and "debt instruments issued" in the Consolidated Balance Sheet of CITIC Limited excluding interest accrued;

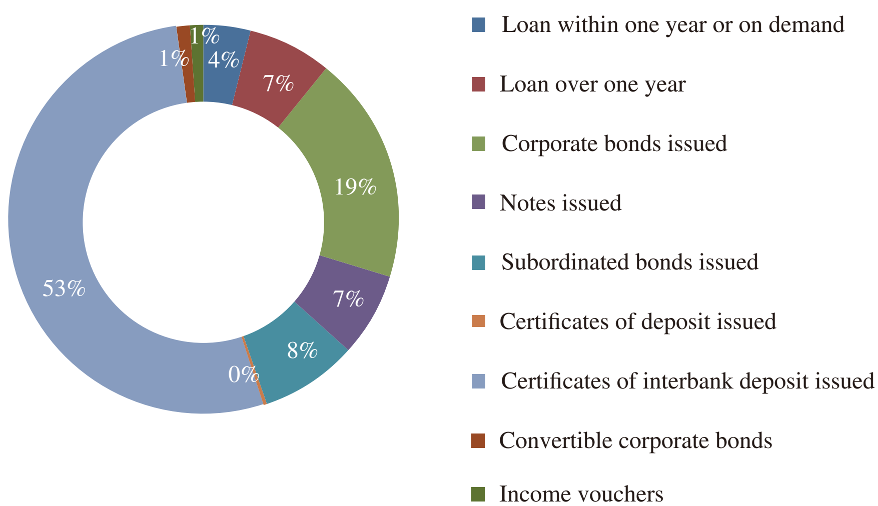
(2) Debt instruments issued include corporate bonds, notes, subordinated bonds, certificates of deposit issued, certificates of interbank deposit issued, convertible corporate bonds and income vouchers excluding interest accrued;

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

Consolidated debt by maturity as at 30 June 2022



Consolidated debt by type as at 30 June 2022



The debt to equity ratio of CITIC Limited as at 30 June 2022 is as follows:

In HK$ million	**Consolidated**
Debt	1,517,163
Total equity[4]	1,402,625
Debt to equity ratio	108%

Note:

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

2. *Liquidity risk management*

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

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

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

3. *Credit ratings*

	Standard & Poor's	**Moody's**
30 June 2022	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, cross currency swaps and other derivative instruments, 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, forward contracts and other derivative instruments for hedging. While CITIC Limited views that natural offsetting is being achieved to a certain extent across its different business sectors, it performs a continual risk management review to ensure commodity risks are well understood and controlled within its business strategies.

5. *Market price risk*

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

Economic Environment

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

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

Credit Risk

With the proliferation of new market entities, innovative business models, new products, businesses and counterparties, credit risks could increase in both width and complexity. In this unpredictable economic climate, with extensive business operations and counterparties, the 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 comprehensive 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, property development and management, and other businesses in different sectors also face severe competition over resources, technologies, prices and services.

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

Other External Risks and Uncertainties

Impact of local, national and international laws and regulations

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

Impact of new accounting standards

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

Natural disasters or events, terrorism and diseases

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

HUMAN RESOURCES

Protecting Employees' Rights and Interests

During the period, we complied fully with relevant laws, regulations and policies, including those concerning labour contracts. We are committed to protecting the lawful rights and interests of our staff to build harmonious relationships with them. In our recruitment and career development practices, we provide equal opportunities for all, based on individual merit and overall fairness, without regard to race, gender, religion, ethnicity, nationality or physical disability. We also prohibit child and forced labour in all of our operations.

We and our subsidiaries have established a competitive remuneration policy, which is guided by the remuneration policies of relevant local governments and based on business results. This market-oriented mechanism puts equal emphasis on market competitiveness and fairness, and correlates salary with performance. During the period, we continued to optimise our performance appraisal and remuneration systems to help the Company achieve better performance. In addition, we made further improvements to our staff benefits schemes, including insurance and policies on working hours and rest periods. As required by the Hong Kong SAR Government, we made contributions to the Mandatory Provident Fund for all staff based in Hong Kong and provided full coverage of basic social insurance for our mainland staff according to the requirements of local governments.

Developing our Staff

Focusing on improving the human capital efficiency, we advance “The Programme of Talent Development during The Fourteenth five Year” which proposes building “Four Teams” and “Six Core Talents”. We optimize the talent evaluation system, proposing that the professionals who take participate in poverty alleviation, rural revitalization or epidemic prevention could be reviewed as Senior Professional Title preferentially. We recommended high-level professionals to take part in the review of Honors Programs. We also strengthen our approach to talent cultivation with highlighting our unique features, continuously improve the construction of the training system, build up a strong training guarantee mechanism, and insist on serving the overall situation and provide all staff with training based on demands and classification.

In line with our people-oriented philosophy, and capitalising on the strength of our integrated network, we arrange for staff postings, internal rotations and exchanges between our headquarters and subsidiaries and among our subsidiaries in different sectors. These are also arranged between CITIC and provincial and municipal governments as well as strategic partner companies. By organising these programmes, we are able to enrich the experience of our employees and allow them to improve their professional knowledge and skills.

Caring for CITIC Employees

The quality of life of our employees is one of our greatest concerns. To improve employees’ sense of achievement and belonging, we have taken various measures including providing awards and recognition, giving publicity, organizing cultural and sports activities, and staff visit at special time points and offering regular support and caring.

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. Details of our corporate governance practices can be found in CITIC Limited's Annual Report 2021 and on CITIC Limited's website at www.citic.com.

CITIC Limited has applied the principles of good corporate governance and complied with all code provisions set out in the Corporate Governance Code (Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) during the six months ended 30 June 2022.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit and risk management committee of the board reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 in conjunction with the management and CITIC Limited's external auditor. The committee consists of five non-executive directors of whom three are independent.

The interim financial information is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". It has been reviewed by CITIC Limited's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have declared an interim dividend ("2022 Interim Dividend") of HK$0.20 per share (2021: HK$0.15 per share) for the year ending 31 December 2022, payable on Friday, 11 November 2022 to shareholders whose names appear on CITIC Limited's register of members on Tuesday, 27 September 2022. The register of members of CITIC Limited will be closed from Friday, 23 September 2022 to Tuesday, 27 September 2022, both days inclusive, during which period no transfer of shares will be effected. To qualify for the 2022 Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with CITIC Limited's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 September 2022.

The 2022 Interim Dividend will be payable in cash to each shareholder in HK Dollars ("HK$") 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 2022 Interim Dividend in RMB at the exchange rate of HK$1.0:RMB0.873318, being the average benchmark exchange rate of HK$ to RMB as published by the People's Bank of China during the five business days immediately before 30 August 2022. If shareholders elect to receive the 2022 Interim Dividend in RMB, such dividend will be paid to shareholders at RMB0.1746636 per share. To make such election, shareholders should complete the Dividend Currency Election Form, which is expected to be despatched to shareholders in late September 2022 as soon as practicable after the record date of 27 September 2022 to determine shareholders' entitlement to the 2022 Interim Dividend, and return it to CITIC Limited's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 17 October 2022.

Shareholders who are minded to elect to receive all (but not part) of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Friday, 11 November 2022 at the shareholders' own risk.

If no election is made by a shareholder or no duly completed Dividend Currency Election Form in respect of that shareholder is received by CITIC Limited's Share Registrar, Tricor Tengis Limited, by 4:30 p.m. on Monday, 17 October 2022, such shareholder will automatically receive the 2022 Interim Dividend in HK$. All dividend payments in HK$ will be made in the usual way on Friday, 11 November 2022.

If shareholders wish to receive the 2022 Interim Dividend in HK$ in the usual way, no additional action is required.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 28 February 2022, CITIC Limited fully redeemed the USD500 million 3.125% notes under the Medium Term Note Programme upon maturity. These notes were issued on 28 February 2017 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 six months ended 30 June 2022.

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.

HALF-YEAR 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 Half-Year Report 2022 will be made available on the respective websites of CITIC Limited and Hong Kong Exchanges and Clearing Limited around 15 September 2022.

By Order of the Board
CITIC Limited
Zhu Hexin
Chairman

Beijing, 30 August 2022

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. Peng Yanxiang, Ms. Yu Yang, Mr. Zhang Lin, Mr. Yang Xiaoping and Mr. Tang Jiang; and the independent non-executive directors of CITIC Limited are Mr. Francis Siu Wai Keung, Dr. Xu Jinwu, Mr. Anthony Francis Neoh, Mr. Gregory Lynn Curl and Mr. Toshikazu Tagawa.