*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Notes (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes will be offered and sold (i) in the United States only to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereunder and (ii) outside the United States to non-U.S. persons in compliance with Regulation S.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis of any contract or commitment whatsoever.*** *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Company (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors:*** *The Company (as defined below) confirms that the Notes are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and, the Programme (as defined below) has been, and the Notes (to the extent they are to be listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")) will be, listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

# PUBLICATION OF OFFERING CIRCULAR

**CITIC Limited**
**中國中信股份有限公司**

*(Incorporated in Hong Kong with limited liability)*
**(Stock Code: 00267)**
(the "**Company**")

## U.S.$9,000,000,000 Medium Term Note Programme

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 18 June 2024 (the "**Offering Circular**") appended hereto in relation to the U.S.$9,000,000,000 Medium Term Note Programme (the "**Programme**"). As disclosed in the Offering Circular, any notes to be issued under the Programme (the "**Notes**") will be intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and, the Programme has been, and the Notes (to the extent they are to be listed on the Hong Kong Stock Exchange) will be, listed on the Hong Kong Stock Exchange on that basis.

19 June 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Xi Guohua (Chairman), Mr. Zhang Wenwu, Mr. Liu Zhengjun and Mr. Wang Guoquan; the non-executive directors of the Company are Ms. Yu Yang, Mr. Zhang Lin, Ms. Li Yi, Mr. Yue Xuekun, Mr. Yang Xiaoping, Mr. Mu Guoxin and Mr. Li Zimin; and the independent non-executive directors of the Company are Mr. Francis Siu Wai Keung, Dr. Xu Jinwu, Mr. Anthony Francis Neoh, Mr. Gregory Lynn Curl and Mr. Toshikazu Tagawa.*

Appendix

Offering Circular dated 18 June 2024

**IMPORTANT NOTICE**

**NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES**

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE SECURITIES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES IN BEARER FORM MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to the offering of securities to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, CLSA Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch (the "**Arrangers**"), Deutsche Bank AG, Hong Kong Branch or Standard Chartered Bank (together with the Arrangers, the "**Dealers**"), the Trustee or the Agents (each as defined in the Offering Circular), nor any directors, officers, employees, agents, advisers, affiliates, representatives, or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CONFIDENTIAL

# CITIC LIMITED

# 中國中信股份有限公司

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 00267)**

## U.S.$9,000,000,000
## Medium Term Note Programme

Under the Medium Term Note Programme described in this Offering Circular (the "**Programme**"), CITIC Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$9,000,000,000 (or the equivalent in other currencies), subject to increases as described herein.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Programme under which the Notes may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only.

**Notice to Hong Kong investors:** The Issuer confirms that the Notes are intended for purchase by Professional Investors only and, the Programme and the Notes (to the extent they are to be listed on the Hong Kong Stock Exchange) will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

**The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the CITIC Limited Group or quality of disclosure in this Offering Circular.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined in "*Summary of the Programme*") in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, other exchange or quotation system).

Each Series (as defined in "*Summary of the Programme*") of Notes in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**") (collectively, the "**Global Note**") and will be sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in temporary Global Notes generally will be exchangeable for interests in permanent Global Notes, or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche upon certification as to non-US beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "*Summary of Provisions Relating to the Notes while in Global Form*". Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Global Notes and Global Certificates (as defined below) may be deposited on the issue date with a common depositary (the "**Common Depositary**") on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") or with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "**CMU**").

The Notes of each Series to be issued in registered form ("**Registered Notes**") and which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**") will initially be represented by a permanent registered global certificate (each an "**Unrestricted Global Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear, Clearstream and/or the CMU, with a common depositary on behalf of Euroclear and Clearstream or, as the case may be, a sub-custodian for the CMU and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear, Clearstream and/or the CMU, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer(s). Registered Notes which are sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by a permanent registered global certificate (each a "**Restricted Global Certificate**" and, together with the Unrestricted Global Certificate, the "**Global Certificates**"), without interest coupons, which will be deposited on the relevant issue date with (i) a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**") or (ii) a common depositary on behalf of Euroclear and Clearstream, or, as the case may be, a sub-custodian for the CMU.

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes and in Global Certificates are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Programme has been rated "(P)A3" by Moody's Investor Service, Inc. ("**Moody's**") and "A-" by S&P Global Ratings, a division of S&P Global Inc. ("**S&P**"). Tranches of Notes (as defined in "*Summary of the Programme*") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular in connection with an investment in the Notes.

**MiFID II product governance/target market** – The Pricing Supplement in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arrangers or the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR product governance/target market** – The Pricing Supplement in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arrangers or the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**IMPORTANT – EEA RETAIL INVESTORS** – If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – UK RETAIL INVESTORS** – If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Singapore SFA Product Classification**: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018).

**Arrangers**

**CITIC Securities** **HSBC** **UBS**

**Dealers**

**CITIC Securities** **Deutsche Bank** **HSBC** **Standard Chartered Bank** **UBS**

18 June 2024

## NOTICE TO INVESTORS

The Issuer having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Issuer and its subsidiaries taken as a whole (the "**CITIC Limited Group**") and the Notes that is material in the context of the issue and offering of the Notes, (ii) the statements contained in it relating to the Issuer and the CITIC Limited Group are in every material particular true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the CITIC Limited Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Each Tranche (as defined in "*Summary of the Programme*") of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called a pricing supplement (the "**Pricing Supplement**"). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the Issuer, the CITIC Limited Group or the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of any of the Issuer, the Arrangers, the Dealers (as defined in "*Summary of the Programme*"), the Trustee or the Agents (both defined in the Terms and Conditions of the Notes), or any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them. Neither the delivery of this Offering Circular nor any Pricing Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or CITIC Limited Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or CITIC Limited Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Issuer, the Arrangers, the Dealers, the Trustee or the Agents, nor any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any available exemption, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers, the Trustee or the Agents, or any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular, any Pricing Supplement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of this Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of bearer notes, delivered within the United States, or, in the case of notes issued in compliance with the D Rules (as defined herein), to U.S. persons.

The Notes are being offered and sold, in the case of Bearer Notes and Unrestricted Notes outside the United States in reliance on Regulation S and, in the case of Restricted Notes, within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular see "*Subscription and Sale*" and "*Transfer Restrictions*".

**Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors:**

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering, a "**CMI Offering**"), including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealer and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

**THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

**Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Arrangers, the Dealers, the Trustee or the Agents, or any of their**

**respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them to subscribe for, or purchase, any Notes.**

**This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKSE Rules") for the purposes of giving information with regard to the Issuer and the CITIC Limited Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.**

**None of the Arrangers, the Dealers, the Trustee or the Agents, nor any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them have separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or the Agents, nor any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or the Agents, nor any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arrangers, a Dealer, the Trustee or any Agent or on its behalf in connection with the Issuer, CITIC Limited Group, the Programme or the issue and offering of the Notes. The Arrangers, each Dealer, the Trustee and the Agents, and any of their respective directors, officers, representatives, employees, advisers, agents, affiliates and each person who controls any of them accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers, the Dealers, the Trustee or the Agents, or any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them that any recipient, of this Offering Circular or of any such information, should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and CITIC Limited Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary.**

**None of the Arrangers, the Dealers, the Trustee or the Agents, nor any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them undertakes to review the financial condition or affairs of the Issuer or CITIC Limited Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee or the Agents, or any of their respective directors, officers, representatives, employees, advisers, agents, affiliates or any person who controls any of them.**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) (or persons acting on behalf of the Dealer or Dealers) (the "Stabilisation Manager(s)") may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager(s) to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Such stabilising shall be in compliance with all applicable laws, regulations and rules.**

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "Hong Kong" or "Hong Kong SAR" are to the Hong Kong Special Administrative Region of the People's Republic of China, to the "PRC" are to the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, to "HK$" are to Hong Kong dollars, to "CNY" or "RMB" are to Renminbi, the currency of the People's Republic of China, to "JPY" or to Japanese Yen, to "U.S.$", "US$" or "USD" are to U.S. dollars, to "sterling" or "£" are to the currency of the UK and to "euro" or "€" are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to: "AUM" are to asset under management, "EPC" are to engineering, procurement and construction, "GWP" are to gross written premium and "MW" are to megawatt.

For the convenience of the reader, this Offering Circular presents translations into U.S. dollars of certain Hong Kong dollar amounts at the rate of HK$7.80 = U.S.$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate. On 29 December 2023, the exchange rate for Hong Kong dollars into U.S. dollars as set forth in the H.10 statistical release of the Federal Reserve Board was HK$7.8109 = U.S.$1.00. This Offering Circular also includes certain other currency amounts. The Hong Kong dollar equivalent amounts presented are translated at the approximate exchange rate at the time of the transactions to which they apply.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## ENFORCEABILITY OF JUDGMENTS

The Issuer is a corporation organised under the laws of Hong Kong. None of the directors of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities and Exchange Act of 1934 (the "**Exchange Act**"). The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding CITIC Limited Group's financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause CITIC Limited Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding CITIC Limited Group's present and future business strategies and the environment in which CITIC Limited Group expects to operate in the future. Important factors that could cause CITIC Limited Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors referenced in this Offering Circular:

- CITIC Limited Group's ability to integrate its newly-built operations and any future expansion of its business;
- CITIC Limited Group's ability to realise the benefits it expects from existing and future investments in its existing operations and pending expansion and development projects;
- CITIC Limited Group's ability to obtain requisite governmental or regulatory approvals to undertake planned or proposed development projects;

- CITIC Limited Group's ability to obtain external financing or maintain sufficient capital to fund its existing and future operations;
- changes in political, social, legal or economic conditions in the markets in which CITIC Limited Group and its customers operate;
- changes in the competitive environment in which CITIC Limited Group and its customers operate;
- CITIC Limited Group's ability to secure or renew concessions or licences at future or existing facilities, operations or developments;
- failure to comply with regulations applicable to CITIC Limited Group's business;
- fluctuations in the currency exchange rates in the markets in which CITIC Limited Group operates; and
- actions taken by CITIC Limited Group's joint venture partners that may not be in accordance with CITIC Limited Group's policies and objectives.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Forward-looking statements speak only as of the date of this Offering Circular and the Issuer expressly disclaims any obligation or undertaking to update publicly or revise any forward-looking statements in this Offering Circular to reflect any change in the Issuer's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, there can be no assurance that projected results or events will be achieved and undue reliance should not be placed on these statements.

## AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer will during any period that it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of such restricted securities or any prospective purchaser designated by any such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or, prospective purchaser or, as the case may be, the Trustee, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

## WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of any Notes. If you are in any doubt about any of the contents of this Offering Circular, you should obtain professional advice.

## CONTENTS

## SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this summary.*

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| **Issuer** .......................................... | CITIC Limited. |
| **Programme Description** ............. | Medium Term Note Programme. |
| **Programme Size** .......................... | Up to U.S.$9,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the aggregate nominal amount of the programme in accordance with the terms of the Dealer Agreement. |
| **Arrangers** ................................... | CLSA Limited, The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch. |
| **Dealers**........................................ | CLSA Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and UBS AG Hong Kong Branch.<br><br>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches. |
| **Trustee**........................................ | The Bank of New York Mellon, London Branch. |
| **Issuing and Paying Agents** .......... | The Bank of New York Mellon, London Branch (in respect of Unrestricted Notes other than CMU Notes) and The Bank of New York Mellon (in respect of Restricted Notes other than CMU Notes). |
| **Paying Agents**.............................. | The Bank of New York Mellon, London Branch (in respect of Unrestricted Notes other than CMU Notes) and The Bank of New York Mellon (in respect of Restricted Notes other than CMU Notes). |
| **Registrars** ................................... | The Bank of New York Mellon SA/NV, Luxembourg Branch (in respect of Unrestricted Notes other than CMU Notes), The Bank of New York Mellon (in respect of Restricted Notes other than CMU Notes) and The Bank of New York Mellon, Hong Kong Branch (in relation to CMU Notes). |
| **Transfer Agents**........................... | The Bank of New York Mellon, London Branch (in respect of Unrestricted Notes other than CMU Notes) and The Bank of New York Mellon (in respect of Restricted Notes other than CMU Notes). |
| **Calculation Agents** ...................... | The Bank of New York Mellon, London Branch (in respect of Unrestricted Notes other than CMU Notes) and The Bank of New |

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| | York Mellon (in respect of Restricted Notes other than CMU Notes). |
| **CMU Lodging and Paying Agent** | The Bank of New York Mellon, Hong Kong Branch. |
| **Method of Issue** ........................... | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the "**Pricing Supplement**"). |
| **Issue Price**.................................... | Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments. |
| **Form of Notes** .............................. | The Notes may be issued in bearer form only ("**Bearer Notes**") or in registered form ("**Registered Notes**") only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "*Summary of the Programme – Selling Restrictions*" below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of, or in the name of a nominee for, one or more clearing systems are referred to as "**Global Certificates**". Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate. Registered Notes sold in the United States to QIBs within the meaning of Rule 144A will initially be represented by a Restricted Global Certificate. |
| **Clearing Systems** ......................... | Clearstream, Euroclear, the CMU, DTC and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. |
| **Initial Delivery of Notes**............... | On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU or registered in the name of Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC and deposited on or about the issue date with the DTC Custodian or deposited with any other clearing system or may be delivered outside any clearing system **provided that** the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Issuing and Paying Agent and the relevant |

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| | Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems. |
| **Currencies** .................................. | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated. |
| **Maturities** .................................... | Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer(s). |
| **Specified Denomination**.............. | Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies). |
| **Interest**......................................... | Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. |
| **Fixed Rate Notes**.......................... | Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement. |
| **Floating Rate Notes** ..................... | Floating Rate Notes will bear interest determined separately for each Series as follows:<br>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or by<br>(ii) reference to EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.<br>(iii) on the basis of SOFR reference rates appearing on the agreed screen page of a commercial quotation service (in relation to Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark, please see Condition 5(b)(ii)(C)).<br>Interest periods will be specified in the relevant Pricing Supplement. |

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| **Benchmark Discontinuation** | See Condition 5(n) (*Benchmark Discontinuation (General)*) and Condition 5(o) (*Benchmark Discontinuation (SOFR)*). |
| **Zero Coupon Notes**...................... | Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest. |
| **Dual Currency Notes**................... | Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement. |
| **Interest Periods and Interest Rates**.......................................... | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement. |
| **Redemption** ................................ | The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable (detailed in a formula, index or otherwise). Unless permitted by then current laws and regulations, Notes (including Notes denominated in pound sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). |
| **Redemption by Instalments**......... | The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed. |
| **Optional Redemption** .................. | The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption. |
| **Status of Notes**............................ | The Notes will be direct, unconditional, unsubordinated and, subject to the provisions of Condition 4 (*Negative Pledge*), unsecured obligations of the Issuer and will rank (save for certain obligations required to be preferred by law) equally with all other unsecured obligations and unsubordinated indebtedness and monetary obligations of the Issuer, present and future. |
| **Tax Redemption** .......................... | Except as described in "*Summary of the Programme – Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*). |
| **Negative Pledge**........................... | The Notes will have the benefit of a negative pledge as described in "*Terms and Conditions of the Notes – Covenants – Negative Pledge*". |

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| **Cross Acceleration**....................... | The Notes will have the benefit of a cross acceleration provision as described in "*Terms and Conditions of the Notes – Events of Default*". |
| **Ratings**......................................... | The Programme has been rated "(P)A3" by Moody's and "A-" by S&P.<br><br>Tranches of Notes may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.<br><br>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, reduction or withdrawal at any time by the assigning rating agency. |
| **Early Redemption**........................ | Except as provided in "*Summary of the Programme – Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes – Redemption, Purchase and Options*". |
| **Withholding Tax**.......................... | All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Hong Kong, subject to customary exceptions (including the ICMA Standard EU tax exemption language), all as described in "*Terms and Conditions of the Notes – Taxation*". |
| **Governing Law**............................ | The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. |
| **Listing and Admission to Trading** ................................................... | Application has been made to the Hong Kong Stock Exchange for listing of the Programme under which Notes may be issued during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only.<br><br>Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, exchange or quotation system) under which the Notes may be issued by way of debt issues to Professional Investors only.<br><br>Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies). |
| **Selling Restrictions**...................... | The United States, the Public Offer Selling Restriction under the Prospectus Regulation (in respect of Notes having a specified denomination of less than €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) or its equivalent in any other currency as at the date of issue of the Notes), the UK, Hong Kong, Singapore, Japan, the Netherlands and the PRC. See "*Subscription and Sale*". |

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|---|---|
| | Category 1 selling restrictions will apply for the purposes of Regulation S under the Securities Act.<br><br>The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Bearer Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Bearer Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable. |
| **Transfer Restrictions**................... | There are restrictions on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See "*Transfer Restrictions*". |
| **Legal Entity Identifier (LEI)**....... | 2549006I3Q3M98KHOT11. |
| **Risk Factors**................................. | Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below. |

## SUMMARY FINANCIAL INFORMATION

*The consolidated financial information of CITIC Limited for the years ended 31 December 2022 and 2023, as set forth below, is derived from the audited consolidated financial statements of CITIC Limited for the year ended 31 December 2023 (the "**Audited Consolidated Financial Statements**"), which are set out in full elsewhere in this Offering Circular. Such audited consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto, together with the independent auditor's report in respect of such Audited Consolidated Financial Statements.*

### Consolidated Income Statement of CITIC Limited for the years ended 31 December 2023 and 2022

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | **2022** |
| | *(RMB million)* | |
| | *(Audited)* | *(Restated)** |
| Interest income | 338,914 | 330,378 |
| Interest expenses | (190,395) | (172,809) |
| **Net interest income** | **148,519** | **157,569** |
| Fee and commission income | 73,046 | 73,910 |
| Fee and commission expenses | (11,456) | (8,656) |
| **Net fee and commission income** | **61,590** | **65,254** |
| Sales of goods and services | 417,580 | 401,842 |
| Other revenue | 53,143 | 38,773 |
| | **470,723** | **440,615** |
| **Total revenue** | **680,832** | **663,438** |
| Cost of sales and services | (372,807) | (355,878) |
| Other net income | 8,657 | 16,343 |
| Impairment losses | (4,595) | (7,584) |
| Expected credit losses | (65,615) | (79,005) |
| Other operating expenses | (122,071) | (113,471) |
| Net valuation loss on investment properties | (177) | (652) |
| Share of profits of associates, net of tax | 5,695 | 6,494 |
| Share of profits of joint ventures, net of tax | 3,708 | 4,672 |
| **Profit before net finance charges and taxation** | **133,627** | **134,357** |
| Finance income | 1,832 | 1,407 |
| Finance costs | (12,172) | (8,472) |
| **Net finance charges** | (10,340) | (7,065) |
| **Profit before taxation** | 123,287 | 127,292 |
| Income tax | (18,013) | (21,469) |
| **Profit for the year** | **105,274** | **105,823** |
| **Attributable to**: | | |
| – Ordinary shareholders of CITIC Limited | 57,594 | 64,931 |
| – Non-controlling interests | 47,680 | 40,892 |
| **Profit for the year** | **105,274** | **105,823** |
| **Earnings per share for profit attributable to ordinary shareholders of CITIC Limited during the year**: | | |
| **Basic and diluted earnings per share (RMB)** | **1.98** | **2.23** |

* The comparative numbers as at and for the year ended 31 December 2022 have been restated from HK$ to RMB.

**Consolidated Statement of Financial Position of CITIC Limited as at 31 December 2023 and 2022**

| | As at 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | (RMB million) | |
| | *(Audited)* | *(Restated)** |
| **Assets** | | |
| Cash and deposits | 625,135 | 677,327 |
| Cash held on behalf of customers | 239,019 | 245,723 |
| Placements with banks and non-bank financial institutions | 237,742 | 217,354 |
| Derivative financial instruments | 77,562 | 80,867 |
| Trade and other receivables | 254,452 | 211,392 |
| Contract assets | 24,312 | 20,728 |
| Inventories | 135,142 | 109,050 |
| Financial assets held under resale agreements | 164,983 | 45,713 |
| Loans and advances to customers and other parties | 5,380,140 | 5,042,734 |
| Margin accounts | 118,746 | 106,976 |
| Investments in financial assets | 3,356,367 | 3,143,196 |
| – Financial assets at amortised cost | 1,076,039 | 1,124,596 |
| – Financial assets at fair value through profit and loss | 1,292,115 | 1,135,886 |
| – Debt investments at fair value through other comprehensive income | 967,803 | 873,367 |
| – Equity investments at fair value through other comprehensive income | 20,410 | 9,347 |
| Refundable deposits | 62,182 | 69,158 |
| Interests in associates | 109,791 | 104,464 |
| Interests in joint ventures | 56,787 | 60,464 |
| Fixed assets | 210,719 | 159,803 |
| Investment properties | 38,153 | 35,407 |
| Right-of-use assets | 51,424 | 41,220 |
| Intangible assets | 22,537 | 16,718 |
| Goodwill | 26,076 | 25,623 |
| Deferred tax assets | 83,327 | 88,830 |
| Other assets | 56,324 | 39,296 |
| **Total assets** | **11,330,920** | **10,542,043** |
| **Liabilities** | | |
| Borrowing from central banks | 273,226 | 119,421 |
| Deposits from banks and non-bank financial institutions | 893,565 | 1,103,099 |
| Placements from banks and non-bank financial institutions | 150,493 | 108,736 |
| Financial liabilities at fair value through profit and loss | 88,552 | 94,845 |
| Customer brokerage deposits | 282,534 | 279,001 |
| Funds payable to securities issuers | 35 | 15,254 |
| Derivative financial instruments | 73,755 | 72,393 |
| Trade and other payables | 391,948 | 379,948 |
| Contract liabilities | 31,482 | 29,596 |
| Financial assets sold under repurchase agreements | 744,571 | 470,477 |
| Deposits from customers | 5,459,993 | 5,150,772 |
| Employee benefits payables | 56,933 | 54,998 |
| Income tax payable | 9,234 | 15,727 |
| Bank and other loans | 235,770 | 156,709 |
| Debt instruments issued | 1,221,107 | 1,182,140 |
| Lease liabilities | 20,348 | 19,528 |
| Provisions | 16,130 | 17,410 |
| Deferred tax liabilities | 16,747 | 18,153 |
| Other liabilities | 27,715 | 19,159 |
| **Total liabilities** | **9,994,138** | **9,307,366** |
| **Equity** | | |
| Share capital | 307,576 | 307,576 |
| Reserves | 395,602 | 352,533 |
| **Total ordinary shareholders' funds** | **703,178** | **660,109** |
| Non-controlling interests | 633,604 | 574,568 |
| **Total equity** | **1,336,782** | **1,234,677** |
| **Total liabilities and equity** | **11,330,920** | **10,542,043** |

## RISK FACTORS

*Prior to making any investment decision, potential investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and CITIC Limited is not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to CITIC Limited or which CITIC Limited currently deems to be immaterial, may affect CITIC Limited's business, financial condition or results of operations of CITIC Limited Group or its ability to fulfil its obligations under the Notes.*

***"CITIC Limited Group"** means CITIC Limited, its subsidiaries, associated companies and joint ventures; and **"CITIC Corporation Group"** refers to CITIC Corporation Limited, its subsidiaries, associated companies and joint ventures.*

### General Risks Relating to the Businesses of CITIC Limited Group

***CITIC Limited Group comprises subsidiaries and investee companies operating in various industries, and therefore, is exposed to a wider variety of circumstances compared to companies operating in a single business segment***

CITIC Limited Group's operating businesses are diverse and categorised into five business segments comprising comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation, and managed through five platforms comprising the financial, industrial, capital investment, capital operations and strategic investment platforms. Although CITIC Limited Group has invested heavily to embrace integration, collaboration and expansion to drive future development, the nature of operating diverse businesses is such that there may be risks relating to internal inefficiency and management costs, and in particular:

- CITIC Limited Group needs to devote significant resources to monitor the operations of each business and changes in their different operating environments to assess their risks. If CITIC Limited Group does not effectively monitor these changes in the operational environment, CITIC Limited Group's results of operations, financial condition and development prospects would be adversely affected;

- CITIC Limited Group has many listed company members which are subject to different regulatory regimes. These regulations impose obligations related to the transferring funds in or out of such companies, including issuing announcements, obtaining independent shareholders' approval at general meetings and disclosing events in the annual reports. The market prices and trading volumes of the listed companies' shares may fluctuate significantly, which could in turn affect the market price of CITIC Limited Group's shares;

- CITIC Limited Group's voting rights in its subsidiaries may be diluted. The non-listed subsidiaries of CITIC Limited Group may become listed. For example, CITIC Metal Co., Ltd. ("**CITIC Metal**") was listed on the Shanghai Stock Exchange on 10 April 2023, and CITIC Limited Group has also announced the proposed spin-off and separate listing of CITIC Dicastal Co., Ltd. ("**CITIC Dicastal**") on the Shanghai Stock Exchange. If CITIC Limited Group chooses not to or is unable to subscribe for the additional equity or equity-linked securities issued by its listed and non-listed subsidiaries, CITIC Limited Group's voting rights in these entities may be diluted;

- CITIC Limited Group's businesses are operated by its subsidiaries and investee companies. CITIC Limited Group may face risks of managing and controlling its subsidiaries and investee companies. As a large conglomerate, CITIC Limited Group's operational success requires effective management and control, including devising financial policies for subsidiaries and investee companies, as well as performance incentives for management personnel. If the management and control systems are ineffective, there is a risk of a loss of business, finance and human resources;

- CITIC Limited Group has no control over certain investee companies. CITIC Limited Group's ability to manage and supervise certain investee companies mainly depends on its contractual rights under the relevant shareholders' agreements and its shareholder rights under company law and other relevant laws and regulations. Any dispute with other shareholders of an investee company of CITIC Limited Group could have an adverse effect on such investee company's operations;

- CITIC Limited's cash flow primarily comes from the dividends from its subsidiaries and investee companies. Any failure of CITIC Limited Group's subsidiaries or investee companies to pay cash dividends could in turn have an adverse effect on CITIC Limited Group's ability to pay dividends to its shareholders. Under PRC laws, rules and regulations, all of CITIC Limited Group's PRC entities are required to set aside at least 10 per cent. of their after-tax profit based on PRC accounting standards each year to their respective statutory capital reserve funds until the accumulative amount of such reserves reaches 50 per cent. of their respective registered capital. As a result, all of CITIC Limited Group's PRC entities are restricted in their ability to transfer a portion of their net income to CITIC Limited in the form of dividends. Such restricted reserves are not distributable as cash dividends and could in turn have an adverse effect on CITIC Limited Group's ability to pay dividends to its shareholders; and

- CITIC Limited Group is exposed to credit risks arising from business partners in diverse industries whose credit worthiness may be affected by factors, circumstances or developments unique to the industry of each particular business partner. CITIC Limited Group needs to pay close attention to market developments and credit risks arising from its extensive business operations and counterparties in order to investigate and manage such risks. Furthermore, with the proliferation of new market entities, innovative business models, new products, businesses and counterparties, credit risks could increase in both width and complexity. There is no assurance that the measures adopted by CITIC Limited Group will be successful in managing credit risks.

CITIC Limited Group plans to further strengthen the overall productivity and efficiency of its assets and to engage in additional projects and businesses with high rates of return. CITIC Limited Group seeks to leverage integration and collaboration between its five business segments of comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation and its five platforms comprising the financial, industrial, capital investment, capital operations and strategic investment platforms to build a lasting enterprise and solidify the CITIC brand's position in the fields in which CITIC Limited Group operates. However, there can be no assurance that these efforts will be successful or that CITIC Limited will improve the profitability of the businesses in the future.

***CITIC Limited Group's business is subject to economic fluctuation in the industries in which it has operations***

In 2023, the international political and economic landscape was characterised by a high degree of volatility and instability. Major developed countries experienced a slowdown in economic growth or struggled to achieve significant progress. Meanwhile, emerging markets and developing economies displayed divergent trends. The PRC, in particular, faced a range of difficulties and challenges, including slowing demand, excessive capacity in certain industries, and weak expectations in its economy.

The business operations of CITIC Limited Group rely on the overall activity level in the industries in which it operates and the relevant upstream and downstream industries. The volatility of the international financial markets; fluctuating interest rates; decreased confidence in the banking industry caused by, amongst other issues, the collapse of Silicon Valley Bank and the acquisition of Credit Suisse Group AG by UBS Group AG; international trade disputes; economic downturn; inflationary pressures; cautious market sentiment towards corporate investment; slowdowns in the growth of market demand; and fluctuations in the prices of commodities, major raw material prices, and exchange rates of major currencies may each affect CITIC Limited Group's various businesses.

A substantial portion of CITIC Limited Group's businesses are closely linked to the success of the PRC economy. International trade disputes and any slowdown in the PRC economy is likely to have an adverse impact on CITIC Limited Group's business, results of operations and financial condition. In addition, the PRC government adjusts its monetary, fiscal, regulatory and other policies and measures from time to time to manage economic growth, strategic development, overheating and excess capacity in a specific industry or market. Therefore, changes in the PRC's overall economy or the industries in which CITIC Limited Group operates may result in a lower-than-expected growth rate or even negative growth for CITIC Limited Group, which may in turn have an adverse effect on CITIC Limited Group's business, results of operations and financial condition.

***Intense competition in the markets in which CITIC Limited Group has operations may lead to a decrease in market share and profitability***

CITIC Limited Group's businesses face intense competition in its operating markets. Its comprehensive financial services business segment faces competition from domestic and international commercial banks and other financial institutions; its new-type urbanisation business segment faces competition from global companies in the industry as well as the challenges from large state-owned enterprises and private companies; its advanced intelligent manufacturing, advanced materials and new consumption business segments face competition in terms of resources, technology, price and service; its businesses involving product sales face competition in terms of product specification, service quality, responsiveness to customer needs, reliability and price; its businesses operating in the consumer space face competition in terms of costs, product offering and changing consumer taste and behaviour; and its magnetite iron ore mining project in Cape Preston, Western Australia (the "**Sino Iron Project**") faces competition from other iron ore producers in terms of supply, quality and price.

Competitors may have greater access to capital, technology, management and other resources than CITIC Limited Group, and may be capable of providing a wider range of services and operate at lower costs. These competitors may also merge or form joint ventures with other domestic or foreign competitors, which may intensify the competition CITIC Limited Group faces. In addition, whereas CITIC Limited Group operates in a diverse range of businesses, its competitors may be focused in only one or a few businesses and may therefore be capable of offering more specialised products or services than CITIC Limited Group.

CITIC Limited Group's market share depends on its ability to anticipate and respond to many competitive factors, including competitors' pricing strategies, change in customer preferences, funding and financing resources, introduction of new or improved technology, products or services in related industries or markets. There can be no assurance that actual or potential competitors of CITIC Limited Group will not provide similar products or services with comparable or even better quality at the same or even lower prices, or be more adaptable to industry trends or market changes. Increased competition may lead to lower prices, a decrease in profit margins and loss of market share.

***CITIC Limited Group faces risks arising from the restructuring and realignment of businesses and it may not effectively carry out the business strategy of the integrated CITIC Limited Group***

CITIC Limited Group has been actively restructuring and realigning its businesses whilst optimising asset allocation.

Since 2020, to better capitalise on the advantages of operating both financial and non-financial businesses, CITIC Limited Group has optimised its business portfolio into five strategic segments for enhanced alignment and a sharpened focus. The five strategic segments comprise of the comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation business segments. These five segments are matrixed with five platforms comprising the financial, industrial, capital investment, capital operations and strategic investment platforms.

Further restructuring, realignment and optimisation endeavours may also take place in the future. There can be no assurance that previous, current or future restructuring, realignment and optimisation endeavours have or will have the desired effect on the business, results of operations and financial condition of CITIC Limited Group. Such restructuring, realignment and optimisation endeavours, if unsuccessful, may have an adverse effect on the business, results of operations and financial condition of CITIC Limited Group. There can be no assurance that any such restructuring or realignment or optimisation endeavours will achieve the desired strategic objectives, business integration, or the expected return on investment of CITIC Limited Group.

***CITIC Limited Group is exposed to the risk of fluctuations in the currency exchange rates***

CITIC Limited Group has major operations in the PRC, Hong Kong and Australia, with Renminbi, Hong Kong dollar and U.S. dollar as functional currencies, respectively. The member companies of CITIC Limited Group 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. CITIC Limited Group is therefore exposed to the risk of fluctuations in the exchange rate of the Renminbi, Hong Kong dollar or U.S. dollar against these other foreign currencies. In the event that other currencies appreciate against the Renminbi, Hong Kong dollar or

U.S. dollar, CITIC Limited Group will spend a greater proportion of its funds to settle its expenses denominated in other currencies. If such increase in expenses is not offset by an appreciation in CITIC Limited Group's revenues denominated in other currencies, its profit may be adversely affected and this could have an adverse effect on CITIC Limited Group's financial condition and results. Since 1 January 2023, the reporting currency of the consolidated financial statements of CITIC Limited has been Renminbi. The effect of fluctuation in exchange rates may be compounded upon the consolidation of subsidiaries whose functional currency is not the reporting currency.

***CITIC Limited Group is subject to litigation and regulatory risk***

CITIC Limited Group's businesses are wide-spread in terms of industry and geographical scope. In light of such wide business scope, CITIC Limited Group may not be able to improve and adjust its business practice, management and code of conduct in response to the relevant changes in domestic and foreign laws and regulations in a timely manner.

CITIC Limited Group's business and operations may be subject to litigation and regulatory actions from time to time. These proceedings and disputes may damage CITIC Limited Group's reputation and divert its resources and management's attention. Significant costs may have to be incurred in defending CITIC Limited Group in such proceedings. In addition, CITIC Limited Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings or unfavourable decrees that may result in liabilities and cause delays to its developments and interruptions to its operations. CITIC Limited Group may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of its projects. Any of the above could have a material adverse effect on CITIC Limited Group's business, results of operations and financial condition.

Furthermore, CITIC Limited Group is subject to periodical inspections from PRC and overseas regulatory authorities, and may be subject to potential punishments, fines or other penalties imposed by such regulatory authorities. There can be no assurance that the relevant PRC or overseas regulatory authorities will not impose punishments, fines or other penalties, or issue negative reports or opinion in the future which would have an adverse effect on the reputation, business, results of operations, and financial condition of CITIC Limited Group.

The final outcomes of CITIC Limited Group's pending litigation and other regulatory matters cannot be predicted reasonably and accurately, primarily due to the different levels of uncertainty and complexity of these litigation and regulatory matters.

For details regarding pending material litigation and other regulatory matters of CITIC Limited Group, see "*CITIC Limited Group – Legal and Regulatory Proceedings*".

In addition, CITIC Limited Group may be sued by customers or other third parties in relation to CITIC Limited Group's facilities or products. CITIC Limited Group attempts to mitigate against such risk of potential claims by introducing liability limitation, compensation guarantees and insurance clauses in the relevant contracts. These attempts may not bring sufficient protection due to factors beyond the control of CITIC Limited Group, including:

- in various jurisdictions where CITIC Limited Group has operations (including the PRC), CITIC Limited Group's potential legal liability in relation to environmental or labour matters is subject to applicable laws and regulations, which may not be limited by contracts;
- customers and subcontractors may not have sufficient financial resources to fulfil their obligations owed to CITIC Limited Group;
- losses may result from risks not covered by CITIC Limited Group's compensation guarantee contractual arrangement; and
- the scope of the insurance may not be sufficient to CITIC Limited Group because certain matters cannot be insured with reasonable commercial clauses, if at all. CITIC Limited Group has not yet obtained insurance cover or been fully paid for all of the potential or actual losses in relation to environmental liabilities, business interruption, profit loss, or losses due to operating interruption, industrial accidents, employee or third party protest or other activities.

***CITIC Limited Group is subject to reputation risk***

CITIC Limited Group may not be able to maintain its existing credit rating and reputation. Failure of any subsidiary or branch of CITIC Limited Group to effectively avoid or mitigate adverse consequences in relation to CITIC Limited Group's operations caused by safety accidents, inadequate quality control, or other reasons could have an adverse effect on CITIC Limited Group, its reputation, results of operations, financial condition and profitability.

CITIC Limited Group may be exposed to fraud or other misconduct committed by third parties. For example, there have been cases of third parties forging official seals and signatures of CITIC Limited Group and fraudulently entering into investments, cooperations or business relationships on behalf of CITIC Limited Group. Whilst CITIC Limited Group have made announcements bringing such fraudulent behaviour to the attention of the public and clarifying that such actions are unrelated to CITIC Limited Group, any fraudulent behaviour or misconduct is outside the control of CITIC Limited Group and there is no assurance that CITIC Limited Group will be able to detect all instances of fraudulent behaviour or that there would not be an adverse effect on CITIC Limited Group and its reputation.

***CITIC Limited Group's historical financial information is not indicative of future results of operations. There can be no assurance that CITIC Limited Group's future growth rate will be maintained at the historical level***

CITIC Limited Group operates businesses in diverse areas. To maintain steady business growth, CITIC Limited Group reviews and adjusts its strategies from time to time. Therefore, CITIC Limited Group's historical financial information must be read in conjunction with the effect on business due to strategic adjustments during the period as reflected in financial reports. There can be no assurance that the historical financial information will reflect the results of operations, financial condition or cash flows of CITIC Limited Group in the future. CITIC Limited Group may be unable to maintain a growth rate comparable to the historical level of CITIC Limited Group or the CITIC Corporation Group in terms of revenue or net profit in the future.

***Major capital expenditure items of CITIC Limited Group may not be completed on schedule or within budget, if at all, or may not achieve the expected economic or commercial results***

CITIC Limited Group's major capital expenditure projects often entail substantial capital investments for years before completion. The projects of CITIC Limited Group may be delayed, or adversely affected by risks or uncertainties, including market conditions, policies and regulations adopted by the governments in the PRC or in other relevant jurisdictions, capital adequacy levels, and disputes with business partners, technology and equipment suppliers, and other contractors, employees and the local government and community, natural disasters, electricity and other energy supplies, access to technological or human resources, any adverse changes in bilateral relations between the PRC and the relevant foreign government, war or any other adverse development in international relations.

As a result, there can be no assurance that all of the planned projects of CITIC Limited Group will be completed successfully or in a profitable manner. Even if such project is completed, the actual costs may exceed the original budget due to many reasons, including delay and higher financing costs due to fluctuations in foreign exchange rates and interest rates, changes of original designs and the increasing costs of materials and other supplying goods and labour. CITIC Limited Group may not be able to achieve the desired economic results and commercial success. As a result, CITIC Limited Group's results of operations, financial condition, profitability and growth prospects may be adversely affected.

***Certain businesses and operations of CITIC Limited Group require substantial and steady capital injection; lack of adequate financing may have an adverse effect on CITIC Limited Group's business, financial performance and growth prospects***

Certain businesses of CITIC Limited Group are capital-intensive and in need of substantial capital for their operations. CITIC Limited Group's financial services business and the banking business in particular, is required to maintain adequate capital to meet capital adequacy ratio requirements imposed by the former China Banking and Insurance Regulatory Commission ("**CBIRC**") which was replaced by The National Administration of Financial Regulation (國家金融監督管理總局) ("**NAFR**") in May 2023. The advanced materials business requires significant capital expenditure for various purposes, including acquisitions and exploration of oil and mineral resources, obtaining mining permission and purchase and maintenance of the mining processing equipment in the PRC and overseas. In addition, CITIC Limited Group's advanced intelligent manufacturing business also requires substantial capital for building, maintaining and managing production facilities, purchases of machinery and equipment and the development of new technology and products. For its new-type urbanisation business segment, CITIC Limited Group may need to make advanced payments in engineering construction and other engineering activities before receiving payments from the customers, while substantial funds are also required for land acquisitions and property development.

If capital requirements of CITIC Limited Group exceed its financial resources, CITIC Limited Group will need to incur additional debt or equity financing. CITIC Limited Group and CITIC Corporation Group in the past mainly relied on cash generated from the business operations, equity financing, bond issues, bank loans and other borrowing to meet their capital requirements. There can be no assurance that cash generated from business operations could sufficiently support the development and expansion plans of CITIC Limited Group. As the arrangement and cost of external financing are dependent on numerous factors (including the general economic and capital market conditions, interest rates, the credit standing of CITIC Limited Group, and credit availability from banks or other lenders), CITIC Limited Group may fail to obtain additional financing in a timely manner and/or at reasonable cost which would in turn adversely affect CITIC Limited Group's business developments, financial performance and growth prospects. In recent years, there has been a reduction in certain banks' capacity for loan business which has resulted in a fall in the liquidity available in the credit markets and a rise in the credit spread. The availability of external funding is subject to various factors and uncertainties including governmental approval, market conditions, credit availability, interest rates and CITIC Limited Group's results of operations in various businesses.

***CITIC Limited Group might experience unexpected difficulties in implementing its development strategy of optimising asset allocation and focusing on its five business segments***

CITIC Limited Group has aligned with the PRC's 14$^{th}$ Five-Year Plan and responded to the increasingly complex operating environment by adopting a development strategy focused on comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. CITIC Limited Group seeks to continue to optimise its business structure and the allocation of resources by disposing of under-performing assets and nurturing new businesses, particularly in emerging industries. The implementation of CITIC Limited Group's current and any future strategies is subject to various risks, including CITIC Limited Group's lack of operational experience in certain emerging industries or markets, changes in government policies and regulations (for example, reforms to traditional industries and restructuring of raw material industries) and other risks associated with such industries or markets. Market development may also tighten CITIC Limited Group's funds, personnel and management resources. As a result, CITIC Limited Group may not be able to effectively manage its development, which would have an adverse effect on its business, results of operations, financial condition and prospects of CITIC Limited Group. In addition, CITIC Limited Group may find it difficult to win market share from companies with considerable size and market share in its corresponding industries and markets. Furthermore, CITIC Limited Group's overseas target markets may have a higher threshold of establishment of foreign companies. There can be no assurance that CITIC Limited Group will succeed in implementing, and be successful in achieving the goals of its strategies.

***CITIC Limited Group's acquisitions or strategic investments may not be integrated or managed effectively, or at all, which in turn could have an adverse effect on CITIC Limited Group's results of operations and financial condition***

CITIC Limited Group may acquire or invest in businesses to expand its operations. There are many risks and difficulties in relation to acquisitions, including potential difficulties of retention and assimilation of personnel, the integration of operations and corporate cultures, distraction of management attention and other resources, and lack of knowledge and experience in new industries or markets. In addition, CITIC Limited Group may be subject to debts, other obligations and potential legal obligations of the acquired companies as a result of the acquisition. The acquisition may also result in the impairment charges of goodwill and other intangible assets. Any of these factors may have an adverse effect on the results of operations and financial condition of CITIC Limited Group. In particular, if the acquired companies' results of operations do not meet expectations, CITIC Limited Group may be required to recognise significant impairment charges, resulting in an adverse effect on CITIC Limited Group's results of operations. Therefore, there can be no assurance that any acquisitions could achieve the desired strategic objectives, synergies, business integration, or deliver the expected return on investment.

CITIC Limited Group continues to consider and evaluate opportunities for further development. It may expand its business through acquisitions. However, there can be no assurance that CITIC Limited Group can identify attractive acquisition targets in the future; or CITIC Limited Group can acquire the targets on commercially acceptable terms even if such target is identified. CITIC Limited Group may fail to consummate an acquisition or investment due to the failure to obtain the relevant governmental approvals or other necessary approvals for such acquisition or investment. Failure to identify proper acquisition or investment targets or inability to complete such transactions may have an adverse effect on the competitiveness and growth prospects of CITIC Limited Group.

***Part of CITIC Limited Group's businesses comprise operations outside Hong Kong, which are subject to risks in relation to uncertainties of different economies and politics, regulatory actions and safety issues***

CITIC Limited Group conducts engineering contracting, resource exploration, iron ore and coal mining, manufacturing, trading and other businesses overseas. In addition, export of machinery, special steel and auto parts and other products of CITIC Limited Group's members from mainland China are also growing. CITIC Limited Group also conducts financial service business, infrastructure business, telecommunications business, satellite business and other businesses overseas. These businesses are susceptible to the relevant country's political, economic and social conditions. It is expected that CITIC Limited Group will continue to derive revenue and profits from international operations and other businesses overseas in the future. As a result, CITIC Limited Group is exposed to risks including but not limited to the following:

- Political risk, including risks caused by riots and unrest, terrorism and war, local and global political or military tensions, diplomatic tension or changes, economic or trade sanctions and losses caused by embargoes;
- Economic, financial and market instability, credit risk, inflation risk and interest rate risk;
- Policy changes or regulations changes by domestic or foreign government in relation to international business;
- Reliance on foreign governments or foreign state-controlled entities for the need of electricity, water, transport and other public use facilities or infrastructure;
- Unfamiliarity with the local business and market conditions which may cause adverse effects such as inadequate project bidding price;
- Inadequate understanding of local laws, regulations, standards and other stipulations on construction, taxation, foreign exchange, customs, trade and others;
- Risks of increased costs, prolonged construction periods, and contradictions with anticipated targets caused by violation of laws and regulations of the host country or improper handling of the legal issues in the host country;
- Risks and uncertainties relating to appointment of foreign agents in overseas operations;
- Anti-PRC sentiments or protectionism, anti-dumping and others measures against PRC companies;
- Global market supply and demand pattern changes;
- Competition from other international and local companies, including new market entrants;
- Adverse working conditions or strikes;
- Failure to comply with environmental laws and regulations;
- Potential disputes with foreign partners, customers, subcontractors and suppliers or local residents and communities; and
- Confiscation or nationalisation of CITIC Limited Group's assets.

***Failure to maintain an effective quality control system could have an adverse effect on the business and operations of CITIC Limited Group***

The quality of CITIC Limited Group's services and products is essential to the success of its businesses. To ensure its business success, CITIC Limited Group endeavours to maintain an effective quality control system. The effectiveness of the quality control system depends on a series of factors, including the design of the system, the related training programs and CITIC Limited Group's ability to ensure its employees' compliance with the quality control policies and guidelines.

CITIC Limited Group engages external contractors that are responsible for the construction and development of its advanced materials and new-type urbanisation business segments. In respect of the advanced intelligent manufacturing, advanced materials and new-type urbanisation business segments, CITIC Limited Group also relies on third-party manufacturers and other service providers in the manufacturing and supply of various spare parts, components and services.

CITIC Limited Group may not effectively monitor the contractors and other third parties. In addition, CITIC Limited Group may not find qualified contractors and other third parties for outsourcing in a timely manner. If CITIC Limited Group fails to find qualified contractors and other third parties, its ability to complete the relevant project or other contracts could be adversely affected. If the required payment to the contractor and other third parties exceeds CITIC Limited Group's estimates, especially in the event of having a fixed price contract with CITIC Limited Group's customers, CITIC Limited Group could suffer losses. Project outsourcing also exposes CITIC Limited Group to risks of non-performance, delay of performance and non-compliance of contractors or other third parties, which may have an adverse effect on CITIC Limited Group's results of operations, financial condition, profitability, and reputation, and may lead to litigation or damage claims against CITIC Limited Group.

Some of CITIC Limited Group's internal control and coordination measures on the group business may not be implemented at the CITIC Limited Group level due to a large amount of subsidiaries, a wide range of businesses and widely distributed medium-level management teams. As a result, difficulties may arise in supervising whether the subsidiaries, management team members and employees abide by the internal control policies and procedures of CITIC Limited Group and related laws and regulations.

Any failure to comply with the quality control system, the deterioration of related systems or lack of supervision of the internal control mechanism may result in defects in CITIC Limited Group's services, projects or products, which could lead to compensatory claims in contract, product liability and other compensatory requirements. Any such claims, whether with or without merit, could lead to significant costs, damages to CITIC Limited Group's reputation and adverse effect on CITIC Limited Group's business.

***Reliance on the experience and industry expertise of management personnel, skilled personnel and other qualified staff and intense competition for talent may have an adverse effect on CITIC Limited Group's business and prospects***

Talented executives are essential for the rapid business development of CITIC Limited Group. If the improvement of the internal motivation, incentive mechanism and discipline mechanism lag behind the development of other businesses, CITIC Limited Group's further development could be hampered. CITIC Limited Group's business operation growth depends on the continued service of the senior management team. To implement the future growth plan, CITIC Limited Group will need more management personnel with experience and talents. If any important management personnel leaves CITIC Limited Group, and CITIC Limited Group was unable to recruit or hire people with equivalent qualifications in a timely manner, CITIC Limited Group's business management and growth could be adversely affected.

CITIC Limited Group's businesses cover multiple industries and also depend on employment, training and retaining of skilled employees with different backgrounds, including management, finance, design, marketing, engineering and other technical professionals. In the PRC and other markets where CITIC Limited Group's businesses have operations, retaining qualified personnel is generally very competitive. Having high quality personnel is the key to meet the needs of future business competition. There can be no assurance that CITIC Limited Group will be able to hire the necessary manpower with the appropriate technical skills for operational activities.

There can be no assurance that the supply strains of skilful personnel will not increase the costs of employees. As a key enterprise having significant influence in the industries in which it operates, CITIC

Limited Group has accumulated a large number of management personnel and technical personnel in the years of development. Despite CITIC Limited Group's various attempts to stabilise and attract the talented personnel, there are still certain risks of talent loss.

***CITIC Limited Group is subject to risks of technological innovation and update***

There continues to be new technological developments in each industry. New services are frequently introduced and industrial standards are always evolving. Technological transformation reduces cost and price, and competitors in the same industry attempt to provide more competitive and creative products and services. For example, the financial services segment of CITIC Limited 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.

It is uncertain if CITIC Limited Group will be able to effectively adapt to evolving technology and respond to technological transformation and industrial development. To maintain its competitiveness, CITIC Limited Group must continuously invest, which will increase demands on financing and cash flow of CITIC Limited Group on the one hand, and expose CITIC Limited Group to the risk of delayed return or reduced return rate on the other hand.

The rapid change of technology is likely to increase competition and may render CITIC Limited Group's technology, products or services obsolete, or result in a loss of market share. Although CITIC Limited Group has formulated a five-year plan for technological innovation and also increased investment in research and development, such investment in research and development may not be successful or generate economic interests at the expected level. Even if the research and development is successful, CITIC Limited Group may not be able to apply the new technology to market acceptable products, or capture market opportunities. In addition, the expected market demand during the development phase of any product may not be realised, or when CITIC Limited Group launches new products, the market may not accept the new products. If CITIC Limited Group cannot predict the trend of technology or product development, and develop new and innovative technology products required by customers, it may fail to produce sufficiently advanced products at competitive prices and may adversely affect CITIC Limited Group's results of operations, financial condition and profitability.

***The lack of permits, licenses, approvals, filings and certificates may be a serious impediment to CITIC Limited Group's business and operations, and is subject to regular inspection, investigation, inquiry and audit of regulatory agencies***

CITIC Limited Group must obtain and maintain valid permits, licenses, approvals, filings and certificates from government authorities to engage in certain businesses. CITIC Limited Group is subject to the restrictions and conditions stipulated by government authorities. If CITIC Limited Group fails to comply with the provisions or fails to meet the necessary conditions to maintain permits, licenses, approvals, filings and certificates, CITIC Limited Group's permits, licenses, approvals, filings and certificates may be suspended or revoked. If CITIC Limited Group extends such permits, licenses, approvals, filings and certificates after the valid period, there may be delays or rejections on the applications; licence terms or regulations may also be changed at short notice and it may be difficult to comply with the amended terms in a timely fashion or without significant cost. Any of these factors may lead to an adverse effect on CITIC Limited Group's results of operations, financial condition and profitability.

To ensure the restrictions and conditions of relevant business permits, licenses, approvals, filings and certificates are fulfilled, the government authorities have regular or special inspections, investigations, inquiries and audits of CITIC Limited Group. If any non-compliance is found by the government authorities, the permits, licenses, approvals, filings and certificates of CITIC Limited Group may be suspended or revoked, and CITIC Limited Group may receive fines or other penalties, or in some cases, be unable to operate. Failure of CITIC Limited Group to maintain, renew, or obtain certain permits, licenses, approvals, filings or certificates pursuant to the applicable laws and regulations could have an adverse effect on the business, financial condition and results of operation of CITIC Limited Group.

With respect to certain projects of CITIC Limited Group which have been commenced in the PRC, certain licenses, permits, approvals, or filing certificates may not be granted by the required level of approving authority. There can be no assurance that CITIC Limited Group will not encounter problems in obtaining such licenses, permits, approvals, or filing certificates required to complete these projects, and any failure to obtain them may adversely affect the business, financial condition and results of operations of CITIC Limited Group.

***CITIC Limited Group does not have land use right certificates, building ownership certificates or consent of the property owner or has not registered with respect to some owned or leased properties***

As at 31 December 2023, with respect to some of the land it owns or uses, CITIC Limited Group had not fully obtained land use right certificates and/or building ownership certificates. CITIC Limited Group is in the process of applying for the relevant land use right certificates and building ownership certificates. However, it may not be able to obtain certificates for all of the properties due to various title defects or other reasons. There can be no assurances that CITIC Limited Group's ownership rights would not be adversely affected in respect of properties for which CITIC Limited Group is unable to obtain the relevant title certificates. As a result, CITIC Limited Group may face the potential risk of litigation or other penalties.

As at 31 December 2023, CITIC Limited Group had not registered certain of its leased properties, primarily because certain lessors have not cooperated with CITIC Limited Group for completing the registration procedures and certain local authorities do not provide registration services for lease agreements. With respect to some of the leased properties, the lessors were not able to provide the title certificates or documents evidencing the authorisation or consent of the owners of such properties to the lease or subletting. As a result, third parties may be able to challenge the validity of these leases. In addition, there can be no assurance that CITIC Limited Group will be able to renew the leases on commercially acceptable terms, or at all, upon their expiration. If any of the leases were terminated as a result of challenges by third parties or expiration, CITIC Limited Group may be forced to relocate affected properties. Under such circumstances, if CITIC Limited Group is not able to find alternative locations with acceptable conditions, CITIC Limited Group's operation may be adversely affected.

As at 31 December 2023, the owners of certain lands which CITIC Limited Group leased from independent third parties in mainland China had not been able to provide the relevant land use right certificates or consent authorising the lessors to lease or sublease the relevant land. In the event that any third party challenges the ownership of such land, the CITIC Corporation Group may not be able to continue to lease such land.

***CITIC Limited Group is exposed to the risk of inadequate protection of its intellectual property***

CITIC Limited Group relies on patent right, copyright, trademark and contract rights to protect CITIC Limited Group's intellectual property rights. CITIC Limited Group mainly uses "中信", "CITIC", and "" for brand management and marketing, and believes that the brand has always been central to the success of CITIC Limited Group's competitiveness and the key to success. By entering into trademark license agreements, CITIC Group Corporation ("**CITIC Group**") granted CITIC Limited and its relevant subsidiaries, the rights to use these registered trademarks in their operations at nil consideration.

In addition, CITIC Limited Group has developed many advanced systems, trade secrets, proprietary technology, equipment, process, process method and other intellectual property rights, which enhance production or operation efficiency. There can be no assurance that the adopted measures are sufficient to prevent abuse or infringement of CITIC Limited Group's intellectual property rights, or the competitors of CITIC Limited Group's will not develop by themselves, or obtain equivalent or superior substitute technology of CITIC Limited Group's intellectual property rights through obtaining licensing.

Intellectual property laws in the PRC are still evolving and the levels of protection and means of enforcement of intellectual property rights in the PRC differ from those in other jurisdictions. CITIC Limited may not be able to immediately detect unauthorised use of CITIC Limited Group's intellectual property and take the necessary steps to enforce CITIC Limited Group's rights in such property. In the event that the measures taken by CITIC Limited Group or the protection afforded by law do not adequately safeguard CITIC Limited Group's proprietary technology and other intellectual property rights, CITIC Limited Group could suffer losses in revenue and profit due to competing sales of products and services that exploit CITIC Limited Group's intellectual property. Furthermore, there can be no assurance that any of CITIC Limited Group's existing intellectual property rights will not be challenged by third parties.

Adverse judgments in any litigation or proceeding could result in the loss of CITIC Limited Group's proprietary rights and adversely affect CITIC Limited Group's results of operations, financial condition and profitability.

***CITIC Limited Group's businesses may be exposed to certain risks of increasingly stringent environmental protection policies and heightened expectations in terms of environmental, social and corporate governance***

CITIC Limited Group operates in various industries through its subsidiaries. Some of these businesses and operations may have an effect or impact on the environment and surrounding ecological area, including CITIC Limited Group's advanced intelligent manufacturing, advanced materials and new-type urbanisation business segments. An increasing amount of attention is being paid to the effect of business operations on the ecological environment. A number of jurisdiction in which CITIC Limited Group operates are strengthening the protection of the ecological environment, including the PRC. Increasingly stringent environmental policies may increase the investment expenditure and operation costs of CITIC Limited Group in the relevant industries.

CITIC Limited Group's current business operations are subject to obtaining various environmental licenses, approvals and permits in the PRC. There can be no assurance that CITIC Limited Group will not encounter problems in obtaining the required environmental approvals for the operation and development of its business or in fulfilling the conditions of such approvals. Failure to comply with the requirements or the results of an environmental impact assessment could give rise to significant fines or penalties, or restrict CITIC Limited Group's ability to utilise its infrastructure, plant and machinery. Any of these factors could have a material adverse effect on CITIC Limited Group's financial condition and results of operations.

In recent years, there have been growing concerns about the environmental footprint, ethical status, social impact and sustainability of businesses. Companies, investors and other stakeholders are becoming increasingly interested in evaluating a company's conscientiousness for social and environmental factors. As CITIC Limited is listed on The Stock Exchange of Hong Kong Limited, it is required to publish an environmental, social and governance report annually. Failure to operate its businesses in an environmentally friendly, socially responsible and sustainable manner may have an adverse effect on CITIC Limited Group and its reputation.

***Changes in tax policy may have an adverse effect on CITIC Limited Group's business and financial performance***

Prior to 1 January 2008, except for a number of preferential tax treatment schemes applicable to various enterprises, industries and locations, enterprises in mainland China were subject to corporate income tax at the rate of 33 per cent. The new corporate income tax law took effect on 1 January 2008, imposing a tax rate of 25 per cent. on businesses. Companies which enjoy the fixed term tax benefit before 1 January 2008 will continue to enjoy tax preferential treatment until the fixed term ends. Some of CITIC Limited Group's subsidiaries are entitled to preferential enterprise income tax treatment. If there is any adjustment or termination in the tax preferential treatment of CITIC Limited Group, or any increase in the effective tax rate, the tax obligations of CITIC Limited Group will increase accordingly. In addition, with the implementation of the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Caishui Circular [2016] No. 36), from 1 May 2016, taxpayers of business tax that are engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be subject to value-added tax instead of business tax. As the tax rate and the mechanism of value-added tax are different from that of business tax, the change from business tax to value-added tax may affect the business and financial performance of CITIC Limited Group. Besides, the PRC government also adjusts or changes its policies in resource tax and other taxes from time to time. Any uncertainty brought by such adjustment or change may have an adverse effect on the business and financial performance of CITIC Limited Group.

***CITIC Limited Group operates in jurisdictions that may be subject to economic and trade sanctions imposed by the United States, the UK, the European Union and other jurisdictions, which may subject CITIC Limited Group to legal and regulatory risks***

The international operations of CITIC Limited Group may expose it to trade and economic sanctions or other restrictions imposed by the United States or other governments or organisations, including the United Nations, the UK, the European Union and their member countries. The conflict between Russia and Ukraine has also resulted in the further imposition, by the United States and other nations, of sanctions and other restrictive actions against certain banks, companies and individuals in Russia. Some major subsidiaries of CITIC Limited Group provide goods and services, including broadcasting, international transit and roaming services to and from countries that are, or have been, subject to comprehensive sanctions ("**Sanctions**") administered by the United States Office of Foreign Assets Control. Countries that are, or have been, subject to Sanctions include the Crimea Region of Ukraine, Cuba, Iran, North Korea and Syria. Some major subsidiaries of CITIC Limited Group are also involved in certain construction and engineering projects and have manufacturing and sales business in countries that are, or have been, subject to Sanctions. Although the business activities of CITIC Limited Group in these countries are *de minimis* and do not violate applicable sanctions regulations, and CITIC Limited Group has no plans to conduct a material portion of its business with sanctioned countries, there can be no assurance that CITIC Limited Group will not in the future engage in further transactions with businesses in sanctioned countries. CITIC Limited cannot predict the interpretation or implementation of the government policies at the U.S. federal, state or local levels or any policy by any applicable jurisdiction with respect to any current or future activities of CITIC Limited Group in these jurisdictions. Any alleged violations of economic sanctions could adversely affect the public image and reputation of CITIC Limited Group and have an adverse effect on its results of operations and financial condition.

***CITIC Limited Group may not be able to detect money laundering and other improper activities, which could expose it to additional liability and negatively affect its business***

CITIC Limited Group is required to comply with applicable anti-money laundering, anti-terrorism and other laws or regulations in the PRC and other jurisdictions where CITIC Limited Group has operations. These laws and regulations require CITIC Limited Group to adopt and implement "know your customer" policies and procedures and to report suspiciously large transactions to the competent regulatory authorities of different jurisdictions. Some major subsidiaries of CITIC Limited Group are implementing improvements to its anti-money laundering and anti-terrorism system. However, there can be no assurance on the timing and effectiveness of the implementation of such improvements. Even though certain major subsidiaries of CITIC Limited Group have adopted policies and procedures that are aimed at detecting and preventing the use of its networks for money-laundering activities and illegal or improper trades conducted by terrorists or terrorists-related organisations or individuals, such policies and procedures in some cases have only been adopted recently and may not completely eliminate instances where CITIC Limited Group's networks may be used by other parties to engage in money-laundering and other illegal or improper activities. In the event that CITIC Limited Group fails to fully comply with applicable laws and regulations, the relevant government authorities to which members of CITIC Limited Group report in different jurisdictions have the power and authority to impose fines or other penalties on CITIC Limited Group. In addition, money laundering or other illegal or improper activities conducted by customers of CITIC Limited Group using its networks may negatively affect the business operations, financial condition and reputation of CITIC Limited Group.

***CITIC Limited Group's businesses and prospects may be materially adversely affected if it fails to maintain its risk management system or if this system proved to be ineffective or inadequate***

CITIC Limited Group has established a comprehensive risk management system. Certain areas within CITIC Limited Group's risk management system may require constant monitoring, maintenance and continual improvements by the senior management and staff. CITIC Limited Group's businesses and prospects may be materially and adversely affected if efforts to maintain these systems are proved to be ineffective or inadequate. Deficiencies in the risk management and internal control systems and procedures may adversely affect CITIC Limited Group's ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact CITIC Limited Group's ability to identify any reporting errors and non-compliance with rules and regulations.

CITIC Limited Group's internal control system may contain inherent limitations caused by misjudgement or fault. As a result, there can be no assurance that the risk management and internal control systems are adequate or effective notwithstanding CITIC Limited Group's efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being taken against CITIC Limited Group or its employees, disruption to the risk management system, and material and adverse effects on CITIC Limited Group's financial condition and results or operations.

***CITIC Limited Group's financial investment activities may be exposed to credit, currency, interest rate, market and counterparty risks***

In addition to day-to-day operational funds management aimed at maintaining the liquidity of CITIC Limited Group, CITIC Limited Group may also invest in certain financial investments. Investments by CITIC Limited Group are subject to strict governance guidelines, restrictions and policies, oversight, as well as established reporting procedures. In addition to the departments with risk management function, relevant functions of CITIC Limited Group will also identify and assess financial and other risks in terms of investment review, strategic planning, financial management and compliance with laws. The long-term objective is to further promote and monitor formal business-wide risk management processes. However, there can be no assurance that such guidelines, restrictions, policies, oversight and reporting procedures will be sufficient to mitigate risks related to investments of this nature or to prevent unauthorised investments. These risk management methods may not adequately prevent losses, particularly if they relate to extreme market movements and a failure of any or all of the aforementioned risk management methods may result in investments which do not meet the investment objectives of CITIC Limited Group that will in turn have a material adverse effect on the results of operations, financial condition and profitability of CITIC Limited Group.

The financial investments made by CITIC Limited Group set out above are subject to credit, currency, interest rate, market and counterparty risks. CITIC Limited Group may not recoup the full value of its investments or the investments may result in a loss. If CITIC Limited Group does not recoup the full value of its investments or the investments result in a loss, CITIC Limited Group's results of operations and financial condition may be materially and adversely affected.

***CITIC Limited Group's business may not be adequately insured***

CITIC Limited Group maintains insurance coverage for risks including damage to property and assets, business interruption, employee insurance and third-party liability where insurance is available at what it considers reasonable commercial terms. The level of coverage and types of insurance obtained by the management of each business differs depending on the characteristics of each business and the regulations of the jurisdictions in which it operates. The insurance coverage maintained by CITIC Limited Group may not fully indemnify it for all potential losses, damages or liabilities relating to property or business operations, particularly those arising from or as a result of war, civil unrest, terrorism, pollution, fraud, professional negligence and acts of God.

If CITIC Limited Group suffers any losses, damage or liabilities in the course of its operations arising from events for which it does not have any or adequate insurance cover, it may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. In addition, CITIC Limited Group's insurers may become impaired and become unable to meet claims. The occurrence of any of the above events and the resulting payment CITIC Limited Group makes to cover any losses, damages or liabilities may have a material adverse effect on its business, results of operations and financial position.

***A downgrading of the credit ratings of CITIC Limited may affect the price of the Notes***

CITIC Limited is currently rated A- and P(A3) by S&P and Moody's, respectively. CITIC Limited's ratings may be affected by changes in its results of operations, capital structure or other factors, which will mean certain risks for investors. A rating is not a recommendation to buy, sell or hold CITIC Limited's securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. There can be no assurance that any of these two ratings or outlooks given by the rating agencies will remain or not be lowered for any given period of time. A negative change in CITIC Limited's credit rating or outlook may materially affect CITIC Limited's ability to access the capital markets at a better cost of financing.

***The comparability of CITIC Limited Group's financial statements and CITIC Limited Group's financial condition and operations may be affected by new and revised Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants***

The consolidated financial statements of CITIC Limited Group referred to and included (including incorporated by reference) in this Offering Circular have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"), which includes all applicable individual HKFRS, Hong Kong Accounting Standards ("**HKAS**") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong.

The HKICPA issues new and revised HKFRS from time to time. As the accounting standards continue to evolve, HKICPA might further issue new and revised HKFRS in the future. The new accounting policies, if required to be adopted by CITIC Limited Group, could affect the comparability of its financial statements. CITIC Limited Group could also be required to apply new or revised standards retrospectively, resulting in restatements of prior period financial statements in material amounts and no longer being directly comparable. Such new accounting policies may have a significant impact on the financial condition and operations of CITIC Limited Group.

For the preparation of the financial statements for the year ended 31 December 2023, there were certain changes in accounting measures and/or policies, including the following:

- CITIC Limited Group has changed its presentation currency from Hong Kong dollars to Renminbi. The change in presentation currency has been applied retrospectively.

- CITIC Limited Group has adopted HKFRS 17 "Insurance Contracts" replacing HKFRS 4 "Insurance Contract" with a date of initial application as 1 January 2023, which resulted in changes in accounting policies. CITIC Limited Group has adjusted the consolidated financial statements retrospectively in accordance with HKFRS 17.

- The amendments to HKAS 12 "International tax reform – Pillar Two model rules" introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (income tax arising from such tax, "**Pillar Two income taxes**"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. They are immediately effective upon issuance and require retrospective application. CITIC Limited Group has applied the temporary mandatory exception to the recognition and disclosure of deferred income tax assets and liabilities related to the Pillar Two income taxes.

For details regarding changes to accounting policies applied to the financial statements for the year ended 31 December 2023, see "*Notes to the Consolidated Financial Statements – Material Accounting Policies – Changes in material accounting policies*".

**Risks Relating to the Comprehensive Financial Services Business Segment**

***The banking, trust and securities businesses of CITIC Limited Group are subject to various credit risks***

CITIC Limited Group's banking business provides a wide range of financial products and services, including corporate loans and trade financing to its individual customers, corporate customers, government agencies and financial institutions. If CITIC Limited Group's customers do not fulfil their obligations, thus leading to the increase of outstanding non-performing loans of CITIC Limited Group's banking business, its results of operations, financial condition and profitability could be adversely affected.

*Portfolio Quality of CITIC Limited Group*

Non-performing loans have an adverse effect on results of the operations of CITIC Limited Group's banking and trust businesses. The sustainable growth of CITIC Limited Group's banking business mainly depends on its ability to effectively manage the credit risk and maintain the quality of its portfolio (including loans to connected parties). Any defect in the credit risk management policy of CITIC Limited Group or any risks beyond the control of CITIC Limited Group, may have an adverse effect on the results of operations, financial condition and profitability of the banking business of CITIC Limited Group.

*Loan Portfolio Losses*

Actual losses on CITIC Limited Group's loan portfolio in the future may exceed its current allowance for impairment losses. If CITIC Limited Group's allowance for impairment losses is inadequate to cover the actual losses then CITIC Limited Group may need to make additional allowance for impairment losses, in which case the results of operations, financial condition and profitability of CITIC Limited Group's banking business may be adversely affected.

*Loan Security*

A substantial portion of CITIC Limited Group's loans portfolio is secured by collateral or guarantees. Any significant decline in the value of the collateral or deterioration of the financial condition of the guarantors or any failure by CITIC Limited Group to enforce its rights as a creditor may adversely affect the results of operations, financial condition and profitability of CITIC Limited Group's banking business.

*Certain Loan Clauses*

The loan customers of CITIC Limited Group are often allowed to prepay the loans owed to it under conditions approved by CITIC Limited Group. If the loan customers decide to borrow from the competitors of CITIC Limited Group or use other methods of financing, these customers may prepay or not renew their loans upon maturity, thus the interest income of the banking business of CITIC Limited Group would be adversely affected.

*Concentration Risk of Loans*

CITIC Limited Group's banking business faces risks relating to loans concentration. CITIC Limited Group provides loans to various groups of concentrated customers, industries and regions. If the credit profile of these concentrated customers deteriorates, the financial conditions of these concentrated industries experiences a significant or prolonged downturn, or the economy of these concentrated regions slows down, the assets quality, financial condition, and results of operations of CITIC Limited Group may be adversely affected.

The trust business of CITIC Limited Group also faces credit risk when its counterparties or financing parties in the proprietary trading or trust businesses default. If credit risks arise from proprietary trading, it may have an adverse impact on the assets and income of the trust company. If the credit risk arises from its trust businesses, it may result in the loss of trust assets. This kind of risk may lead to an adverse effect on the credibility, management capabilities and brand of CITIC Limited Group's trust business.

*Risks Associated with Certain Industries*

CITIC Limited Group's banking business provides real estate-related loans including corporate loans extended to real estate customers, corporate loans with real estate as collateral and housing mortgage loans, which may be affected by the various risks related to the real estate market. Furthermore, in light of the PRC's national policies aimed at restricting the over-development of certain industry sectors with excess capacity, CITIC Limited Group's banking business is exposed to credit risks of loans extended to such industry sectors with excess capacity. Despite CITIC Limited Group's efforts in monitoring risks associated with the industries of its loan counterparties, any significant change, whether as a result of changes in the macroeconomic environment, market volatility, changes in national policies or otherwise, may materially and adversely affect CITIC Limited Group's banking business.

The securities business of CITIC Limited Group is involved in businesses such as securities financing, credit product investment and over-the-counter derivatives transactions, etc. Failure of clients to perform contractual obligations may lead to losses which may materially and adversely affect CITIC Limited Group's securities business.

***The banking, securities and trust businesses of CITIC Limited Group is exposed to interest and exchange rate risk***

The results of operations of China CITIC Bank Corporation Limited ("**CITIC Bank**") depend, to a great extent, on net interest income. The financial market and environment of mainland China experienced significant changes in recent years. Domestic interest rate liberalisation accelerated as the People's Bank of China ("**PBoC**") removed the higher limit of interest rates of deposits and competition in mainland China's banking industry became more intense as market interest rates fluctuated further. These had an impact on CITIC Bank. In the long run, further liberalisation of the interest rate regime in mainland China may result in the narrowing of the spread in the average interest rates between Renminbi-denominated loans and Renminbi-denominated deposits, which would affect the results of operations of CITIC Limited Group's banking business. There can be no assurance that timely adjustments of the composition of asset and liability portfolios and the pricing mechanism could be made to effectively cope with the existing and any further fluctuations of interest rates. Adjustments of interest rates in the future, or market expectations of interest rate adjustment may lead to fluctuations in the price of financial products, which in turn could affect the profitability of CITIC Limited Group's fixed interest rate loans, and investment in fixed income securities. In recent years, major overseas economies also experienced inflation due to various reasons, such as tight energy supply amid geopolitical tensions, which was followed by a series of interest rate hikes announced by central banks (such as the United States Federal Reserve). In addition, an increase in interest rates may result in increased financing costs for customers of CITIC Limited Group's banking business and thus reduce the overall demand for loans and accordingly, adversely affect the growth of the loan portfolio of CITIC Limited Group's banking business and increase the risk of default by customers. Furthermore, as the promotion of the internationalisation of Renminbi may result in domestic interest rates becoming more affected by foreign interest rates, there can be no assurance that there will not be further interest rate fluctuations. Changes in interest rates may adversely affect the net interest income, results of operations, financial condition and profitability of CITIC Limited Group's banking business.

CITIC Securities Co., Ltd. ("**CITIC Securities**") engages in derivatives transactions such as interest rate swaps to hedge interest rate exposure that arises from asset and liability positions, and uses derivative instruments such as stock index futures, to mitigate the influence of price volatility of its investment portfolio. As the derivatives market in mainland China is still developing, the ability to hedge the market risks associated with CITIC Limited Group's securities business in mainland China is constrained by the limited derivative products available in mainland China. Given the business environment and market conditions, CITIC Securities may not fully hedge its risk exposure in regard of interest rates, foreign exchange or price volatility. Nonetheless, CITIC Securities also seeks to maintain its residual risk exposures within its risk tolerance.

The trust business of CITIC Limited Group is also subject to risks relating to price fluctuations in securities prices and interest rate, real estate risks, urban investment and financing risks. Fluctuations in securities prices and interest rates will directly affect the yield of the trust products with fixed income and the rate of return to trust beneficiaries, and thus affecting the commission income of the trust business, which may adversely affect the results of operations, financial condition and profitability of CITIC Limited Group's trust business.

***The banking and securities businesses of CITIC Limited Group is exposed to liquidity risks***

Customer deposits have always been the primary funding source and the main component of liabilities of CITIC Limited Group's banking business. Due to lack of alternative investment products in mainland China, CITIC Limited Group's short-term customer deposits have generally not been withdrawn upon maturity and have thus represented a stable source of funding. However, there can be no assurance that this will continue to be the case, especially as more alternative investment products become available. If a substantial portion of CITIC Limited Group's depositors withdraw their current deposits or do not renew their fixed-term deposits upon maturity, CITIC Limited Group may need to seek alternative sources of funding to meet liquidity requirements. The availability of alternative capital sources may be adversely affected by factors beyond CITIC Limited Group's control, such as deterioration of market conditions and turmoil of the financial markets. Given the foregoing reasons, if CITIC Limited Group fails to meet liquidity requirements through customer deposits and other capital sources, or if CITIC Limited Group's cost of capital increases, its liquidity, results of operations, financial condition and profitability may be adversely affected.

In response to changes and to improve profitability, CITIC Securities maintained operating leverage at a moderate level. CITIC Securities engages in debt financing through domestic and overseas capital markets and the inter-bank lending markets. CITIC Securities provides financing services through margin trading and securities lending, repurchase agreements, stocks pledged repo and stock return swaps. If CITIC Securities cannot obtain new funding sources upon maturity of existing debts, or funding sources are adversely affected by factors beyond its control, such as deteriorating market conditions, instability in financial markets, or market liquidity shortage when CITIC Securities needs temporary inter-bank lending, the results of operations, financial condition and profitability of CITIC Limited Group's securities business may be adversely affected.

***The financial services businesses of CITIC Limited Group are subject to operational risks and risks relating to information technology systems***

The financial services business of CITIC Limited Group relies heavily on the ability to process huge amounts of transactions on a daily basis, some of which is very complex and highly time sensitive. As a result, CITIC Limited Group is extremely dependent on financial, accounting, data processing and other operating system and facilities. If CITIC Limited Group's systems cannot accommodate the increased transaction volume, it may restrict CITIC Limited Group's ability to further expand business. CITIC Limited Group may not be able to improve or upgrade information technology system successfully or in a timely manner in the future to satisfy customers' increasing demand on variety and quality of the products and services, and the results of operations, financial condition and profitability and prospects of CITIC Limited Group's banking business may in turn be adversely affected. CITIC Limited Group relies on its information technology system in the process of providing services to customers, risk management, internal controls and the supervision on CITIC Limited Group's business operations. CITIC Limited Group has also put in place backup plans for its information technology system, including essential equipment and communication networks. CITIC Limited Group has also established a disaster backup centre to maintain business continuity when disasters or major system malfunction occur. Nevertheless, there is still a possibility that the business of CITIC Limited Group will be interrupted due to partial or entire malfunction of the major information technology systems or communication networks.

Information technology is widely applied in the securities industry's end-to-end business operations in areas such as proprietary trading, asset management, brokerage, custodian, settlement and clearance. Increasing dependence upon automated systems to record and process transactions may further increase the technology risk. Although CITIC Securities has implemented a proper governance framework and various technology risk control mechanisms (such as change management, information security, business continuity management, etc.) to ensure the occurrence of operational risk events and losses are within the risk tolerance level, there is still a possibility for the occurrence of technology risk events, including but not limited to system malfunction, system failure and/or outage, information security issues and data leakage, that may cause trading inefficiencies, jeopardise liquidity, business interruptions and leakage of confidential information, which may further lead to damage of CITIC Limited Group's reputation, deterioration of service quality to clients and result in financial losses, regulatory sanctions and legal disputes.

CITIC Limited Group is also exposed to other types of operational risks, including but not limited to inadequately designed business processing workflows or ineffectively implemented control procedures. In addition, threats caused by misconduct and/or negligence of employees, misappropriation or theft by unauthorised persons or external parties, maliciously caused dysfunction or impairment of data, software, hardware or other computer equipment may have an adverse effect on the business, operations and financial condition of CITIC Limited Group, which in turn may adversely affect CITIC Limited Group's ability to fulfil its obligations under the Programme.

***The financial services businesses of CITIC Limited Group are subject to various risks of competition***

The trend of mixed operations in financial industry has led to a new competitive landscape in mainland China's securities industry. Commercial banks, insurance companies and other financial institutions, both domestic and foreign, have entered the traditional securities industry and compete with the traditional business of securities companies through product and service innovation, leading to intense competition. Commercial banks compete with securities companies directly with their sales networks, customer resources and capital strength in businesses such as bond sales, financial advisory services and the sale of wealth management products. In recent years, based on CITIC Securities' strong domestic platform, the overseas business of CITIC Securities has also developed rapidly and faces competition from overseas capital markets. If it cannot develop and implement effective strategic plans and develop new business in time, or due to insufficient internal operations and management experience, CITIC Securities may lose its competitive advantage, which may adversely affect the results of operations, financial condition, profitability and development prospects of CITIC Limited Group's securities business.

The trust business of CITIC Limited Group faces competition from other trust companies which may have competitive advantages in various aspects such as financial strength, management capability, resources, operation experience, market share and/or product sales channel. With changes in regulatory policies, commercial banks, securities companies, insurance companies, and fund management companies are now permitted to offer a variety of financial products, some of which are similar to those offered by trust companies. If the competitiveness of CITIC Limited Group's trust business declines in one or more aforementioned aspects, the results of operations, financial condition and business prospects of the trust business of CITIC Limited Group may be adversely affected, including reduction in market share, loss of customers and decrease in profitability.

As there is substantial product homogeneity in the insurance market, CITIC-Prudential Life Insurance Co., Ltd. ("**CITIC-Prudential Life**") faces market threats arising from increased product competition and comprehensive product offerings by its industry counterparties which are highly versatile and up-to-date.

In addition, through sales model and the application of new technologies, industry peers have expanded sales channels, improved service efficiency and reduced service costs, which causes CITIC-Prudential Life to face challenges in relation to its cooperation models, sales system, business processes and management system.

***The financial services business of CITIC Limited Group is subject to risks associated with employee misconduct***

The financial services business of CITIC Limited Group has established rigorous internal control procedures and systems to detect, control and prevent employee misconduct. However, there can be no assurance that it can avoid economic losses, legal disputes, regulatory proceedings, investigations and default risk triggered by operational errors during all businesses and decision-making processes nor can such procedures and systems completely eliminate the individual misconduct of employees. If such misconduct occurs and is not timely detected or prevented, it may have adverse impacts on CITIC Limited Group's reputation and financial condition, and even result in lawsuits and regulatory sanctions against CITIC Limited Group.

***The banking business of CITIC Limited Group is required to comply with regulatory requirements relating to capital adequacy ratios***

In accordance with Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) promulgated by the CBIRC on 7 June 2012, the regulatory requirements relating to the capital adequacy ratio of CITIC Limited Group include minimum capital requirements, reserve capital requirements, and countercyclical capital requirements, additional capital requirements of systematically important banks. According to the CBIRC's transitional arrangements of capital adequacy ratios, CITIC Limited Group's banking business must satisfy the minimum capital requirements (a minimum core tier-1 capital adequacy ratio of 8 per cent., a minimum tier-1 capital adequacy ratio of 9 per cent. and a minimum capital adequacy ratio of 11 per cent.). As at 31 December 2023, the core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio, and capital adequacy ratio of CITIC Bank were 8.99 per cent., 10.75 per cent. and 12.93 per cent., respectively, all of which satisfied regulatory requirements.

To continue to meet regulatory capital adequacy ratios, the banking business of CITIC Limited Group may need to raise additional core capital or supplementary capital in the future. In particular, Chinese regulators may in the future reclassify the banking business of CITIC Limited Group into a different tier of domestic systematically important banks, resulting in additional capital requirements for the banking business of CITIC Limited Group. The continuing rapid growth of the banking business of CITIC Limited Group will lead to an increase in risk-weighted assets. In the event that CITIC Limited Group cannot replenish capital in time, the capital adequacy ratios of the banking business of CITIC Limited Group may decline. In addition, if the NAFR increases the minimum capital adequacy ratio and core capital adequacy ratio or changes its regulations on capital requirements or computing method of capital adequacy ratios, CITIC Limited Group may not be able to satisfy the new regulatory requirements in a timely manner. If the banking business of CITIC Limited Group is unable to meet capital adequacy requirements, NAFR may require CITIC Limited Group to take corrective measures including restrictions on the growth of loans and other assets of CITIC Limited Group's banking, or the declaration or distribution of dividends. These measures may adversely affect the results of operations, financial condition and profitability of CITIC Limited Group's banking business.

***The loan classification criteria adopted by the banking business of CITIC Limited Group is different from criteria applied by banks in certain other countries and regions***

The loans of the banking business of CITIC Limited Group are classified in accordance with the Guidelines on the Classification of Loan Risks formulated by the former China Banking Regulatory Commission. The loan classification system of CITIC Limited Group is different from the loan classification systems adopted by banks in certain other countries and regions in some respects. Therefore, the loan classification criteria applied by the banking business of CITIC Limited Group towards loans and advances may differ from that adopted by other jurisdictions. If CITIC Limited Group adopts the loan classification and the allowance for impairment losses policies in such countries and regions, the loan classification and provisioning policies reported by CITIC Limited Group may differ from those that could be reported.

***CITIC Limited Group's financial services business is subject to extensive regulatory requirements, the non-compliance with which could cause it to incur penalties***

CITIC Limited Group's financial services business is subject to extensive regulatory requirements, including requirements imposed by the PRC, Hong Kong and other jurisdictions. Such regulatory requirements are designed to ensure the integrity of the financial markets, the viability of financial institutions as well as the protection of investors and stakeholders. However, regulatory requirements may restrict the activities of CITIC Limited Group's financial services business by, among other things, imposing regulatory capital requirements, limiting the types and complexities of products and services it may offer, restricting the types of securities in which it may invest and limiting the number and location of branches it may establish. Regulatory authorities may also impose restrictions or penalties on CITIC Limited Group for non-compliance with regulatory requirements.

Despite the efforts of CITIC Limited Group to comply with applicable regulatory requirements, there are nevertheless associated risks, particularly in areas where applicable regulations may be subject to interpretation by regulators. Non-compliance may subject CITIC Limited Group to restrictions or penalties, which could have a material adverse effect on its business, results of operations or financial condition.

There can be no assurance that CITIC Limited Group will be able to meet all the applicable regulatory requirements, or comply with all the applicable regulations and guidelines, at all times. Failure to do so could result in sanctions, fines, penalties or other disciplinary actions, including, among other things, a downgrade of its regulatory rating and limitations or prohibitions on the future business activities of CITIC Limited Group in the financial services sector, which may in turn harm its reputation, and consequently have a material adverse effect on its financial condition and results of operations.

***The banking regulatory regime in the PRC is continually evolving and CITIC Limited Group is subject to future regulatory changes***

CITIC Limited Group's banking business operates in a highly regulated industry and is subject to laws and regulations of the PRC and other jurisdictions. These include banking-related statutes and regulations in mainland China such as the PRC Commercial Banking Law and related implementation rules while the principal regulators of the mainland China banking industry currently include the NAFR, the PBoC and SAFE. In particular, the banking regulatory regime of mainland China continues to evolve and changes in the laws, rules and regulations as well as their interpretations may result in additional costs or restrictions on CITIC Limited Group's banking business. Recent reforms include the restructuring of different government bodies responsible for regulating different sectors of the financial industry, for example, replacing the CBIRC with the newly-established NAFR, transferring the authority to regulate enterprise bonds from the National Development and Reform Commission ("**NDRC**") to the China Securities Regulatory Commission ("**CSRC**"), as well as transferring certain regulatory powers from the CSRC and PBoC to the NAFR.

CITIC Limited Group's banking business and operations are directly affected by such changes in the laws, regulations and regulatory regimes of the PRC. There can be no assurance that the policies, laws, regulations and regulatory regimes governing the banking business of CITIC Limited Group will not change in the future or that any such changes will not materially and adversely affect CITIC Limited Group's business, financial condition and results of operations nor can there be any assurance that CITIC Limited Group will be able to adapt to all such changes on a timely basis. In addition, there may be uncertainties regarding the interpretation and application of new policies, laws and regulations, which may result in penalties and restrictions on CITIC Limited Group's activities and could also have a significant impact on its business.

***Emerging internet finance and mobile finance may impact the operations of the traditional banking business of CITIC Limited Group***

With the rise of internet finance, the financial service industry has experienced many changes in terms of payment methods, wealth management products and forms of financing which bring new challenges to the traditional banking business, such as the rapid growth of third-party payment organisations, the emergence of new wealth management products and the development of new internet financing forms. In addition, with the liberalisation of the interest rates regime, internet financing companies can attract customers through higher deposit rate, raising the cost of deposits taken by banks. The increasing functionality of mobile phones and mobile internet device allows customers to reduce reliance on traditional banking websites. There can be no assurance that the increasingly developed internet and mobile-finance will not adversely affect the existing banking business of CITIC Limited Group.

***The securities business of CITIC Limited Group is exposed to risks brought by market fluctuations***

CITIC Securities is principally engaged in investment banking, sales, trading and brokerage, asset management and investment businesses, all of which are highly dependent on economic and market conditions of mainland China and other jurisdictions (including Hong Kong) in which CITIC Securities operates. Market conditions in the PRC's capital market may change quickly and significantly, which may adversely affect the results of operations, financial condition and profitability of CITIC Securities. In addition, global market conditions may have uncertain or unfavourable effects on the PRC's market. With the continued development of the overseas business of CITIC Securities, it will also be directly affected by the global market conditions. There remain concerns over how ongoing international trade disputes will be resolved, the stability of the Eurozone economy, political unrest in the Middle East and Eastern Europe, the conflict between Russia and Ukraine, the conflict between Israel and Palestine as well as threats of or actual terrorist attacks or conflicts in the Middle East, Asia Pacific, Eastern Europe or other regions. On 31 January 2020, the UK officially exited the European Union ("**Brexit**") following a United Kingdom – European Union Withdrawal Agreement signed in October 2019. In December 2020, the UK, the European Union and the European Atomic Energy Community concluded the European Union – United Kingdom Trade and Cooperation Agreement. The cooperation agreement provisionally applied from 1 January 2021, which was when the United Kingdom completed its separation from the European Union, and formally came into force on 1 May 2021. While the United Kingdom and European Union have reached the trade deal, the long-term effect of Brexit remains uncertain, and Brexit has created, and may continue to create, negative economic impact and increase volatility in the global markets. Furthermore, the rising trade tensions between the United States, the PRC and other major nations create uncertainties in the world economy and global financial market. Starting in April 2018, the United States imposed tariffs on various categories of imports from the PRC, and the PRC responded with similarly sized tariffs on the United States' products. In January 2020, the United States and the PRC entered into "phase one" of an economic and trade agreement as an initial step towards resolving the trade war disputes between them. The effect of such an agreement remains elusive, and the lasting impacts any trade conflict may have on the global economic conditions remain uncertain. There are also uncertainties as to when and whether the phase two negotiations will begin and whether the two governments will fulfil their respective obligations under the phase one agreement. In July 2020, the United States imposed sanctions on certain Chinese companies from purchasing U.S. technology and products without a special licence. Through various Executive Orders, the United States further determined that certain Chinese firms are allegedly owned or controlled by the Chinese military. It remains unclear whether the United States will impose further sanctions on more Chinese companies in the future, or vice versa. Any prolonged tension between the two countries over trade policies could result in further volatility in global markets.

Continued concerns about the systemic impact of potential long-term and widespread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for economic growth around the world. The outlook for the world economy and financial markets remains uncertain. The conflict between Russia and Ukraine has created volatility in the capital markets and may have further global economic consequences. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty. Around the world, some countries are experiencing increasing inflationary pressure. Interest rate hikes announced by central banks (such as the United States Federal Reserve) has led to economic stagnation of major economies whilst experiencing inflation. Uncertain or unfavourable financial or economic conditions, in particular, a global financial and economic crisis, may adversely affect the securities business of CITIC Limited Group.

The performance of CITIC Securities will fluctuate with the capital market conditions and be exposed to uncertainties. The risks and challenges faced by CITIC Securities include: (i) its investment banking business is subject to the ability of CITIC Securities to acquire, execute and complete projects; (ii) its brokerage business might be affected by the decrease in brokerage fees and reduced customer trading activities; (iii) its asset management business might be affected by CITIC Securities' ability to manage assets placed under its management, and if the investments performed poorly, CITIC Securities might lose customers or suffer deterioration in its performance and financial results; and (iv) any mistakes in buying and selling strategies could lead to equity and bond trading losses.

*The trust business of CITIC Limited Group is exposed to risks relating to business innovation*

With changes of industrial structure and regulatory environment, the trust business of CITIC Limited Group has increasingly undertaken business innovation in various areas such as capital markets and equity investment. It has explored business development opportunities in multiple markets and developed innovative businesses including equity index futures, private equity, special asset management, offering innovative products including land circulation trusts and family trusts. The profit models of these new businesses are still in their rudimentary stage and face operating risks. Whilst the business enhancement to the trust business of CITIC Limited Group has achieved growth in scale in its innovation transformation business as at 31 December 2023, there is no assurance that these results will be sustained in the long term.

*The insurance business of CITIC Limited Group is exposed to risks relating to distribution of insurance products*

The insurance business of CITIC-Prudential Life primarily provides products to individual customers through individual insurance agents, bancassurance channels, direct sales and other channels, while it provides group insurance products to institutional customers primarily through CITIC-Prudential Life's group insurance sales representatives, individual insurance agents and bancassurance channels. Any termination of, interference with or any adverse change to the relationships with these distribution channels may adversely affect the business of CITIC-Prudential Life.

*The insurance business of CITIC Limited Group is exposed to risks relating to insurance policy claims*

If CITIC-Prudential Life experiences deterioration in operations, or a downgrade in solvency and credit levels, customers' confidence in its insurance products may be negatively affected. This may lead to large numbers of insurance policy surrenders, especially within the long-term life insurance business segment, which will lead to a further deterioration of CITIC-Prudential Life's financial condition. In addition, even when insurance business is carried out under normal circumstances, CITIC-Prudential Life may still be exposed to risks of normal policy surrenders or concentrated surrenders caused by radical emergencies, major changes in national policy, significant changes in the market environment or other causes. If concentrated claims lead to insufficient asset liquidity, CITIC-Prudential Life may be forced to dispose of assets at unfavourable prices, causing serious deterioration in the financial condition of CITIC-Prudential Life and leading to operation difficulties. The occurrence of emergencies with significant impacts may also adversely affect the results of operations, financial condition and profitability of CITIC Limited Group's insurance business.

*The insurance business of CITIC Limited Group is exposed to certain risks relating to the inability to effectively manage assets*

With the continuing expansion of premiums scale, insurance companies will experience more pressure on asset allocation. CITIC-Prudential Life will face uncertainty on how to increase its return on assets. Fluctuations in the capital markets may also affect the achievement of stable return on the investment of CITIC-Prudential Life. CITIC-Prudential Life faces various inherent risks of the insurance market. Failing to effectively control these risks may adversely affect the financial performance of CITIC-Prudential Life. CITIC-Prudential Life is subject to relevant regulations of the NAFR on the maintenance of a required solvency ratio. If CITIC-Prudential Life cannot meet the solvency ratio requirement, the NAFR may impose a series of regulatory sanctions.

*The insurance business of CITIC Limited Group is exposed to certain risks relating to adverse changes in reinsurance market and the failure of reinsurance companies to perform their contractual obligations*

CITIC-Prudential Life transfers a portion of its business to international reinsurance companies and reinsurance companies in mainland China to reduce its own underwriting risk. Adverse changes in the reinsurance market or the failure of reinsurance companies to perform their contractual obligations for CITIC-Prudential Life may adversely affect CITIC-Prudential Life's results of operations and financial condition. In accordance with the relevant regulatory requirements such as Insurance Law and Provisions on the Administration of Reinsurance Business, based on comprehensive assessment of business development scale, concentration of risks undertaken, and actual financial situation, CITIC-Prudential Life developed and implemented a series of reinsurance arrangements to ensure that underwriting risks are dispersed. If CITIC-Prudential Life cannot effectively identify the potential risk of existing insurance products and fails to enter into reinsurance arrangements at reasonable costs or appropriately select a reinsurance company, in the event of a claim or reinsurer default, any loss compensation obligations incurred due to the occurrence of major trigger events will not be compensated by reinsurance companies and shall be borne by CITIC-Prudential Life.

***There are risks relating to CITIC Limited Group's other businesses in the financial sector***

In addition to the above businesses, CITIC Limited Group's business lines also include fund management, futures brokerage and asset management. In particular, China Asset Management Company Limited ("**China AMC**") and GoldStone Investment Co., Ltd. ("**GoldStone Investment**"), which are both subsidiaries of CITIC Securities may face market risk, management risk, policy risk and other risks in their operations.

The aforementioned businesses of CITIC Limited Group are subject to greater influence from economic cycles. In addition, the challenges over integrated management for an effective implementation of CITIC Limited Group's internal policy and procedures by the subsidiaries and all their regional entities and offices, and failure to adhere to PRC and offshore regulations may result in adverse effects on CITIC Limited Group's business development and operation and bring in financial, regulatory and compliance risks, which may further affect CITIC Limited Group's ability to fulfil its obligations under the Programme.

**Risks relating to the Advanced Intelligent Manufacturing Business Segment**

***The advanced intelligent manufacturing business segment of CITIC Limited Group is subject to the risk of changing market demand***

The advanced intelligent manufacturing business segment of CITIC Limited Group mainly includes business areas such as producing aluminium automotive wheels, aluminium casting parts, manufacturing heavy machinery and specialised robotics, smart manufacturing, industrial internet, building lighthouse factories and related venture investment partnerships. CITIC Limited Group's business operations depend on the overall market activity level and growth rate of the upstream and downstream industries in which its customers conduct their businesses. CITIC Heavy Industries Co., Limited ("**CITIC Heavy Industries**"), a subsidiary of CITIC Limited Group, engages in the design, manufacturing and sales of large equipment, complete technical equipment and key basic parts of Heavy Equipment, Complete Engineering Project Management (which is the provision of complete engineering, capital equipment manufacturing and project management services for the entire project, including site assessment and investigation, design, procurement of materials, provision of technical services, manufacturing, installation, training and other services in relation to each stage of the project), Robots and Intelligent Equipment, Energy Conservation and Environmental Protection, New Energy Power Equipment and others. CITIC Dicastal, a subsidiary of CITIC Limited Group, engages in the manufacturing of automobile aluminium wheels and automobile aluminium casting. Its customers are mainly from the automobile industry, which is highly dependent on economic development and growth. Due to the recovering international financial markets and the slowdown in market demand, investors tend to be more cautious when making investment decisions in enterprises. Large fluctuations may occur in the prices of commodities and principal raw materials, the major foreign exchange rates, the money markets and the capital markets. Therefore, the growth rate of the overall economy and the industries in which customers of the advanced intelligent manufacturing business segment operate in may be slower than expected or experience a decline, which may adversely affect the results of operations, financial condition and profitability of the advanced intelligent manufacturing business segment of CITIC Limited Group.

***CITIC Limited Group's advanced intelligent manufacturing business segment depends on whether it can obtain sufficient raw materials supply at acceptable prices and in a timely manner***

The successful operation of the advanced intelligent manufacturing business segment depends on it obtaining a sufficient supply of raw materials in a timely manner, and obtaining supplementary materials, energy, water and other commodities from suppliers at acceptable prices and quality. Global fluctuations in the prices of raw materials and spare parts will directly influence the production capacity and profitability, while the import and export businesses, as well as their respective settlement methods, are affected by foreign exchange rates. In addition, the advanced intelligent manufacturing business segment is exposed to market risks including price fluctuations of raw materials and other commodities. The advanced intelligent manufacturing business segment involves the production of heavy machinery and auto parts, which are subject to the supply and demand of upstream and downstream industries in the short term. The raw materials required by the advanced intelligent manufacturing business segment, such as aluminium alloy, are subject to significant price fluctuations due to their respective production costs, market demand, short-term market speculations and other factors. In addition, an increase in energy prices (including fuel oil, natural gas, electricity and water prices) may also adversely affect the business operations of CITIC Limited Group. Power outages, shortages of oil, natural gas and water and other factors may also have an adverse effect on CITIC Limited Group's business operations.

In addition, changes in the global economic landscape have encouraged the domestic manufacturing industry to conduct industrial upgrades and structural adjustments, which in turn has affected the competitive landscape and future trends of the industry as a whole. There can be no assurance that CITIC Limited Group will continue to obtain sufficient raw materials in a timely manner or obtain energy and water supply from its existing suppliers at the prevailing or acceptable prices. There can also be no assurance that CITIC Limited Group will not be adversely affected by a shortage of raw materials, energy or water supply, or that it will be able to pass the increasing costs of the raw materials, energy or water supply onto its customers. If CITIC Limited Group cannot obtain sufficient raw materials, energy or water on commercially acceptable terms in a timely manner, the results of operations, financial condition and profitability of the advanced intelligent manufacturing business segment of CITIC Limited Group may be adversely affected.

***The research and development activities of CITIC Limited Group may not bring the expected benefits to CITIC Limited Group***

The future performance and reputation of the advanced intelligent manufacturing business segment of CITIC Limited Group depends on whether it can continuously develop new products. Research and development activities require a substantial input of labour and capital resources. CITIC Limited Group's research and development activities may not be successful or generate the expected economic benefits. Even if such efforts are successful, CITIC Limited Group may not be able to apply the newly-developed technology in products that will be accepted in the market, or apply such technology in a timely manner to capture commercial opportunities. In addition, the anticipated market demand during the development phase may not actualise.

Alternatively, the market may not accept such new products upon their launch. The level of economic benefits that can be reaped from newly-developed technologies or products may be affected by the following factors:

- The rate at which competitors are able to copy the relevant technology or products, or the rate at which competitors are able to develop newer or cheaper substitute products; and
- If CITIC Limited Group cannot predict the trend of technology or product development and promptly develop new models, including new technology or products required by its customers, CITIC Limited Group may not be able to produce sufficiently advanced products at competitive prices, which will adversely affect the results of operations, financial condition and profitability of the advanced intelligent manufacturing business segment of CITIC Limited Group.

Certain new products, new processes, and new technologies that are currently under development by CITIC Heavy Industries are unprecedented, and there are risks that they may not be successfully developed, which may adversely affect CITIC Heavy Industries' results of operations. CITIC Dicastal engages in automobile aluminium wheels and automobile aluminium castings and must internally develop the various core industry technology upgrades required in its manufacturing process. If CITIC Limited Group cannot successfully upgrade its industrial technologies or fails to obtain the prerequisites to achieve standardised production, CITIC Limited Group may be unable to compete effectively with its competitors in the industry.

***Anti-dumping measures and other non-tariff barriers adopted by countries of destination may affect the export sales of CITIC Limited Group***

A portion of the automobile aluminium wheels and automobile aluminium castings produced by CITIC Dicastal are exported. CITIC Dicastal's products exported to Europe, the United States and India were partly regulated by anti-dumping measures. There can be no assurance that the countries and regions to which CITIC Limited Group's products are exported will not impose additional anti-dumping measures or other regulatory restrictions on CITIC Limited Group. If such countries and regions adopt additional anti-dumping measures or other non-tariff barriers, the results of operations, financial condition and profitability advanced intelligent manufacturing business segment of CITIC Limited Group may be adversely affected.

***CITIC Limited Group's advanced intelligent manufacturing business segment may be materially and adversely affected if there is malfunction of equipment, insufficient or suspension of electric power or water***

The production process of CITIC Limited Group's advanced intelligent manufacturing business segment may cease if there is unanticipated malfunctioned equipment, or insufficient or suspension of electric power. Certain manufacturing businesses of CITIC Limited Group also rely on water to operate its cooling systems, and consequently a shortage of water may adversely affect operations.

CITIC Limited Group may in the future suffer from plant shutdowns, extended periods of reduced production as a result of such equipment failures or other events or major shortage of electricity or water supply. Any significant increase in utilities costs or any interruption in such supply or lost production which could not be recovered by unaffected facilities, will not only increase cost of production, adversely affecting its financial position, but will also prevent CITIC Limited Group from producing and delivering its products to its customers as scheduled.

**Risks relating to the Advanced Materials Business Segment**

***The advanced materials business segment of CITIC Limited Group is subject to operating risks***

CITIC Limited Group has significant investments in its advanced materials business segment and operates various businesses overseas in Australia, Brazil, Congo, Peru, Indonesia, Kazakhstan and South Africa as well as other countries and regions. These overseas businesses involve the exploration, processing and trading of resources and energy products, including crude oil, coal, iron ore, manganese, aluminium, niobium, copper, other metal and mineral resources and manufacturing of special steels. CITIC Limited Group has invested and will continue to invest substantial capital and other resources in its projects in the advanced materials business segment, and must undertake various risks relating to these projects, including operational risks.

CITIC Limited Group may continue to encounter various operational difficulties in implementing its projects in the advanced materials business segment. Since some of the difficulties are beyond the control of CITIC Limited Group, there could be resulting delays in the production process or an increase in production costs. These operating risks include deferred payments from governments, changes in environmental policies, less beneficial tax policies, labour disputes, disputes with contractors and partners, unexpected technical and maintenance failures, production disruptions caused by adverse weather conditions and natural disasters, outbreak of a severe communicable disease, interruption in the energy and fuel supply, fire and other unusual and unexpected changes to the mineral, geological or mining conditions. These risks can cause damage and loss to CITIC Limited Group's advanced materials business segment, resulting in an adverse impact on CITIC Limited Group's results of operations, financial condition and profitability.

***The advanced materials business segment of CITIC Limited Group is subject to the influence of market price fluctuations***

As the resources and energy industry is significantly influenced by economic cycles, changes in supply and demand in the resources and energy market, currency fluctuations, speculation in the international market, the discovery of new resources and the related substitution effect will have a significant impact on the cost, revenue and results of operations in this industry and result in certain operational risks. Factors such as fluctuations in resource and energy prices, including but not limited to the prices of commodities such as Brent Crude Oil, iron ore and coking coal, changes in supply and demand and currency fluctuations may have an adverse impact on the business and profitability of CITIC Limited Group.

The existing and forecasted price of iron ore is a key consideration for each periodic review of the value of the Sino Iron Project. Non-cash impairment has been made in previous financial years as a result. There can be no assurance that similar or other impairment will not be made by CITIC Limited Group in the future. Such impairment may have an adverse impact on the profitability of CITIC Limited Group.

***The advanced materials business segment of CITIC Limited Group is subject to the risk that actual resources, production amount and resource quality may be lower than expected***

The advanced materials business segment of CITIC Limited Group is exposed to the risk that the actual resource may be lower than expected. For energy resources such as oil and minerals, the proven reserves, probable reserves and possible reserves are only estimates, and are not equivalent to the actual reserves available.

In the mining process, there is the risk that the estimated resources may be significantly higher than the actual resources available. The estimated resource amount, the estimation of potential production rate and resource quality is a complex process which does not have a definitive measure. CITIC Limited Group will inevitably encounter various uncertain factors, some of which are beyond the control of CITIC Limited Group. The estimation of the life of mine may also be adjusted based on actual production experience, prevailing commodity prices and other factors. As a result, not all of estimated resources can be converted into reserves. There can be no assurance that CITIC Limited Group will be able to realise the expected production volume. The actual production amount produced by CITIC Limited Group is subject to many factors which are beyond the control of CITIC Limited Group. The inability to realise its projected production volume and resource quality may adversely affect CITIC Limited Group's future cash flows, results of operations, financial condition and profitability.

***The advanced materials business segment of CITIC Limited Group is subject to risks relating to overseas business development***

The continuing success of the advanced materials business segment of CITIC Limited Group depends on the policies and macro economies of the foreign invested countries, whether new resources and energy can be continuously obtained and developed, and acquisition of the relevant mining rights and government approvals. The continuing success of the advanced materials business segment also depends on whether CITIC Limited Group can successfully exploit and develop current mines and land as well as expand oil reserves. CITIC Limited Group may not be able to maintain its current profitability level in the future. In addition, if CITIC Limited Group obtains new resources and energy, it may substantially amend the reserves estimation. The variations in recyclable rate caused by the geological environment and technology advancements may eventually lead to the adjustment of resources and energy reserve estimations. Fluctuation in commodity prices and changes in production costs may also affect the scope and scale of the mining process and the probability of success. These factors may lead to substantial decrease in extractable reserves in one or more main resources and energy development regions, the results of operations, financial condition, profitability and prospects of advanced materials business segment of CITIC Limited Group may be adversely affected.

CITIC Limited Group's strategy includes exploring and developing new mining reserves, obtaining mining rights for new resources, increasing resources and energy reserves through mergers and acquisitions, making joint venture investments in other mining regions, and cooperating with other resource operators. However, CITIC Limited Group does not have a specific timetable for these plans. There can be no assurance that CITIC Limited Group's exploration and development projects and acquisition activities will lead to a substantial increase in its resources and energy reserves, and there can be no assurance that CITIC Limited Group will continue to develop its advanced materials business segment successfully. In addition, developing the advanced materials business segment requires obtaining approvals from different government authorities. There can be no assurance that CITIC Limited Group will continue to obtain the necessary licenses and authorisations to conduct economically-feasible operations in the various regions it operates in.

***The advanced materials business segment of CITIC Limited Group is subject to risks relating to operational safety and natural disasters***

The advanced materials business segment is exposed to health, safety and environmental protection risks. In part of its exploration, development and mining business, CITIC Limited Group is involved in operating and storing explosives, poisonous substances and other dangerous goods. Although procedures and policies are in place to reduce risks, there can be no assurance that CITIC Limited Group's current on-site safety measures are sufficient to prevent accidents. If any on-site accidents occur, the results of operations, financial condition, profitability of the advanced materials business segment of CITIC Limited Group may be adversely affected.

***CITIC Limited Group faces impairment pressure in relation to the Sino Iron Project and may experience construction and operating cost pressures; it is also subject to operating challenges***

CITIC Limited Group continues to face impairment pressure in relation to the Sino Iron Project. Fluctuations in resource and energy prices can have an impact on the valuation of the Sino Iron Project on

CITIC Limited's consolidated balance sheet and in turn, result in impairment or provisions that impact the consolidated income statement. Non-cash impairment has been made in previous financial years as a result. There can be no assurance that further impairment provisions or charges will not be made in the future. Such impairment provisions or charges, if made, might have an adverse effect on CITIC Limited Group's business, financial condition and results of operation.

CITIC Limited Group's estimates and budgets may be exceeded due to additional construction and labour costs. The inability to contain costs, and in particular labour and contractor costs, may impact CITIC Limited Group's operating margins for an extended period. Construction schedules may be delayed and actual costs may exceed budgeted amounts, and there may be further cost overruns prior to the project coming into full operation. In addition, CITIC Limited Group will be subject to all the risks inherent in the establishment and operating of any mining project. The commercial viability and future profitability of such projects are substantially dependent upon the successful completion, commissioning and operation of the mine, and the price of ore when available for sale. There can be no assurance that CITIC Limited Group will be able to fully commission or achieve full production or sustain the successful operation of the new mining projects or achieve project completion or commercial viability. Any failure to do so would increase the operating cost pressures and thus have a material adverse impact on CITIC Limited Group's business, financial condition and operating results.

Changing industrial relations legislation may impact workforce flexibility, productivity and costs. Labour unions may seek to pursue claims under the new framework. Industrial action may impact CITIC Limited Group's operations, resulting in lower production and revenues.

CITIC Limited Group has operations that are energy intensive and earnings could be adversely affected by rising costs or by supply interruptions including the unavailability of energy, fuel or water due to a variety of reasons, including fluctuations in climate, significant increase in costs, inadequate infrastructure capacity, interruptions in supply due to equipment failure or other causes and the inability to extend supply contracts on economical terms.

***Unexpected natural and operational events could lead to disruptions in production and loss of facilities and adversely affect CITIC Limited Group's financial results***

CITIC Limited Group operates extractive, processing and logistical operations in many geographic locations both onshore and offshore. CITIC Limited Group's operational processes, production outputs and geographic locations may be subject to operational accidents such as port and shipping incidents, fire and explosion, unusual weather fluctuations, floods, pitwall failures, loss of power supply, railroad incidents and mechanical failures. Existing business continuity plans may not be able to ensure the recovery or continuity in production and operations. The impact of these events could lead to disruptions in production and loss of facilities and adversely affecting CITIC Limited Group's financial results.

***Malfunction of equipment could have an adverse effect on the Sino Iron Project's product delivery, business, financial position and operating results***

The production processes of the Sino Iron Project are dependent on various equipment such as some of the largest in-pit crushers in Australia, autogenous grinding mills, ball mills, classifying cyclones, magnetic separators and concentrate thickeners that make up the concentrators, complex slurry and water pipelines, power stations and desalination plants as well as sophisticated systems to operate such equipment. Such equipment and operational systems may incur downtime as a result of unanticipated malfunctions or other events, such as breakdowns or unexpected natural conditions.

There can be no assurance that technical problems or equipment malfunction will not occur in the future. If the Sino Iron Project experiences problems or disruptions relating to equipment going forward, it may be subject to delay and loss of production which could have an adverse effect on CITIC Limited Group's product delivery, business, financial position and operating results.

***The Sino Iron Project may not be able to maintain its right to mine***

The right to mine at the Sino Iron Project is granted under agreements entered into with Mineralogy Pty Ltd. ("**Mineralogy**"), whose right to mine is derived from the mining leases granted to it under the Mining Act 1978 (WA) and the Iron Ore Processing (Mineralogy Pty. Ltd.) Agreement Act 2002 (WA). In the event of a breach by Mineralogy of the mining leases or other tenements, Mineralogy's capacity to grant the right to mine to CITIC Limited may cease. This could result in production slow down or stoppage and would have a material adverse impact on the operations of the Sino Iron Project and the business, financial condition and results of operations of CITIC Limited Group as a whole. Furthermore, in the event of a contractual breach by CITIC Limited under the project documents, CITIC Limited's right to mine, process and export at the Sino Iron Project may be affected or may cease. CITIC Limited is involved in and may be subject to further disputes or legal proceedings with Mineralogy in relation to the Sino Iron Project. These disputes and proceedings may have a major bearing on the long-term viability, profitability and cash flow of the Sino Iron Project. For further information on the Sino Iron Project, see "*CITIC Limited Group – Legal and Regulatory Proceedings*".

***The Sino Iron Project may not achieve its total life of mine production estimates***

The mineral reserve estimates of the Sino Iron Project are estimates based on the judgment, experience and technical data available to CITIC Limited Group only and may not be recoverable in full. As a result, CITIC Limited Group may not achieve its total life of mine production estimates. There can be no assurance that the reserves presented in this Offering Circular will be recovered at the quality or yield presented. Investors should not assume that resource estimates will be directly reclassified as reserves under the Australasian Joint Ore Reserves Committee Code. Mineral resources that are not mineral reserves do not have demonstrated economic viability and are not the equivalent of a commercially mineable ore bodies or reserves. While there has been metallurgical testing of the Sino Iron Project's magnetite iron ore from samples taken across the proposed mining area, by its very nature, mineralisation is not homogenous and the samples may not be representative of the broader ore body. The extent to which the magnetite iron ore produced has different properties to the Sino Iron Project's original evaluation may affect the saleability and price as well as the volume that can be produced. In addition, market fluctuations in the price of iron ore, as well as increased production costs or reduced recovery rates, may render certain mineral resources uneconomic and may ultimately result in a restatement of reserves, resources or both.

***The Sino Iron Project may not be sustainable without access to additional space for waste and tailings storage***

As a magnetite project, the Sino Iron Project requires vast areas for the storage of waste and tailings generated by mining and processing activities. For several years now, the Sino Iron Project has been seeking the assistance of Mineralogy to obtain the necessary government approvals required for life-of-mine operations of the Sino Iron Project. Mineralogy's refusal to cooperate and adversarial approach mean that the Sino Iron Project will run out of space for waste and tailings storage in the near future, and the Sino Iron Project may not be able to find viable alternatives for waste and tailings storage. This will severely constrain operations and threaten the sustainability of the Sino Iron Project, which may in turn adversely affect the results of operations, financial condition and profitability of CITIC Limited, and may lead to project suspension.

*2017 Mine Continuation Proposals Proceedings*

The continued operation of the Sino Iron Project requires it to extend beyond the footprint it currently occupies. The 2017 mine continuation proposals address that need, and include proposals to extend the constrained mine pit, and increase the storage capacity for waste rock and tailings, which are necessary by-products of the mining process. The mining tenements upon which the Sino Iron Project is currently conducted, and those into which the CITIC Parties wish to extend in order to continue operation, are all held by Mineralogy.

A proceeding was commenced against Mineralogy and Mr. Clive Palmer in the Federal Court of Australia, which was transferred to the Supreme Court of Western Australia on 10 June 2019. The proceeding relates to the failure and refusal of Mineralogy to:

- submit 2017 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement;
- grant further tenure which is reasonably required for the Sino Iron Project;
- take steps to secure the re-purposing of general purpose leases for the Sino Iron Project; and

- submit a programme of works ("**Programme of Works**") for the Sino Iron Project to the State of Western Australia.

The claims against Mineralogy are for breach of contract, of unconscionable conduct under the Australian Consumer Law, and in estoppel. Mr. Palmer issued as an accessory to the unconscionable conduct claim. Orders are sought to require Mineralogy to take the four steps listed above, and to pay damages for its failure and refusal to do so. Damages are also sought from Mr. Palmer.

On 7 March 2023, Justice K Martin delivered his reasons in the consolidated proceeding of Proceeding CIV 1915/2019 and Proceeding CIV 2326/2021 (which was consolidated into one action on 29 December 2021) and on 10 March 2023 made orders consequent upon his reasons. Justice K Martin dismissed most of the CITIC Parties' claims. However, Justice K Martin made the following key findings relevant to mine continuation:

- Mineralogy is obliged to either submit, or consent to the CITIC Parties submitting, the Programme of Works.

- Mineralogy is contractually obliged to assist, and cooperate with, the CITIC Parties, including in relation to the submission of project proposals under the State Agreement. However, the Court declined to require Mineralogy to submit the mine continuation proposals in the form before the Court, for reasons including that those proposals presumed the use of tenure outside areas which Mineralogy had previously agreed to provide.

- Mineralogy is required to honestly consider, and not unreasonably refuse, requests for additional tenure that is reasonably requested and reasonably required. His Honour found that the CITIC Parties' most recent tenure request lacked certain features required to meet that test, and so declined to order Mineralogy to grant the tenure the subject of that request. However, his Honour confirmed that an area outside the site lease areas, to the south of the current tailings storage facility, and that is held by Mineralogy, is necessary for future tailings and waste storage for the Sino Iron Project.

- Mineralogy is not required to take steps to re-purpose the general-purpose leases, for reasons including because Mineralogy had not granted the CITIC Parties tenure over all of those general-purpose leases.

On 9 June 2023, after two unsuccessful applications for a stay of the relevant order made by Justice K Martin, Mineralogy submitted the Programme of Works to the State of Western Australia. The Programme of Works was approved on 28 July 2023. That approval allows the CITIC Parties to undertake investigative works necessary for the extension of the mine pit and the establishment of a new tailings storage facility.

*2023 Mine Continuation Proposals Proceedings*

On 27 November 2023, the CITIC Parties commenced a proceeding in the Supreme Court of Western Australia seeking to compel Mineralogy to submit the 2023 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement. The areas over which the activities, being the subject of the 2023 mine continuation proposals, are to be carried out are a subset of the areas which were the subject of the 2017 mine continuation proposals, and are confined to areas over which Mineralogy has already provided access to Sino Iron and Korean Steel. No trial date has been set for this proceeding.

Unless approval can be obtained to allow extension of the mine pit and establishment of additional storage areas for waste rock and tailings, constraints on pit size and waste and tailings storage capacity will ultimately force the suspension of operations. In the short term, these constraints are reflected in reduced concentrate production for calendar year 2024. On 14 February 2024, CITIC Limited Group announced that the Sino Iron Project was forced to budget for a reduction in iron ore concentrate production to approximately 14 million wet metric tonnes in 2024, as compared to approximately 21 million wet metric tonnes in 2023.

For further information on the Sino Iron Project, see "*CITIC Limited Group – Legal and Regulatory Proceedings*".

***Equity interest held by CITIC Limited in certain of its subsidiaries exceeds the limit provided in the "Policy on the Development of the Steel and Iron Industry"***

In July 2005, the NDRC promulgated its "Policy on the Development of the Steel and Iron Industry" (the "**Iron and Steel Development Policy**"). Amongst other things, the Iron and Steel Development Policy prohibits non-PRC investors from holding majority equity interests in a PRC steel mill. As at 31 December 2023, CITIC Limited indirectly owned 83.84 per cent. of CITIC Pacific Special Steel Group Co., Ltd. ("**CITIC Pacific Special Steel**") (formerly Daye Special Steel Co., Ltd.). Although CITIC Limited is a non-PRC entity, CITIC Group, itself a PRC entity, indirectly owns approximately 73.12 per cent. of CITIC Limited as at 31 December 2023. As such, CITIC Limited is of the view that its shareholdings in its special steel plants do not conflict with the Iron and Steel Development Policy. There can, however, be no assurance that governmental authorities in mainland China would subscribe to this view and in these circumstances CITIC Limited may be required to reduce its equity interests in the plants to a level below 50 per cent.

**Risks Relating to the New Consumption Business Segment**

***Rapid technological changes may increase competition and render technologies, products or services offered by CITIC Limited Group's new consumption business segment obsolete or cause CITIC Limited Group to lose market share in the new consumption business segment***

The areas in which CITIC Limited Group operates in the new consumption business segment, such as telecommunications, information and communications technologies, content publishing, motor and consumer products distribution, and agricultural science and technology, are subject to rapid and significant changes in technology, frequent new service introductions and evolving industry standards and practices. For example, in the case of CITIC Press Corporation ("**CITIC Press**"), digital media has experienced rapid growth and has impacted the mode of production, operations and distribution of traditional publishers. With the rise of online content distribution channels such as online bookstores (which may sell hardcopy books and/or e-books), e-book subscription services and audiobook subscription services, there is increasing competition for traditional hardcopy publishers and brick-and-mortar bookstores. CITIC Press, recognising the importance of, and the opportunities presented by, the digital media in the future of the publishing industry, has been actively engaged in developing content in various digital forms aimed at a wide range of audiences. Other businesses of CITIC Limited Group's new consumption business segment are similarly actively pursuing new technologies to keep up with the market trends in their respective industries. However, there is no assurance that CITIC Limited Group will be able to adapt to rapid technological changes or enter into new media channels, nor is there assurance that CITIC Limited Group's technologies, products or services will not be rendered obsolete as a result of technological advances of competitors in the new consumption business segment. If CITIC Limited Group is unable to adapt to rapid technological changes, this may result in CITIC Limited Group losing market share and may adversely affect the financial condition and the result of operations of CITIC Limited Group's new consumption business segment.

***Certain businesses of CITIC Limited Group's new consumption business segment are in highly regulated industries***

CITIC Limited Group operates certain of its businesses in the new consumption business segment in highly regulated industries, for example, the telecommunications industry. CITIC Telecom International Holdings Limited ("**CITIC Telecom**") requires licences from the Communications Authority of Hong Kong (the "**CA**"), without which CITIC Telecom would be unable to operate in Hong Kong. CITIC Telecom is subject to the rules and regulations of the CA, which regulates the telecoms industry in Hong Kong, and the Office of the Communications Authority of Hong Kong (the "**OFCA**"), which assists the CA in enforcing and administering the Telecommunications Ordinance. The CA's authority includes regulating and licensing telecoms facilities and managing the radio frequency spectrum. If the CA determines that CITIC Telecom has violated Hong Kong's telecoms laws or regulations or the conditions of its licences, the CA may suspend or cancel the CITIC Telecom's licences or take other action detrimental to CITIC Telecom. CITIC Telecom is also subject to various other rules, laws and ordinances applicable to companies operating in Hong Kong, including, for example, laws relating to obscenity and privacy. If CITIC Telecom is found to be in violation of these laws, it may face judgments or consequences detrimental to its business. In addition, the public non-exclusive telecommunications services licences granted by OFCA to CITIC Telecom are normally valid for one year, subject to renewal at the discretion of OFCA and compliance of all terms and conditions of the licences. In the event that OFCA refuses to renew any of the existing licences of CITIC Telecom, CITIC Telecom's ability to offer its services will be adversely affected. The Hong Kong Chief Executive in Council may also cancel or suspend licences if it considers that it is in the public's interest to do so.

There is no assurance that CITIC Limited Group will be able to obtain or renew in a timely manner all licenses, approvals or consents necessary for its new consumption business segment, and any failure to do so may adversely affect the financial condition and the result of operations of CITIC Limited Group's new consumption business segment.

**Risks Relating to New-Type Urbanisation Business Segment**

***Failure to accurately estimate overall risk or cost of the new-type urbanisation business segment of CITIC Limited Group may result in cost overrun, declining profitability or even a loss***

A substantial part of the operating income of the new-type urbanisation business segment of CITIC Limited Group comes from fixed price engineering contracting contracts. The cost estimation of CITIC Limited Group involves a number of assumptions including future economic conditions, labour and material costs and supplies, performance of sub-contractor, equipment utilisation rate and construction and technology standards specific to a particular project. However, such assumptions may not be always accurate. In addition, there are uncertainties and risks to the fulfilment of fixed price engineering contracting contracts, such as delay caused by bad weather, technical issues, and failing to obtain the necessary permits and approvals. Even if the increases in labour, materials, and other costs have been considered by CITIC Limited Group during the bidding, these factors may still result in significant differences in the actual risk and costs incurred by CITIC Limited Group as compared to the original estimation. Several project contracts of CITIC Limited Group contain price adjustment provisions that allow CITIC Limited Group to claim for additional costs attributed to certain unexpected rise in the costs of raw materials. However, CITIC Limited Group usually still has to bear part of the increased costs. The risk of cost overrun for existing or future engineering contracting projects may adversely affect the financial condition and the result of operations of CITIC Limited Group's new-type urbanisation business segment.

***Customers of CITIC Limited Group may pay funds according to project progress and ask for quality assurance deposit. The delay in payment and refund of cash deposits from the customers of CITIC Limited Group will affect the operating capital and cash flows of CITIC Limited Group***

Most engineering contracting contracts of CITIC Limited Group and some other contract entered into by CITIC Limited Group in the new-type urbanisation business segment require customers to pay instalment payments by reference to the project value that is completed at the specified deadlines. If CITIC Limited Group fails to obtain favourable advance payment terms and fails to achieve a balance between advance payment deduction and progress payment disbursement, or if customers delay in paying the instalment payments, or refunding the quality assurance deposits, CITIC Limited Group's working capital may be adversely affected. If customers defer in the payments of projects in which CITIC Limited Group has invested substantial resources, the liquidity of CITIC Limited Group may be affected and it reduces the capital source that CITIC Limited Group can use. CITIC Limited Group may bring a claim based on the contract for its loss, but dispute resolution generally requires a significant amount of time, money and other resources, and the results are usually unpredictable. In general, CITIC Limited Group makes provisions for bad debts originated from instalment payments or refunds of quality assurance deposits mainly based on aging and other factors, including the specific circumstances of a particular customer. There can be no assurance that customers can perform instalment payments and refund the quality assurance deposits on schedule. There can be no assurance that CITIC Limited Group may be able to effectively manage the bad debts level attributed to such payment failures.

***The new-type urbanisation business segment of CITIC Limited Group may be exposed to certain project implementation risks***

The new-type urbanisation business segment of CITIC Limited Group faces the following project implementation risks: (i) risk of project implementation, delivery and operation; (ii) risk relating to making the land ready for constructions and the quality of land (such as the costs and the time required for acquisition of the land, license requirements and right of the way assurance, the effects of geological conditions, or other conditions of the land and the costs pressure to satisfy environmental protection standards); (iii) risk of exceeding the time limit or budget for the process of design, construction and adjustment, and risks of the design or construction quality not meeting the requirements of the project and because CITIC Limited Group usually appoints third party contractors to provide construction service, the construction quality of the construction done by third party contractors is not completely under control; (iv) risk relating to engaging third-party contractors with financial or operational difficulties which results in delay and additional costs in construction or commission of new projects and developments business; and (v) risk of service disruption and the risk of potential differences between the cost of operation and maintenance of the assets and the expected demand. The risks above may adversely affect the financial conditions and the result of operations of CITIC Limited Group's new-type urbanisation business segment.

***The new-type urbanisation business segment of CITIC Limited Group may be exposed to certain design technique risks***

Design companies of CITIC Limited Group may need to conduct additional work or change the design according to the contract from time to time. Such process may require determination on whether such work is within the original project scope of work listed, or it is additional work for which the customer should pay additionally. Even if the customer agrees to pay for additional work, CITIC Limited Group may still need to invest money and bear the costs of such work upfront for an extended period of time before such customer recognises the change of design and delivers the payment. In addition, any delay caused by additional work may affect the project progress of CITIC Limited Group and the ability to finish the specific contract and project in a timely manner. Additional costs may also be incurred when design changes are not recognised or when a contract dispute arises. There can be no assurance that CITIC Limited Group can fully recover costs of additional work or change of design related work, or at all, which may lead to commercial disputes, or may adversely affect the financial condition, results of operations and prospects of CITIC Limited Group's new-type urbanisation business segment. In addition, the additional work on one project may lead to delays of other projects and may adversely affect CITIC Limited Group's ability to finish other projects on time.

***The new-type urbanisation business segment of CITIC Limited Group may be exposed to certain risks of safe operation and natural disasters***

CITIC Limited Group's new-type urbanisation business segment is subject to production safety risks during production and operation. Various disasters and emergencies may bring potential risks to CITIC Limited Group's production and operation, including aerial work, dangerous areas work, underground excavation engineering, and the use of heavy equipment and handling of inflammable and explosive materials. Therefore, CITIC Limited Group may face risks relating to these activities including geological disasters, poisonous gas and liquid leakage, equipment failure, industrial accidents, fire, explosion and leakage of groundwater. These risks have historically caused casualties when they materialised and may cause damage to property or production facilities, pollution and other environmental damage in some cases, any of such serious consequences can affect the business of CITIC Limited Group and lead to potential legal liability and damage the reputation and corporate image of CITIC Limited Group.

***The contract value and backlog of engineering contracting business of CITIC Limited Group may not be a reliable indicator to the future results of operations***

The contract value and backlog of the engineering contracting business of CITIC Limited Group represent the total estimated contract value of work that remains to be completed pursuant to the terms of outstanding contracts as of a certain date. Any modification, termination or suspension of these contracts by clients, especially with regard to any one or more sizeable contracts, may have a substantial and immediate effect on CITIC Limited Group's contract backlog of new-type urbanisation projects. Projects may also remain in the backlog for an extended period of time beyond what was initially anticipated due to various factors beyond CITIC Limited Group's control.

Adding new contracts may also have a direct impact on the backlog. Moreover, backlog is not a measure defined by generally accepted accounting principles. Due to various reasons, including some projects commencing and ending within a short period of time, not all revenue will be recorded in the backlog information. Therefore, backlog information only reflects the general volume of future projects under contract and may not be indicative of future operating results. There can be no assurance that the estimated amount of the backlog of CITIC Limited Group's engineering contracting business will be realised in a timely manner, or at all, or that even if realised, such amounts will result in profits. As a result, undue reliance should not be placed on backlog information of CITIC Limited Group's engineering contracting business nor should it be considered a reliable indicator of future profits or results of operations.

***The policies, laws and regulations, and the implementation measures adopted by the PRC government may have an adverse effect on the properties business segment of CITIC Limited Group***

CITIC Limited Group's properties business segment is subject to extensive laws and regulations and is sensitive to changes in regulatory measures and policies adopted by the PRC government. In the past, the PRC government had promulgated a series of policies and measures to control the overheating real estate development and the speculation activities of the residential property market.

These measures include:

- Raising the requirements on real estate developers;
- Stipulating that a set portion of approved development in any year be used for the development of low-cost, small and medium-sized and low-rent properties;
- Imposing more stringent minimum down payment requirements for purchasers of both first and second residential property through mortgage loans;
- Suspension of mortgage loans for the purchase of the third or subsequent residential properties;
- Increasing the minimum down payment for purchasers of the dual-use (residential and commercial) properties;
- Imposing higher taxation for properties with a holding period of individual external transaction of less than 2 years;
- Confiscating land which the holder of land use right may hold from time to time without compensation if the holder of land use right does not commence construction within two years after the date specified in the land grant contract unless delay is caused by certain permitted circumstances; and
- Restricting the ability of foreign-invested real estate companies to raise funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans.

These existing policies and measures, any future policies and measures, or even any rumours related to new restriction policies and measures, may cause decline in CITIC Limited Group's new-type urbanisation business segment, results of operations and financial condition may be adversely affected.

*Restrictions on land usage*

Since 2003, applications for changes in land use for the construction of villas have been ordered to be rejected by the Ministry of Land and Resources (the "**MLR**"). In 2004, the State Council ordered all levels of governments and all departments to cease approving the land supply for property comprising high-grade villas until new policies or regulations are formulated. In 2006, the land use rights for construction of villas fell within the remit of the "Forbidden Land Use Catalogue (2006 Edition)" promulgated by the MLR and the NDRC. In March 2010, the MLR declared a prohibition on land supply for villas. Since 2013, the land use rights for construction of villas are still stipulated in the "Forbidden Land Use Catalogue (2012 Edition)" promulgated by the MLR and the NDRC. If CITIC Limited Group's property business fails to comply with the aforesaid regulations and rules, it may be ordered to cease the development or operation of villas within its developments and/or rectify such illegal activities and/or be subject to penalties.

*Land grant conditions*

Under PRC laws and regulations, if a holder of land use right fails to develop a property according to the terms of the land grant contract, the PRC government may issue a warning, impose a penalty or confiscate any land which CITIC Limited Group may hold from time to time. Under current PRC laws and regulations, the PRC government may impose an "idle land fee" equal to 20 per cent. of the land premium if (i) construction does not commence for more than one year after the date specified in the relevant land grant contract, (ii) total constructed gross floor area is less than one-third of the total proposed gross floor area for the development and the development is suspended for one year without PRC government approval, or (iii) the capital invested in the development is less than one-quarter of the PRC government-approved total investment amount for the development and the development is suspended for one year without PRC governmental approval.

The PRC government has the authority to confiscate land which the holder of land use right is not developed as scheduled without compensation if the holder of land use right does not commence construction within two years after the date specified in the land grant contract, unless the delay is caused by force majeure, governmental action or preliminary work necessary for the commencement of construction.

There are certain pieces of land where the land use rights are held by CITIC Limited Group in relation to which development or commencement of development has not taken place according to original plans for various reasons, including but not limited to the modification of urban planning by the PRC government, the delay in approval of the master plans and/or design modification, incomplete infrastructure, changes in government approval process and site formation for the commencement of construction, a delay in site hand-over and the need for site clearance and/or resettlement of residences on the land. CITIC Limited Group has been discussing and co-ordinating with relevant authorities to resolve issues with the aim of commencing construction as soon as possible. However, there can be no assurance that the relevant authorities will not take any of the actions described above in relation to these pieces of land.

***The new-type urbanisation business segment of CITIC Limited Group in the PRC is exposed to the risk of its profitability being affected by property price fluctuations***

Changes in the supply and demand of property, changes in property prices or unfavourable government actions in the PRC may adversely affect the results of operations, financial condition and profitability of CITIC Limited Group's new-type urbanisation business segment. Policies and measures that have been or may be adopted by the PRC government may lead to changes in market conditions, including unstable property prices in mainland China and imbalanced supply and demand. There can be no assurance that the real estate market in mainland China will not experience sharp downturns in the future or there will not be any material decline in other real estate markets within the regions where CITIC Limited Group operates. In addition, there can be no assurance that the relevant PRC government departments will not implement additional measures to limit the growth of the real estate market, or mainland China's economy and its real estate market will not experience any adverse changes due to policies implemented by the PRC government. Any such changes may cause the property price to fluctuate and in turn may bring adverse effects on CITIC Limited Group's results of operations.

***The properties business segment of CITIC Limited Group is exposed to the risk of fluctuations in market demand***

From time to time, the PRC government adjusts its monetary and economic policies to prevent and curtail the overheating of the national and provincial economies, which may affect the real estate markets. On 20 February 2013, the executive committee of the State Council issued five measures and further promulgated the State Council Notice on the Regulation of the Continuing to Improve the Work of the Real Estate Market 《國務院辦公廳關於繼續做好房地產市場調控工作的通知》(國辦發(2013)17 號) ("**State Five Rules**") to further tighten controls of the real estate market. The new rules have been implemented according to the State Council Notice of Certain Questions on the Regulation of Further Improving the Work of the Real Estate Market promulgated on 26 January 2011 to continue to restrict purchases of real estate. These restrictions apply to primary and secondary commercial housing properties located in all administrative areas of designated cities, and stipulate the review of the purchasing eligibility of all potential purchasers prior to the signing of any purchase agreement. In addition, non-resident households, which have one or more residential property and cannot produce payment evidences of local taxes or social insurance contributions within the prescribed period, shall continue to be suspended from the purchase of any other commercial residential properties. Therefore, the scales of commercial bank credit and mortgage approvals are affected in various degrees.

Factors such as macroeconomic fluctuations, performance of the real estate markets, regulatory changes in the local government financing platform and the implementation of Capital Management Measures of Commercial Bank (Tentative) may materially impact the financing environment. Any real estate market downturn, economic downturn or over-supply of properties and adverse development in these or any other markets where CITIC Limited Group operates could adversely affect its profitability. Policies and measures may also lead to changes in the real estate market conditions including unstable prices and imbalanced supply and demand of offices, residential area, retails, entertainment and cultural properties which could adversely affect the results of operations and financial condition of CITIC Limited Group's properties business segment.

***The properties business segment of CITIC Limited Group depends on whether CITIC Limited Group could acquire land reserves that are suitable for development at reasonable prices***

CITIC Limited Group's properties business segment depends on CITIC Limited Group's ability to seek and acquire suitable land reserves at affordable prices. CITIC Limited Group needs to acquire land reserves to achieve business growth. Substantial costs may be incurred when CITIC Limited Group seeks, evaluates and acquires appropriate new land sites for future developments. The PRC government's land supply policy may affect the cost of land acquisition and CITIC Limited Group's ability to purchase land for future property developments. The PRC government controls the land supply through zoning, land usage regulations and other measures and stipulates that public bidding, auction or listing must be used for any transfer of land-use rights in residential and commercial property development projects. In addition, the PRC government may restrict the land supply for the development of commercial housing in mainland China or the cities in which CITIC Limited Group operates or intends to operate its business. All these measures intensify the competition for land in mainland China among property developers and land supply policies have a direct impact on CITIC Limited Group's ability to acquire land use rights and its costs of acquisition. If the government policy changes and reduces the supply of land for future projects of CITIC Limited Group or CITIC Limited Group fails to bid for new land, locate new land at reasonable prices, or acquire sufficient new land for development, the results of operations of CITIC Limited Group's properties business segment may be adversely affected.

***There may be significant differences in the results of operations of the new-type urbanisation business segment of CITIC Limited Group in different periods***

Results of operations of CITIC Limited Group's new-type urbanisation business segment may fluctuate according to factors such as the property project development schedule, the popularity of the project among the target customers, sales timing, as well as the fluctuations in the cost of land and construction and other costs. If CITIC Limited Group delays or fails to obtain relevant and necessary PRC government approvals or licenses for the development projects, the project completion time may be delayed, which may adversely affect the results of operations of CITIC Limited Group's new-type urbanisation business segment.

In addition, when the properties are completed and delivered to the buyer (CITIC Limited Group considers that the main risks and returns of ownership have been transferred to the buyer), CITIC Limited Group will recognise its income from the sale of property. As the completion and delivery time may be different based on the construction schedule, the income and results of operations in different periods (depending on the completion and delivery time) may significantly differ. In addition, any completion and delivery of properties in development may be adversely affected by various factors, including bad weather conditions, delay in obtaining the permits and approvals from relevant government authorities and other factors that are beyond CITIC Limited Group's control. Any such factor may affect the completion and delivery time, cash flows, project revenue recognition and the financial condition of CITIC Limited Group's new-type urbanisation business segment.

***The increase in costs of construction and development may have an adverse effect on the results of operations of the new-type urbanisation business segment of CITIC Limited Group***

CITIC Limited Group's ability to profit from new-type urbanisation projects depends on effective control on the construction and development costs. Competitive pricing construction costs in the PRC generally continue to increase due to the increasing cost of building materials and labour costs. To obtain the competitive pricing from the contractors, CITIC Limited Group generally conducts project bidding. However, CITIC Limited Group will not contract out projects to the sub-contractor of the lowest bid price without considering factors including the required skills and professional knowledge of the contractor, required project design and project schedule requirements. There can be no assurance that CITIC Limited Group can always obtain the most competitive price from the contractor or that the actual project construction cost is no more than the preliminary estimation. If the cost of labour or materials increases greatly and CITIC Limited Group cannot reduce other costs to offset such increase or such increase in costs cannot be transferred to the buyer or tenant of the property, the results of operations, financial condition and profitability of CITIC Limited Group's new-type urbanisation business segment may be adversely affected.

***Leasing of investment properties makes CITIC Limited Group subject to risks incidental to the ownership and operation of industrial, office, retail and residential properties***

CITIC Limited Group is subject to risks incidental to the ownership and operation of industrial, office, retail and residential including, among other things, changes in market rental levels, competition for tenants, concentration of lease renewals and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency or other financial difficulties. In addition, failure to renew leases with tenants on reasonable terms or at all, upon the expiration of the existing terms and any downturn in the rental market could negatively affect the demand for CITIC Limited Group's investment properties and the amount of rental income, which may have a material adverse effect on its business, results of operations and financial condition.

***Hotel operations in the PRC are subject to events and operating conditions that impact the hotel industry***

CITIC Limited Group's hotel operations in the PRC are subject to seasonality and changes in general economic conditions, including the severity and duration of the current economic downturn, unfavourable weather conditions and the impact of natural disasters, competition with other hotels for customers, decreases in demand for rooms and related lodging services, changes in travel patterns, the performance of third-party hotel management companies, limitations of the local labour pool, and changes in operating costs. Deterioration in the events and operating conditions that impact the hotel industry could adversely affect the hotel operations and CITIC Limited Group's business, results of operations and financial condition. CITIC Limited may be liable to fines, penalties or may be required to cease operations if final environmental assessment approval and completion reports or final acceptance filings for construction pending from local governments or regulatory bodies are not ultimately issued.

**Risks Relating to the PRC**

***The PRC's economic, political and social conditions, as well as governmental policies could affect CITIC Limited Group's business, financial condition and results of operations***

A significant part of CITIC Limited Group's businesses, assets and operations are located in the PRC. Accordingly, CITIC Limited Group's financial condition, results of operations and business prospects are, to a large extent, subject to the economic, political and legal development in the PRC.

Changes in the PRC's macroeconomy may subject the results of operations of CITIC Limited Group to fluctuation risks. The PRC's economy has started to enter into an adjustment phase. The PRC's future economic growth on a macro-level may be positioned in a weak growth cycle and fluctuations in the international and domestic economy will affect the operations of PRC enterprises. The government is in the process of conducting comprehensive reforms to expand and open up the economy, implementing innovation driven policies, actively develop a mixed ownership economy, deepen reforms of state-owned enterprises, promote tax system reforms, accelerate the establishment of a modern market system, construct a new open economy system, expand financial businesses in the PRC and overseas, enable qualified private capital to set up medium and small sized banks and other financial institutions according to the law, consolidate the multi-tiered capital market system, improve the Renminbi exchange rate marketisation system and push forward interest rate marketisations. Echoing the recent "Two Sessions" focus, there is a push to establish a novel open economic system, magnify PRC's role as a hub for high-tech innovation, and extend financial operations within the PRC and internationally. The financial regulatory system is experiencing a new round of reformation and reconstruction, including the establishment of the National Financial Regulatory Administration, deepening the reform of the local financial regulatory mechanism, and adjusting the CSRC as a government agency. For a discussion of risks relating to such financial regulatory reforms, see "*Risk Factors – Risks Relating to the Comprehensive Financial Services Business Segment – The banking regulatory regime in the PRC is continually evolving and CITIC Limited Group is subject to future regulatory changes*". The relevant reform policies may be promulgated step-by-step and the relevant businesses of CITIC Limited Group may be affected by the changes in policies in varying degrees.

The PRC may not be able to maintain such growth rate in terms of GDP for the past 20 years. If the PRC's economic growth rate declines or the PRC's economy enters into a severe economic downturn, the results of operations, financial condition, profitability and business prospects of CITIC Limited Group may be adversely affected.

The rules and regulations of the PRC government impose certain restrictions on CITIC Limited Group's financial business. A majority of the Renminbi-denominated investment assets of CITIC Limited Group are invested in certain limited products that the PRC's commercial banks are approved to issue, such as government bonds issued by the Ministry of Finance of the PRC, financial bonds issued by policy banks in the PRC, bonds issued by the PBoC, bonds issued by other PRC commercial banks, short-term financing bonds issued by qualified PRC company entities, derivatives and domestic company bonds traded on the interbank market. Such restrictions on CITIC Limited Group's ability to create a diverse investment portfolio limit its ability to adopt similar investments made by other countries' banks in order to obtain more returns and manage liquidity. In addition, CITIC Limited Group is exposed to risks relating to its heavy focus on Renminbi-denominated investment assets and its lack of hedging tools. The decrease in investment value of CITIC Limited Group's financial business will adversely affect the results of operations and financial condition of CITIC Limited Group. CITIC Limited Group is subject to a credit scale system for its industry loans. Pursuant to national policies, CITIC Limited Group has restricted lending capability in industries that (i) generate substantial pollution, (ii) have high energy consumption or (iii) have excess production capacity. If the PRC government further tightens the relevant policies, the loan quality of the financial business of CITIC Limited Group may be adversely affected. If borrowers of the government's financing vehicles are unable to repay loans, whether due to macroeconomic fluctuations, changes in national policies or other reasons, the loan quality, financial condition and results of operations of CITIC Limited Group may be adversely affected. The relevant regulatory policies relating to trust business may bring about systematic risk to CITIC Trust Co., Ltd. ("**CITIC Trust**"). The PRC government has promulgated a series of laws and regulations related to the trust industry. The PRC's financial regulatory system and related policies are undergoing constant improvements. Changes in regulatory policies related to the trust business and other relevant policies can subject the business expansion and product innovation plans of CITIC Trust to certain systematic risks. Meanwhile, as the trust business is governed by various financial regulatory fields, changes in the regulatory policies of different financial regulatory departments may also affect types of trust products offered by trust companies and their profit models and sources of profit, which in turn affect the profitability of CITIC Limited Group's financial business.

In light of the overheating of the property market in regional areas and for other policy reasons, the PRC government has intensified its efforts to regulate and stabilise the property market with the promulgation of a series of policies to enable the stable development of the property market. As a result, the credit scale and mortgage approvals of commercial banks may be affected in various degrees. CITIC Limited Group's real estate business may be affected by regulatory and industry changes. CITIC Limited Group's infrastructure construction business includes expressways, ports and piers, which depend largely on the macroeconomic policies adopted by the PRC government, especially the PRC government's investment guides and scale control policies towards infrastructure construction. In recent years, along with the growth in the PRC's comprehensive national strength, the investment in infrastructure has experienced rapid growth, and there have been substantial fixed asset investments and technological advancements in industries such as building materials, mining and electricity, which has promoted the development of the burgeoning heavy machinery industry. Nevertheless, the PRC government's spending on infrastructure construction and other construction projects may be easily affected by fluctuations in the PRC's economy and policy changes. If the PRC government adjusts its macroeconomic policies and shifts its preferential policies towards these industries, there may be changes to the operating environment of the aforementioned industries, causing a decrease in the fixed assets investment amount or adjustments to the technological advancement projects, which can adversely affect the market prospects for CITIC Limited Group's products and services.

***There are uncertainties regarding the interpretation and enforcement of PRC laws and regulations which could adversely affect CITIC Limited Group***

The majority of CITIC Limited Group's operations are conducted in the PRC and are therefore subject to PRC laws and regulations. Since the opening up of the PRC's economy, many new laws and regulations governing general economic matters have been promulgated in the PRC. The PRC's legal system is based on written statutes and their interpretations by the courts. While prior court decisions may be cited for reference purposes, they have limited weight as precedents. There are uncertainties regarding the interpretation and enforcement of the PRC's laws and regulations which could adversely affect CITIC Limited Group.

***Any future occurrence of natural disasters or outbreaks of contagious diseases in the PRC or globally may have an adverse effect on the business operations, financial condition and results of operations of CITIC Limited Group***

Any future occurrence of natural disasters such as earthquakes, typhoons, floods, cyclones or other adverse weather conditions, acts or threats of terrorism, or outbreaks of epidemics and contagious diseases, which may include COVID-19, avian influenza, severe acute respiratory syndrome and swine influenza from H1N1 or other strains, may adversely affect CITIC Limited Group's business, financial condition and results of operations. The outbreak of an epidemic or contagious disease can result in a widespread health crisis, restrict or suspend the level of production, operational and business activities in the affected areas, disrupt transportation, materially affect labour supply and adversely affect the national economy, which may in turn adversely affect CITIC Limited Group's results of operations, financial condition and business. Moreover, the PRC has experienced natural disasters such as earthquakes, floods, landslides, rainstorms, hail and droughts in the past. Any future occurrence of severe natural disasters in the PRC may adversely affect the national economy and in turn CITIC Limited Group's results of operations, financial condition and business. There can be no assurance that any future occurrence of natural disasters or outbreaks of COVID-19, avian influenza, severe acute respiratory syndrome, swine influenza or other contagious diseases, or the measures taken by the PRC government or other countries in response to such contagious diseases, would not seriously disrupt the operations and business of CITIC Limited Group. In the event of such disruption, CITIC Limited Group's results of operations, financial condition and profitability may be adversely affected.

**Risks relating to the Notes issued under the Programme**

***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes, and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

***Modification and waivers***

The Trust Deed contains provisions for convening meetings of the Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of the Conditions or any provisions of the Trust Deed. These provisions permit defined majorities to bind all the Noteholders including the Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders, to (i) any modification to the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

***A change in English law which governs the Notes may adversely affect Noteholders***

The Conditions of the Notes are governed by English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

***The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, with DTC or lodged with CMU (each of Euroclear, Clearstream, DTC and CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes, CITIC Limited will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, to DTC or, as the case may be, to CMU, for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. CITIC Limited has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

***Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade***

Notes may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note and the relevant Clearing System(s) so permit, the Notes will be tradable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Notes will only be issued if the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business. The Pricing Supplement may provide that, if Definitive Notes are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against CITIC Limited (including rights to receive principal or interest or to vote) in respect of such Notes.

**Risks relating to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

***Notes subject to optional redemption by CITIC Limited may have a lower market value than Notes that cannot be redeemed***

Unless in the case of any particular Tranche of Notes the relevant Pricing Supplement specifies otherwise, in the event that CITIC Limited would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, CITIC Limited may redeem all outstanding Notes in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Notes. During any period when CITIC Limited may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. CITIC Limited may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances (including the giving of notice to the Issuer pursuant to Condition 10 and the taking of enforcement steps pursuant to Condition 12), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

***Dual currency notes have features which are different from single currency issues***

CITIC Limited may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected; and

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

***Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment***

CITIC Limited may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

***The market price of variable rate Notes with a multiplier or other leverage factor may be volatile***

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

***Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

***Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice-versa, may have lower market values than other Notes***

Fixed/Floating Rate Notes may bear interest at a rate that CITIC Limited may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. CITIC Limited's ability to convert the interest rate will affect the secondary market and the market value of such Notes since CITIC Limited may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If CITIC Limited converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If CITIC Limited converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

***The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Investors may lose part or all of their investment in any index linked Notes issued***

If, in the case of a particular tranche of Notes, the relevant Pricing Supplement specifies that the Notes are index-linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

***The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"***

Interest rates and indices which are deemed to be or used as "benchmarks", are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-European Union based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK.

Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the United Kingdom Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

The potential elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

***The use of Secured Overnight Financing Rate ("SOFR") as a reference rate is subject to important limitations***

The rate of interest on the Floating Rate Notes may be calculated on the basis of SOFR (as further described under Condition 6(b)(ii)(C) of the Conditions). In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the "**ARRC**") announced SOFR as its recommended alternative to U.S. dollar London Interbank Offered Rate (the "**LIBOR**"). However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo-financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. *First*, SOFR is a secured rate, while LIBOR is an unsecured rate. *Second*, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates.

As SOFR is an overnight funding rate, interest on SOFR-based Notes with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period or compounding SOFR during the relevant interest period. As a consequence of this calculation method, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Noteholders therefore will not know in advance the interest amount which will be payable on such Notes.

Although the Federal Reserve Bank of New York has published historical indicative SOFR information going back to 2014, such prepublication of historical data inherently involves assumptions, estimates and approximations. Noteholders should not rely on any historical changes or trends in the SOFR as an indicator of future changes in the SOFR.

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of the SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of the SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources. There can be no guarantee that the SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders. If the manner in which the SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and a reduction in the trading prices of the Notes which would negatively impact the Noteholders who could lose part of their investment.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a SOFR Benchmark Event occurs, which is based on the ARRC recommended language. There is however no guarantee that the fallback arrangements will operate as intended at the relevant time or operate on terms commercially acceptable to all Noteholders. Investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with respect to any Notes linked to SOFR.

***The market continues to develop in relation to SOFR as a reference rate for Floating Rate Notes***

Investors should be aware that the market continues to develop in relation to SOFR and its adoption as an alternative to U.S. dollar LIBOR. Market participants and relevant working groups are exploring alternative reference rates based on SOFR (which seek to measure the market's forward expectation of a SOFR rate over a designated term). The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions of the Notes. In addition, the manner of adoption or application of SOFR in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SOFR in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR.

The use of SOFR as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. Notes referencing SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of such Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to Notes referencing SOFR.

**Risks relating to the market generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). In particular, one or more initial investors in the Notes may purchase a significant portion of the aggregate principal amount of the Notes pursuant to an offering. The existence of any such significant holder may reduce the liquidity of Notes in the secondary trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of CITIC Limited. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application has been made for the Notes issued under the Programme to be admitted to listing on the Stock Exchange of Hong Kong Limited, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

***Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected***

CITIC Limited will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Inventor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Changes in market interest rates may adversely affect the value of Fixed Rate Notes***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***The credit ratings assigned to the Notes may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**Risks Relating to Renminbi-denominated Notes**

Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors.

***Renminbi is not freely convertible. There are significant restrictions on remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of RMB Notes***

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and the PBoC and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer to repatriate funds outside the PRC to meet its obligations under RMB Notes, the Issuer will need to source Renminbi offshore to finance such obligations under the relevant RMB Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in RMB Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the RMB Notes and the ability of the Issuer to source Renminbi outside the PRC to service the RMB Notes***

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the PBoC has entered into agreements on the clearing of Renminbi business (the "**Settlement Arrangements**") with financial institutions (each, a "**Renminbi Clearing Bank**") in a number of financial centres and cities, including but not limited to Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC, although the PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

***Remittance of proceeds into or outside of the PRC in Renminbi may be difficult***

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds outside the PRC in Renminbi, the Issuer will need to source Renminbi outside the PRC to finance its obligations under the RMB Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

***Investment in the RMB Notes is subject to exchange rate risks***

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as other factors. In August 2015, the PBoC changed the way it calculates the mid-point price of Renminbi against the US dollar, requiring the market-makers who submit for the PBoC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBoC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China's actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. The Issuer will make all payments of interest and principal with respect to the RMB Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the RMB Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the RMB Notes below their stated coupon rates and could result in a loss when the return on the RMB Notes is translated into such currency. Accordingly, the value of the investment made by a holder of the RMB Notes in that foreign currency will decline.

***Payments in respect of the RMB Notes will only be made to investors in the manner specified in such RMB Notes***

All payments to investors in respect of the RMB Notes will be made solely by (i) when the RMB Notes are represented by a global certificate, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when the RMB Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer can be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

***There may be PRC tax consequences with respect to investment in the RMB Notes***

In considering whether to invest in the RMB Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the RMB Notes may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those RMB Notes.

***Investment in the RMB Notes is subject to interest rate risks***

The value of Renminbi payments under RMB Notes may be susceptible to interest rate fluctuations occurring within and outside the PRC, including PRC Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The RMB Notes may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with the fluctuations in the Renminbi interest rates. If holders of RMB Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplements. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by an Amended and Restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 20 December 2021 between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 20 December 2021 has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch and The Bank of New York Mellon as the initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agents, the other paying agents, the registrar, the transfer agent(s), the exchange agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar), the "**Exchange Agent(s)**" and the "**Calculation Agent(s)**" (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrar, Transfer Agent(s), Exchange Agent(s) and the Calculation Agent(s) being together referred to as the "**Agents**"). For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at One Canada Square, 40th Floor, London E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

### 1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **No Exchange of Notes and Transfers of Registered Notes**

(a) ***No Exchange of Notes***: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes***: One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) ***Delivery of New Certificates***: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) ***Transfers Free of Charge***: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) ***Closed Periods***: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

## 3. Status

The Notes and the Receipts and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.

## 4. Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of the Principal Non-listed Subsidiaries of the Issuer will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest ("**Security**") upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, other than Permitted Security, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security.

For the purposes of these Conditions:

"**Permitted Security**" means:

(a) any Security over assets (or related documents of title) of a Principal Non-listed Subsidiary incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof and any substitute security created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets (**provided that** the principal amount secured by any such security may not be increased without the approval by an Extraordinary Resolution of the Noteholders);

(b) any Security on assets (or related documents of title) of a Principal Non-listed Subsidiary existing prior to the time such Principal Non-listed Subsidiary becomes a direct or indirect Subsidiary of the Issuer or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof, and any substitute security created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets (**provided that** the principal amount secured by any such security may not be increased without the approval by an Extraordinary Resolution of the Noteholders);

(c) any Security over assets (or related documents of title) of or shares or interests in a Project Subsidiary; and

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, government or any agency of political subdivision thereof or any other entity;

"**Principal Non-Listed Subsidiary**" means any Principal Subsidiary of the Issuer other than one which is listed on The Stock Exchange of Hong Kong Limited, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or any other stock exchange, and their respective Subsidiaries;

"**Principal Subsidiary**" means any Subsidiary of the Issuer:

(a) whose profit after taxation ("**after-tax profit**") or (in the case of a Subsidiary which itself has Subsidiaries) consolidated after-tax profit, as shown by its latest audited profit and loss account is at least 10 per cent. of the consolidated after-tax profit as shown by the latest published audited consolidated profit and loss account of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; and

(b) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) gross consolidated assets, as shown by its latest audited balance sheet are at least 10 per cent. of the consolidated gross assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including the investment of the Issuer and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and of associated companies and after adjustment for minority interests; or

(c) any Subsidiary of the Issuer to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, **provided that** the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (a) and (b) above, **provided that**, in relation to paragraphs (a) and (b) above:

    (1) in the case of a Person becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

    (2) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, after-tax profit or gross assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

(3) if at any relevant time in relation to any Subsidiary, no accounts are audited, its after-tax profit or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

(4) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (1) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer;

"**Project Subsidiary**" means any Subsidiary:

(a) which is a special purpose joint venture, partnership, company or other entity whose principal assets and activities are constituted by, or relate to, a project;

(b) whose obligations in respect of the Relevant Indebtedness over which security has been created in relation to the project is not subject to any recourse whatsoever in respect thereof to the Issuer or any of its other Subsidiaries (other than another Project Subsidiary), except in connection with an enforcement of any encumbrance given by the Issuer or any of its other Subsidiaries over the Issuer's or such other Subsidiary's shares or the like in the capital of such single purpose company; and

(c) which has been designated as such by the Issuer by written notice to the Trustee, **provided that** the Issuer may give written notice to the Trustee at any time that any Project Subsidiary is no longer a Project Subsidiary, whereupon it shall cease to be a Project Subsidiary;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, or other securities which for the time being are, or are intended by the issuer thereof to be quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, having an original maturity of more than one year from its date of issue, and are initially issued, offered or distributed outside the People's Republic of China (which for the purposes of these Conditions excludes the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan); and

"**Subsidiary**" means, in respect of any Person, any entity whose financial statements at any time are required by law, or in accordance with generally accepted accounting principles, of the jurisdiction of incorporation of such Person to be fully consolidated with those such Person.

5. **Interest and other Calculations**

(a) ***Interest on Fixed Rate Notes***: Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) ***Interest on Floating Rate Notes and Index Linked Interest Notes:***

(i) *Interest Payment Dates*: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes (other than Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark)

(x) where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined where the Reference Rate is not SOFR Benchmark, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than EURIBOR or HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the

Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any) in accordance with Condition 5(g), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The "**SOFR Benchmark**" will be determined based on Simple SOFR Average, Compounded Daily SOFR or Compounded SOFR Index, as follows (subject in each case to Condition 5(o) as further specified hereon):

(x) If Simple SOFR Average ("**Simple SOFR Average**") is specified hereon as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be the arithmetic mean of the SOFR reference rates for each day during the period, as calculated by the Calculation Agent, and where, if applicable and as specified hereon, the SOFR reference rate on the SOFR Rate Cut-Off Date shall be used for the days in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date.

(y) If Compounded Daily SOFR ("**Compounded Daily SOFR**") is specified hereon as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Accrual Period (where SOFR Lag, SOFR Payment Delay or SOFR Lockout is specified as applicable hereon to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified as applicable hereon to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable hereon:

(1) SOFR Lag:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i-\times USBD} \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"$\mathbf{SOFR_{i\text{-}xUSBD}}$" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

"**Lookback Days**" means such number of U.S. Government Securities Business Days as specified hereon;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**$d_o$**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to $d_o$, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**$n_i$**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(2) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified hereon;

"**d**" means the number of calendar days in the relevant SOFR Observation Period;

"**$d_o$**" means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"**i**" means a series of whole numbers ascending from one to $d_o$, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**$n_i$**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(3) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**Interest Payment Date**" shall be the number of Interest Payment Delay Days following each Interest Period Date; **provided that** the Interest Payment Date with respect to the final Interest Accrual Period will be the Maturity Date or, if the Issuer elects to redeem the Notes prior to the Maturity Date, the relevant Optional Redemption Date;

"**Interest Payment Delay Days**" means the number of Business Days as specified hereon;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**$d_o$**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to $d_o$, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**$n_i$**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

For the purposes of calculating Compounded Daily SOFR with respect to the final Interest Accrual Period where SOFR Payment Delay is specified hereon, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant Optional Redemption Date, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(4) SOFR Lockout:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the SOFR for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**$d_o$**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to $d_o$, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**$n_i$**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(ii)(C)(x) and Condition5(b)(ii)(C)(y):

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "**SOFRRATE**" or any successor page or service;

"**Reuters Page USDSOFR=**" means the Reuters page designated "**USDSOFR=**" or any successor page or service;

"**SOFR**" means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

(i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator's Website;

(ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; or

(iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(o) shall apply as specified hereon;

"**SOFR Rate Cut-Off Date**" means the date that is a number of U.S. Government Securities Business Days prior to the end of each Interest Accrual Period, the Maturity Date or the relevant Optional Redemption Date, as applicable, as specified hereon; and

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

(z) If Compounded SOFR Index ("**Compounded SOFR Index**") is specified as applicable hereon, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**SOFR Index**" means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, ***provided that***:

(a) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the "SOFR Index" shall be calculated on any Interest Determination Date with respect to an Interest Accrual Period, in accordance with the Compounded Daily SOFR formula described above in Condition 5(b)(ii)(C)(y)(2) "**SOFR Observation Shift**", and the term "**SOFR Observation Shift Days**" shall mean two U.S. Government Securities Business Days; or

(b) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(o) shall apply as specified hereon;

"**SOFR Index$_{End}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon prior to the Interest Period Date for such Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date);

"**SOFR Index$_{Start}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon prior to the first day of such Interest Accrual Period;

"**SOFR Index Determination Time**" means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified hereon; and

"$\mathbf{d_c}$" means the number of calendar days in the applicable SOFR Observation Period.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(ii)(C):

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFR Benchmark Replacement Date**" means the date of occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

"**SOFR Benchmark Transition Event**" means the occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iii) Rate of Interest for Index Linked Interest Notes: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) ***Zero Coupon Notes***: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) ***Dual Currency Notes***: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) ***Partly Paid Notes***: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) ***Accrual of Interest***: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:***

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(h) ***Calculations***: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts***: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(m), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Noteholders.

(j) ***Determination or Calculation by Trustee***: If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) ***Definitions***: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$Y_1$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$Y_2$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$M_1$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$M_2$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$D_1$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"$D_2$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and $D_1$ is greater than 29, in which case $D_2$ will be 30

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$Y_1$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$Y_2$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$M_1$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$M_2$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$D_1$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"$D_2$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case $D_2$ will be 30

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$Y_1$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$Y_2$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case $D_2$ will be 30

(vii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified:

(i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars; or

(ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars; or

(iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro; or

(iv) (where SOFR Benchmark is specified hereon as the Reference Rate and where Simple SOFR Average is specified as applicable hereon or where SOFR Lag, SOFR Observation Shift or SOFR Lockout is specified as applicable hereon to determine Compounded Daily SOFR or where Compounded SOFR Index is specified as applicable hereon) the fifth U.S. Government Securities Business Day prior to the last day of each Interest Period; or

(v) (where SOFR Benchmark is specified hereon as the Reference Rate and where SOFR Payment Delay is specified as applicable hereon to determine Compounded Daily SOFR) the Interest Period Date at the end of each Interest Accrual Period, ***provided that*** the Interest Determination Date with respect to the final Interest Accrual Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-Off Date;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means the rate specified as such hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) ***Calculation Agents***: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) ***Business Day Convention***: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(n) ***Benchmark Discontinuation (General):***

Where this Condition 5(n) is specified as applicable hereon:

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(n)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(n)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(n) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5(n).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(n)(i) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be determined using the Original Reference Rate last displayed on the relevant Screen Page prior to the relevant Interest Determination Date. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(n)(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(n)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(n)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(n) and the Independent Adviser (in consultation with the Issuer), determines (A) that amendments to these Conditions and/or the Trust Deed/Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(n)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed/Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 5(n)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), **provided that** the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

Notwithstanding any other provision of this Condition 5(n), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(n) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(n)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(n) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 17, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(n); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(n), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(n), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5(n)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(ii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions:*

As used in this Condition 5(n):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(B) the Independent Adviser determines (in consultation with the Issuer), is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);

(C) the Independent Adviser determines (in consultation with the Issuer) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(n)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(n)(iv).

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(E) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(F) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

**provided that** the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (E) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

"**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Calculation Agent.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(n)(i).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(o) **Benchmark Discontinuation (SOFR):**

This Condition 5(o) shall only apply to U.S. dollar-denominated Notes where so specified hereon.

The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified as applicable hereon:

(i) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(ii) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and any of the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(o). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Trustee or any of the Agents (if required). Further, none of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(o), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (A) will be conclusive and binding absent manifest error, (B) will be made in the sole discretion of the Issuer or its designee, as applicable, and (C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(iv) *The following defined terms shall have the meanings set out below for purpose of this Condition 5(o):*

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified hereon; **provided that** if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" means the applicable Benchmark Replacement;

"**Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(A) the sum of:

(x) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

(y) the Benchmark Replacement Adjustment;

(B) the sum of:

(x) the ISDA Fallback Rate; and

(y) the Benchmark Replacement Adjustment; or

(C) the sum of:

(x) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and

(y) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(A) in the case of sub-paragraph (A) or (B) of the definition of "**Benchmark Event**", the later of:

(x) the date of the public statement or publication of information referenced therein; and

(y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(B) in the case of sub-paragraph (C) of the definition of "**Benchmark Event**", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**designee**" means a designee as selected and separately appointed by the Issuer in writing;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (A) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded Daily SOFR is specified as applicable hereon) or SOFR Index Determination Time (where Compounded SOFR Index is specified as applicable hereon), or (B) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

## 6. Redemption, Purchase and Options

(a) ***Redemption by Instalments and Final Redemption:***

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) ***Early Redemption:***

(i) *Zero Coupon Notes:*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early

Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) ***Redemption for Taxation Reasons***: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it, and an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled without further enquiry to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) ***Redemption at the Option of the Issuer***: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) ***Redemption at the Option of Noteholders***: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) ***Partly Paid Notes***: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified hereon.

(g) ***Purchases***: The Issuer and its Subsidiaries as defined in the Trust Deed may at any time purchase Notes (**provided that** all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) ***Cancellation***: All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 7. Payments and Talons

(a) ***Bearer Notes***: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and **provided that** the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and

(ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

In this paragraph, "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

*Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.*

(b) ***Registered Notes:***

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(y) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this paragraph, "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

*Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.*

*So long as the Global Note or, as the case may be, the Global Certificate is held on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A. or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where* ***"Clearing System Business Day"*** *means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(c) ***Payments in the United States***: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) ***Payments subject to Fiscal Laws***: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***: The Issuing and Paying Agents, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agents initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, any Exchange Agent appointed under the Agency Agreement and the Calculation Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, any Exchange Agent or any Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, in each case in accordance with the Agency Agreement, **provided that** the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee, and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) ***Unmatured Coupons and Receipts and unexchanged Talons:***

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), the Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) ***Non-Business Days***: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Note, Receipt or Coupon is required), in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a deduction or withholding by or within Hong Kong, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) ***Other connection***: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Hong Kong or the PRC other than the mere holding of the Note, Receipt or Coupon; or

(b) ***Presentation more than 30 days after the Relevant Date***: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

(c) ***Payment to individuals***: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) ***Payment by another Paying Agent***: (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. **Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **Events of Default**

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or pre-funded by the Noteholders or by a third party on their behalf to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(i) ***Non-Payment***: the Issuer fails to pay any amount of principal in respect of any of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of any of the Notes within 14 days of the due date for the payment thereof; or

(ii) ***Breach of Other Obligations***: the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 45 days after notice of such default shall have been given to the Issuer by the Trustee; or

(iii) ***Cross-Acceleration***: (A) any other present or future indebtedness of the Issuer or any Principal Subsidiary for or in respect of Borrowed Money (as defined below) becomes due and payable prior to its stated maturity by way of acceleration following a default by the Issuer or any Principal Subsidiary; or (B) when the Issuer or any Principal Subsidiary defaults for more than five days in the only or last remaining payment due of any principal of any of its Borrowed Money beyond any grace period provided in respect thereof; or (C) the Issuer or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for or in respect of Borrowed Money after any originally applicable grace period, **provided that** the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) has or have occurred equals or exceeds U.S.$75,000,000 or its equivalent; or

(iv) ***Enforcement Proceedings***: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days; or

(v) ***Security Enforced***: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries against the whole or a substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and is not discharged within 60 days; or

(vi) ***Insolvency***: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; or

(vii) ***Winding-up***: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations and is not discharged or stayed within 60 days, in each case except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its other Subsidiaries; or

(viii) ***Authorisation and Consents***: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England and Wales is not taken, fulfilled or done; or

(ix) ***Illegality***: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(x) ***Analogous Events***: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs;

**Provided that** in the case of Condition 10(ii) and, in relation only to a Principal Subsidiary, Condition 10(iv), 10(v) and 10(x), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interest of the Noteholders.

For the purposes of this Condition 10:

"**Borrowed Money**" means indebtedness incurred that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, in respect of (i) money borrowed; (ii) any bond, note, loan stock, debenture or any similar instrument; (iii) acceptance or commercial paper facilities; and (iv) the deferred purchase price of assets or services (other than goods and services obtained on normal commercial terms in the ordinary course of trading).

## 11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) ***Meetings of Noteholders***: The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

(b) ***Modification of the Trust Deed***: The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) ***Substitution***: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require and subject to the Trustee obtaining approval by way of an Extraordinary Resolution of the Noteholders, to the substitution of the Issuer's successor in business or any Subsidiary as defined in the Trust Deed of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. No Noteholder, Couponholder or Receiptholder shall, in connection with any such substitution be entitled to claim any indemnification or payment in respect of any tax consequence thereof to such Noteholder, Couponholder or Receiptholder except to the extent provided for in Condition 8 (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

(d) ***Entitlement of the Trustee***: In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee, acting for and on behalf of Noteholders, shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders. For the avoidance of doubt, the provisions of this Condition 11(d) shall not restrict or prevent the Trustee from claiming any indemnity or payment from the Issuer for its own account.

## 12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14. **Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16. **Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 16, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

17. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 17.

*So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, DTC or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.*

18. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19. **Governing Law and Jurisdiction**

(a) ***Governing Law***: The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) ***Jurisdiction***: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) ***Service of Process***: The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(d) ***Waiver of immunity***: The Issuer has irrevocably agreed in the Trust Deed that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any Proceedings or from execution of judgment shall be claimed by or on behalf of it or with respect to its assets, any such immunity being irrevocably waived by the Issuer, and the Issuer has irrevocably consented in the Trust Deed generally in respect of any such Proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.

# SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. **Initial Issue of Notes**

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note with the Common Depositary or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream or (ii) the CMU and delivery of the relative Global Certificate to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

2. **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, DTC or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Subject to the CMU Rules, each of the persons shown in the records of the CMU, as the holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

3. **Exchange**

3.1 ***Temporary Global Notes***

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(a) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see

"*Summary of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(b) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging Agent by the CMU) have so certified.

The holder of a temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the temporary Global Note for an interest in a permanent Bearer Global Note or for Definitive Notes is improperly withheld or refused.

3.2 ***Permanent Global Notes***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 ***Permanent Global Certificates***

(a) *Unrestricted Global Certificates*

If the Pricing Supplement states that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made:

(i) in whole but not in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) in whole or in part with the consent of the Issuer,

**provided that**, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

(b) *Restricted Global Certificates*

If the Pricing Supplement states that the Restricted Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC or Euroclear and Clearstream or the CMU. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of that clearing system, but will limit the circumstances in which the Notes may be withdrawn from that clearing system. Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) may only be made:

(i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC;

(ii) in whole, but not in part, if the Notes are held on behalf of Euroclear or Clearstream or CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(iii) in whole or in part, with the Issuer's consent, **provided that**, in either case, the relevant Registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Transfer Restrictions*".

### 3.4 *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

### 3.5 *Delivery of Notes*

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes.

Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon).

Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### 3.6 *Exchange Date*

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## 4. Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

### 4.1 *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for enfacement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which enfacement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(d) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose. For the purposes of this paragraph, "**Clearing System Business Day**" means a day on which the CMU is operating and open for business.

So long as the Notes are represented by the Global Note or the Global Certificate (as the case may be) and the Global Note or the Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Note or the Global Certificate (as the case may be).

### 4.2 *Prescription*

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 ***Meetings***

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 ***Cancellation***

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the register of the certificate holders, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

4.5 ***Purchase***

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 ***Issuer's Option***

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU, DTC or any other clearing system (as the case may be).

4.7 ***Noteholders' Options***

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent), for notation.

4.8 ***Trustee's Powers***

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee or sub-custodian for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.9 ***Notices***

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, DTC or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

5. **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

# USE OF PROCEEDS

The net proceeds of any Notes issued under the Programme shall be used for the general corporate purposes of CITIC Limited Group including, without limitation, refinancing of indebtedness of CITIC Limited Group or as may otherwise be disclosed in the relevant Pricing Supplement.

## CAPITALISATION AND INDEBTEDNESS

### Capitalisation of CITIC Limited

The following table sets out the consolidated capitalisation of CITIC Limited as derived from the Audited Consolidated Financial Statements of CITIC Limited. The table should be read in conjunction with the Audited Consolidated Financial Statements of CITIC Limited and the notes thereto:

| | As at 31 December 2023 | |
|---|---|---|
| | *(US$ million)*[(1)] | *(RMB million)* |
| **Bank and other loans** | | |
| Bank loans | 27,786 | 196,800 |
| Other loans | 5,412 | 38,332 |
| **Subtotal** | 33,198 | **235,132** |
| ***By remaining maturity*** | | |
| Within one year or on demand | 8,025 | 56,836 |
| Between one and two years | 8,760 | 62,043 |
| Between two and five years | 11,844 | 83,887 |
| Over five years | 4,570 | 32,366 |
| **Subtotal** | 33,198 | **235,132** |
| **Debt instruments issued**[(2)(3)] | | |
| Within one year or on demand | 116,914 | 828,068 |
| Between one and two years | 17,194 | 121,781 |
| Between two and five years | 19,272 | 136,498 |
| Over five years | 17,964 | 127,233 |
| **Subtotal** | 171,344 | **1,213,580** |
| **Equity** | | |
| Share capital | 43,426 | 307,576 |
| Reserves | 55,855 | 395,602 |
| Non-controlling interests | 89,458 | 633,604 |
| **Total Equity** | 188,739 | **1,336,782** |
| **Total Capitalisation**[(4)] | 393,281 | **2,785,494** |

(1) The exchange rate used for translations into US$ in the capitalisation table is RMB:US$ = 7.0827:1.

(2) The amount of certificates of interbank deposits issued by CITIC Bank has increased since 31 December 2023.

(3) On 26 April 2024, CITIC Bank issued RMB30,000,000,000 2.42% undated capital bonds.

(4) Total capitalisation represents total borrowings (total of bank and other loans and debt instruments issued) and total equity.

Save as indicated above, there has been no material change in the capitalisation of CITIC Limited since 31 December 2023.

## CITIC LIMITED GROUP

CITIC Limited Group is a large multi-industry conglomerate involved in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation business segments.

For the years ended 31 December 2022 and 2023, the total revenue of CITIC Limited Group was RMB663,438 million and RMB680,832 million, respectively.

For the years ended 31 December 2022 and 2023, the profit before taxation of CITIC Limited Group was RMB127,292 million and RMB123,287 million, respectively.

As at 31 December 2022 and 2023, the net assets of CITIC Limited Group were RMB1,234,677 million and RMB1,336,782 million, respectively.

CITIC Limited had a market capitalisation of approximately HK$226,904 million at the close of business on 31 December 2023. As at 31 December 2023, CITIC Limited had 29,090,262,630 shares in issue. Its registered office is at 32/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong. It is a constituent stock of the Hang Seng Index.

### Corporate Background

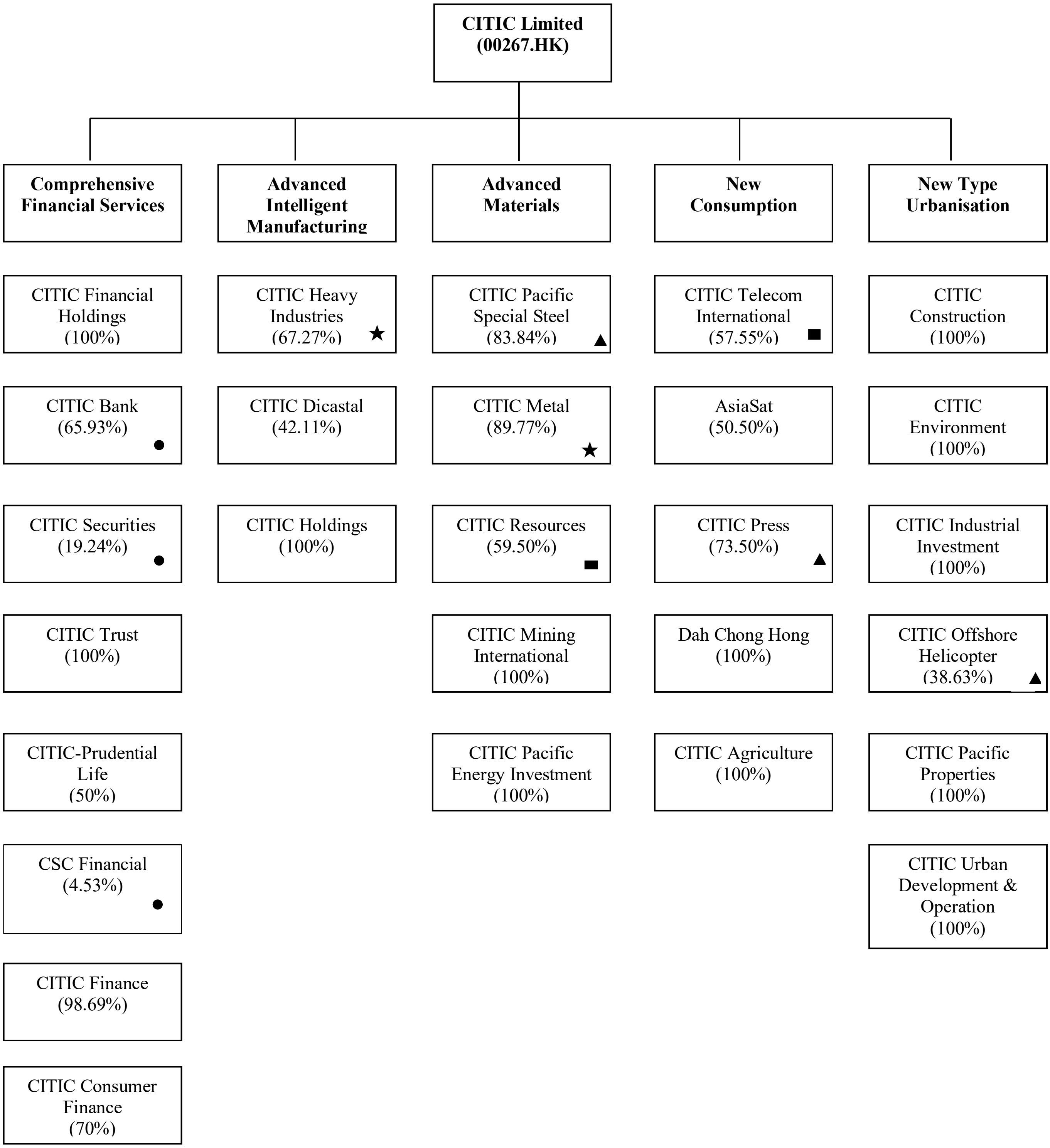
In 1990, CITIC Hong Kong (Holdings) Limited (formerly known as China International Trust & Investment Corporation Hong Kong (Holdings) Limited) acquired a 49 per cent. interest in Tylfull Company Limited. Tylfull Company Limited was incorporated in Hong Kong on 8 January 1985, listed on the Hong Kong Stock Exchange on 26 February 1986 and renamed CITIC Pacific Limited on 22 August 1991.

On 16 April 2014, CITIC Pacific Limited entered into a share transfer agreement (the "**Share Transfer Agreement**") with CITIC Limited Group and Beijing CITIC Enterprise Management Co., Ltd (together with CITIC Limited Group, the "**Vendors**") in relation to the acquisition of 100 per cent. of the total issued shares (the "**Target Shares**") of CITIC Limited (now known as CITIC Corporation Limited) (the "**Acquisition**"). The total price paid by CITIC Pacific Limited to the Vendors for the Target Shares, as adjusted according to the Share Transfer Agreement, was RMB226,996 million (equivalent to approximately HK$286,585 million), which was satisfied through a combination of cash of (and in equivalent to) HK$53,358 million and share consideration of (and in equivalent to) HK$233,228 million.

The Acquisition was completed on 25 August 2014 and CITIC Pacific Limited changed its name to CITIC Limited on 26 August 2014. Prior to the Acquisition, the business of CITIC Limited Group was conducted mainly through CITIC Corporation Limited, its subsidiaries, associated companies and joint ventures.

In 2015, Charoen Pokphand Group Company Limited, ITOCHU Corporation and Youngor Group Co., Ltd. became investors of CITIC Limited.

**Business Segment Structure** *The business segment structure chart which shows the principal operating entities and/or units of CITIC Limited Group as at 31 December 2023 is set out below.*




- ● refers to the companies listed on both the SEHK and SSE.
- ★ refers to the companies listed on SSE.
- ■ refers to the companies listed on SEHK.
- ▲ refers to the companies listed on SZSE.

**Strengths of CITIC Limited Group**

CITIC Limited Group has the following competitive strengths:

***CITIC Limited Group is one of the largest multi-industry conglomerates in the PRC with leading positions across multiple industries. With its well-structured business profile and deep understanding and knowledge across the multiple industries, CITIC Limited Group is well-equipped to capture the opportunities arising from the PRC's economic development***

CITIC Limited Group is one of the largest multi-industry conglomerates in the PRC, and was ranked in the top 100 of the Fortune Global 500 in 2023. As at 31 December 2022 and 2023, the total assets of CITIC Limited Group were RMB10,542,043 million and RMB11,330,920 million, respectively, and the total equity of CITIC Limited Group was RMB1,234,677 million and RMB1,336,782 million, respectively. For the years ended 31 December 2022 and 2023, the total revenue of CITIC Limited Group was RMB663,438 million and RMB680,832 million, respectively.

CITIC Limited Group has a well-structured business profile across the "pillar industries" and emerging industries in the PRC and has secured leading positions in many of its main business segments. CITIC Limited Group's main business segments include comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. Among its main businesses, CITIC Limited Group has been engaged in emerging industries including information technology, renewable energy, modern agriculture, water treatment, robotics and other modern services.

One of CITIC Limited Group's core competitiveness is its ability to share and integrate resources. Many businesses of CITIC Limited Group have benefited from the sharing and integration of resources and cross-pollination of staff and experience, enabling them to compete in the fast-changing market conditions. With a number of its businesses being industry leaders, the management of CITIC Limited has deep understanding, local knowledge and foresight to explore the opportunities in new sectors while enhancing existing businesses and embracing new technology. Accordingly, CITIC Limited Group believes that it is well-equipped to capture future opportunities arising from the PRC's economic growth and transition, thus creating greater value for its shareholders.

***CITIC Limited Group is a pioneer of the PRC's economic reform and a market-oriented group with strong innovation capabilities***

The establishment and development of CITIC Limited Group has been closely connected to the process of "Reform and Opening up" in the PRC. From the outset, CITIC Limited Group pursued growth through innovation, creativity and embraced market principles. The majority of the industries in which CITIC Limited Group operates are highly competitive. For over 40 years, CITIC Limited Group has been operating in accordance with market disciplines as well as adopting international best practices, and has been a pioneer in a series of unprecedented endeavours shown in various areas and has emerged as a formidable force amid intense market competition.

CITIC Limited Group believes that its innovation capabilities, its willingness to embrace new technology and its endogenous power enable it to remain competitive and to maintain its market vitality.

***CITIC Limited Group has an international platform and the ability to allocate resources globally***

The international platform owned by CITIC Limited Group, its ability to allocate resources globally and share information and data within its network are the core competitive advantages which distinguish it from the majority of Chinese enterprises.

CITIC Limited Group has an extensive global business network with operations covering multiple regions and has accumulated significant experience in foreign investment management and talented personnel.

CITIC Limited Group has various business segments operating internationally, including its comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation.

In March 2022, the PBoC approved the establishment of CITIC Financial Holdings Co., Ltd ("**CITIC Financial Holdings**"), as a financial holding subsidiary of CITIC Corporation Limited. Following such establishment, CITIC Limited has begun and have made significant progress in transferring equity interest in its subsidiaries and affiliates engaging in financial services to CITIC Financial Holdings. As of 31 December 2023, CITIC Financial Holdings holds equity interests of CITIC Bank (64.14 per cent.), CITIC Securities (19.24 per cent.), CITIC Trust (100 per cent.), CITIC-Prudential Life (50 per cent.), CITIC Consumer Finance (70 per cent.) and CITIC Technology (100 per cent.). Through CITIC Financial Holdings, CITIC Limited will further strengthen centralised and unified management of its financial services business, enhance its financial services capacity to build a solid foundation for high-quality development, and promote the long-term and focused development of CITIC Limited, especially in the financial services sector.

On 28 May 2024, CITIC Group announced that it proposes to acquire 60 per cent. equity interest in China Huarong Financial Leasing from China CITIC Financial Asset Management Co., Ltd. (formerly known as "China Huarong Asset Management Co., Ltd.") ("**CITIC FAMC**").

In the comprehensive financial services business segment, CITIC Limited Group has established international business platforms in banking and securities:

- For its banking business, CITIC Bank conducts its overseas banking business mainly through China CITIC Bank International Limited, providing services including corporate finance, retail finance and asset management.

- For its securities business, CITIC Securities International Company Limited, a subsidiary of CITIC Securities, conducts international securities business in Hong Kong and, having completed the acquisition of CLSA B.V. ("**CLSA**") in 2013, has further expanded its overseas business channels and network.

In the advanced intelligent manufacturing business segment, CITIC Heavy Industries is one of the world's leading suppliers and service providers of heavy mining and cement equipment, and owns one of the PRC's top special intelligent robot enterprises in CITIC HIC Kaicheng Intelligence Equipment Co., Ltd. CITIC Dicastal is a world's largest producer of automotive aluminium wheels with 29 major manufacturing facilities across China, North America, Europe and Africa, supplying top automakers around the globe. CITIC Holdings is a digital transformation business platform of CITIC Limited Group dedicated to serving national and industrial needs. CITIC Holdings aims to deeply integrate technologies such as artificial intelligence, big data and intelligent equipment technologies with industrial use cases to innovate, serve and enable industries to achieve high-end, intelligent, and green transformation.

In the advanced materials business segment, CITIC Resources Holdings Limited ("**CITIC Resources**") and CITIC Metal Group Ltd. ("**CITIC Metal Group**"), which holds 89.77 per cent. of the equity interest in CITIC Metal, have been actively engaged in overseas acquisitions and exploration of various oil and mineral resources such as bauxite, copper and ferroniobium, holding various interests in development projects in countries and regions which have rich resource reserves, including China, Australia, Brazil, Peru, Indonesia, Kazakhstan, Congo. The Sino Iron Project in Western Australia, held through CITIC Mining International Ltd. (together with its subsidiaries, "**CITIC Mining International**"), is one of CITIC Limited Group's largest overseas investments and the largest magnetite operation in Australia. CITIC Pacific Energy invests in and manages power plants, including green energy businesses, across China.

For the new consumption business segment, CITIC Telecom is an internet-oriented telecommunications enterprise providing comprehensive services. CITIC Agriculture Technology Co., Ltd ("**CITIC Agriculture**") focuses on the latest developments in agricultural science and technology and serves as a platform to execute CITIC Limited's agricultural development strategy.

In the new-type urbanisation business segment, CITIC Construction Company Limited ("**CITIC Construction**") conducts its business in Algeria, Kazakhstan, Malaysia, mainland China, Saudi Arabia, the United Kingdom and other overseas markets, including supporting China's major regional strategies and efficiently serving markets in countries along the "Silk Road Economic Belt" and the "21$^{st}$ Century Maritime Silk Road" (the "**Belt and Road**"). CITIC Construction has become one of the largest international project contractors and has successfully implemented various large-scale overseas projects recognised internationally.

With the tightened link between the PRC and global economy, the international knowledge of CITIC Limited Group will enable it to follow closely the development trend of both the PRC and the rest of the world, and to remain competitive globally.

***CITIC Limited Group continuously enhances its existing businesses through the optimisation of its business structure or business model, the development of value added products and services through innovation, technology and a focus on new investments in areas that maximise returns***

In respect of its existing business, CITIC Limited Group has anticipated market demand and has optimised business structures or models and developed high value products and services through innovation and technology to enhance quality and competitiveness. CITIC Limited Group has also sought opportunities that provide greater integration and increasingly focused on consumption driven, environmental and new economy industries. CITIC Limited Group has optimised its business structure and continued to develop new opportunities in the comprehensive financial services business segment.

- CITIC Bank follows the "customer-centric" philosophy in its corporate banking business line. Pursuing the theme of boosting high-quality development and striving towards the overall goal of "better structure, distinctive characteristics, consolidated foundation and enhanced earnings", it actively served the real economy, enhanced the capability of comprehensive customer management, improved the unified credit system of CITIC Limited Group, focused on strengthening customer limit management, prevented credit concentration risk, and hence achieved high-quality development of its corporate banking business.

- CITIC Bank adheres to the business concept of realising growth through science and technology and has actively pursued digital and intelligent transformation. CITIC Bank pioneered in building independent and manageable core business systems through an all-rounded approach, with all application servers and database servers of its core business systems being replaced with Chinese chips. This marks a shift from CITIC Bank using science and technology as technological support, transitioning to a technology-driven business. CITIC Bank has made plans for the "Second Curve" of its business, following the trend of the times to build a digital ecosystem, comprehensively promoting the development of "Digital CITIC", and establishing the data infrastructure featuring "one data lake and one database".

- CITIC Bank spearheads green finance initiatives. It has launched the CITIC Bank Green Financial Service Program, collaborating with CITIC Limited's subsidiaries to offer a comprehensive suite of green financial solutions, including green credit, green bonds, green funds, green financial management products, green leasing, green consumption services, and green consulting, and build a green finance ecosystem.

As part of the optimisation of its business model, CITIC Construction has evolved from being a traditional project contractor to a large and comprehensive international engineering service provider. CITIC Heavy Industries also transformed its operations from being only an equipment manufacturer to a contracting service provider who provides project-based solutions. CITIC Dicastal has adopted an asset light development strategy and for the first time entered the world's top 50 suppliers of automotive components.

In July 2019, CITIC Press successfully listed 47,537,879 of its A-Shares on the ChiNext board of the Shenzhen Stock Exchange. CITIC Press has also maintained its leading position in the market, securing the largest market share in the categories of business management and social sciences.

In September 2019, CITIC Limited announced the completion of the restructuring of its special steel business through a series of transactions, consolidating the assets of this business under CITIC Pacific Special Steel. As at 31 December 2023, CITIC Limited indirectly held 83.84 per cent. equity interest in CITIC Pacific Special Steel. In 2023, Tianjin Pipe Corporation and Nanjing Iron & Steel were successfully acquired which significantly enhanced the competitiveness of CITIC Limited Group in the field of special steel manufacturing.

In November 2019, CITIC Limited, through its indirectly wholly-owned investment holding company, began the privatisation process for CITIC Envirotech Ltd ("**CITIC Envirotech**") by announcing the exit offer for the shares in CITIC Envirotech. In December 2019, all the PRC approvals and requisite filings required for the privatisation were obtained and the proposal to privatise and delist CITIC Envirotech was approved by CITIC Envirotech's shareholders. Since 23 January 2020, the shares of CITIC Envirotech were delisted from the Official List of the Singapore Exchange Securities Trading Limited.

In December 2019, CITIC Limited, through its wholly-owned subsidiary CITIC Pacific Limited, privatised and delisted Dah Chong Hong Holdings Limited ("**Dah Chong Hong**") through the scheme of arrangement involving the cancellation of shares held by the registered shareholders of Dah Chong Hong ("**DCHH Scheme of Arrangement**"). The DCHH Scheme of Arrangement was approved by the relevant shareholders and the High Court of Hong Kong and became effective on 8 January 2020. The listing of the shares of Dah Chong Hong on the Hong Kong Stock Exchange was withdrawn on 10 January 2020. Subsequent to the privatisation in 2020, Dah Chong Hong became a wholly-owned subsidiary of CITIC Pacific Limited. Dah Chong Hong is able to obtain any necessary financing and operational resources to re-engineer its businesses.

Also in December 2019, CITIC Dicastal was successfully restructured such that 57.89 per cent. equity interest in CITIC Dicastal was transferred from CITIC Industrial Investment Group Co., Ltd. ("**CITIC Industrial Investment**") and CITIC Industrial Investment Ningbo Holding Ltd. to a consortium of investors.

In January 2020, three years after CITIC Limited acquired an interest in McDonald's PRC and Hong Kong businesses, CITIC Limited proposed to dispose of 22 per cent. of its interests, and the disposal was completed in June 2020. This disposal was entirely a commercial decision. Since then, CITIC Limited and its business partners intend to remain committed to and benefit from the further development of McDonald's in the PRC and Hong Kong.

In April 2023, Dah Chong Hong made a strategic investment to acquire approximately 21 per cent. of the ordinary shares of Hong Kong listed company Tsit Wing International Holdings Limited (SEHK Stock Code: 2119) for a total of HK$133 million to contribute to the growth of Dah Chong Hong Foods by enhancing its systems and capabilities in terms of product offerings, services and distribution channels. In March 2024, Dah Chong Hong ceased operations of its Dah Chong Hong Foods retail stores.

On 18 December 2023, CITIC Limited announced the proposed spin-off and separate listing of CITIC Dicastal on the Shanghai Stock Exchange. CITIC Limited Group believes that the proposed spin-off will bolster the capital strength of CITIC Dicastal, enhance its financing efficiency and flexibility, optimise corporate governance and enhance investors' understanding of CITIC Dicastal.

***CITIC Limited Group is able to maximise conglomerate synergies and possesses a strong ability to integrate resources***

CITIC Limited Group has a strong synergy in terms of strategy, business, management, brand, talent and expertise, based on its strengths in business variety, clients, business network and other areas. CITIC Limited Group exerts its overall strength to mobilise the sharing of internal resources so as to maximise its overall value. CITIC Limited Group has accumulated a diversified client base in multiple industries and markets including a number of Fortune 500 enterprises, sector leading enterprises and high net worth clients both at home and abroad.

CITIC Limited Group has established a work process to enable synergy across its subsidiaries and investee companies. CITIC Limited Group has consistently promoted innovative models for its group synergy, aiming to help with business expansion and generate value for CITIC Limited Group.

- *Provision of comprehensive services centred on clients:* CITIC Limited Group consolidates various resources within CITIC Limited Group to win mandates for important projects and business opportunities and is able to provide comprehensive financial resolutions to clients through joint marketing, and increase the contribution in value by high-net-worth clients and strengthen their loyalty through joint development of products and cross-selling by financial companies as well as value-added services jointly developed by financial companies and industrial companies.

- *Industrial business and financial business complement each other:* CITIC Limited Group's financial companies provide industrial companies and their customers with comprehensive financial solutions and services at a fair price, and industrial companies provide financial companies with specialised support to enable the latter to gain access to industry clients. CITIC Limited Group has also continued to promote synergies between CITIC Limited Group's financial and non-financial businesses to lower leverage.

- *Synergy among industrial businesses connecting industry chains:* each entity exerts its advantages in products, services, talents and technology to achieve cooperation between the upstream and downstream industry players along each industry chains. CITIC Limited Group also closely monitors the emerging industries with national strategic importance in order to identify new areas of growth momentum through group synergy.

To better prepare for continued change and uncertainty, the PRC is accelerating its dual circulation economic strategy, which prioritises the development of a dominant domestic economy supplemented by international trade. CITIC Limited Group had in 2020 aligned with the PRC's 14th Five-Year Plan and responded to the increasingly complex operating environment by adopting an updated development strategy focused on comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. These five segments were matrixed with five platforms: the financial, industrial, capital investment, capital operations and strategic investment platforms. CITIC Limited Group seeks to leverage integration, collaboration and expansion to build a lasting enterprise and solidify the "CITIC" brand's positioning as a leader in the fields in which CITIC Limited Group operates. CITIC Limited Group continues to optimise its business structure and the allocation of resources by disposing under-performing assets and nurturing new businesses, particularly in emerging industries.

***The "CITIC" brand is one of the PRC's most recognised brands***

With a stable operation for 45 years, CITIC Limited Group has established a series of "CITIC" linked and prestigious corporate brands in various business segments. The success of the "CITIC" brand allows its group members to enjoy reputational advantages over their competitors, provides them with strong support in entering new markets and business areas and enhances their acceptance level among customers and business partners. At the same time, the reputation gained by CITIC Limited Group members in their sectors also further strengthens the "CITIC" brand.

***CITIC Limited Group has a stable and experienced management team with market-oriented management philosophies, international vision and a corporate culture of pursuing excellence***

CITIC Limited Group's senior management team possesses a wealth of experience in managing large conglomerates, with average relevant industry experience of more than 30 years. The senior management team is stable and with management experience encompassing multiple industries and regions. The management team of CITIC Limited Group also has international vision since many members of the senior management team have worked or studied overseas. CITIC Limited Group believes that the stable management and its extensive expertise and operational experience have laid a solid foundation for the success of CITIC Limited Group.

In a long history of its development, CITIC Limited Group, based on its development strategy, business characteristics and management style, has refined and is committed to upholding its own corporate culture with core values of "Compliance, Integrity, Veracity, Innovation, Modesty, Cooperation, Diligence and Efficiency". The successful development of CITIC Limited Group is attributable to the corporate culture of pursuing excellence, market-oriented positioning and innovative mind-set.

CITIC Limited Group actively fulfils its corporate responsibility and devotes itself in greening, environmental protection, education, poverty alleviation, disaster relief and other social public welfare matters. CITIC Limited Group has and maintains a good social image.

***CITIC Limited Group operates a prudent and comprehensive risk management system with a balanced emphasis on both control and efficiency***

CITIC Limited Group considers risk management one of its core competitiveness and has devoted resources to further improve the system. CITIC Limited Group has established a prudent and comprehensive risk management system covering all of its business segments and consistently develops and improves its risk management framework and processes.

A substantial portion of CITIC Limited Group's assets are already or were previously listed, with its listed subsidiaries and formerly listed subsidiaries having established their own risk management systems which have withstood challenges from the markets. All the financial subsidiaries of CITIC Limited Group are subject to stringent industry regulations. Non-financial subsidiaries have been required to either establish risk management departments or have designated personnel responsible for risk management according to their business needs.

***Strategies of CITIC Limited Group***

CITIC Limited Group is committed to being a first-class international conglomerate in the PRC by pursuing strategy-led, innovative and high value-added growth. CITIC Limited Group will (i) leverage the overall strengths that it has accumulated over years of operating its businesses; (ii) seize opportunities brought by the evolution of the Chinese economy and its globalisation; and (iii) adopt a market-led and customer-centric business model to maximise enterprise value.

CITIC Limited's operating principles are as follows:

***Enhance existing businesses with focus***

- CITIC Limited Group aims to maximise benefits of the CITIC platform, allowing CITIC Limited Group to capture emerging opportunities around the world.
- By anticipating market demand, CITIC Limited Group will develop high value-added products and services through innovation.
- CITIC Limited Group will consolidate similar businesses to maximise synergies within CITIC Limited Group.
- CITIC Limited Group will enhance quality and competitiveness, increase productivity and reduce cost.
- CITIC Limited Group will strive for a balanced development between financial and non-financial industries.
- CITIC Limited Group will continue to consolidate its strengths of having a clear strategy, stable operations, high dividends and strong risk management.
- CITIC Limited Group has set the goal of achieving "excellent products, outstanding brands, leading innovation and modern governance" in 2022 and will strive towards reaching global or industry leading levels in products, services and market influence.

***Focus new investments in areas that align with the PRC's growth trajectory and continue to invest internationally***

- CITIC Limited Group will seek opportunities that provide greater integration and connectivity among its businesses.
- CITIC Limited Group will leverage its strong competitive advantage to identify consolidation opportunities in the PRC through mergers and acquisitions.
- CITIC Limited Group will focus on its five business segments of comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation in alignment with the PRC's 14th Five-Year Plan.
- CITIC Limited Group will continue to invest internationally to further its businesses in an integrated fashion.
- CITIC Limited Group is committed to implementing the guiding principles set forth by the 20th National Congress of the Chinese Communist Party and the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to support the new pattern of development in China.

***Continue to exercise discipline in capital allocation and maintain a strong credit profile to enhance long-term shareholder value***

- CITIC Limited Group will adopt a disciplined approach towards capital planning and allocation, and will continue to optimise its business portfolio.

- CITIC Limited Group will improve its capital efficiency and cash flow, including continued *enhancements* in fund centralisation to help lower CITIC Limited Group's overall financing costs and leverage ratio.
- CITIC *Limited* Group will strengthen its funding capability and maintain its strong credit profile.
- CITIC Limited Group will continue to exercise stringent disciplines in capital allocation, in order to *maximise* the overall value of CITIC Limited Group and realise sustainable growth.
- CITIC Limited Group will continue to seek productivity gains from technological innovation, *strengthening* original development and promoting leading edge research.

***Enhance corporate governance framework to protect shareholder interests by extending CITIC Limited's international standard of corporate governance to CITIC Limited Group***

- CITIC *Limited's* international standard of corporate governance will be extended to CITIC Limited Group.
- CITIC Limited Group will continue to optimise its business structure and further improve the *efficiency* of resource allocation, including introducing special projects to reduce complexity and improving transparency by reducing the number of business layers and legal entities.
- CITIC Limited will strengthen overall supervision of CITIC Limited Group while providing clear strategies to *guide* businesses towards greater value creation.
- CITIC Limited *will* ensure rights of all stakeholders are respected.

**Business**

The main businesses of CITIC Limited Group include the following:

***Comprehensive Financial Services***

CITIC Limited Group operates financial services businesses in different segments, including banking, trust, asset management, securities and insurance services. CITIC Limited Group provides domestic and overseas banking services through CITIC Bank and its subsidiaries, securities services through CITIC Securities, trust services through CITIC Trust, and insurance and reinsurance services through CITIC-Prudential Life.

In March 2022, the PBoC approved the establishment of CITIC Financial Holdings, as a financial holding subsidiary of CITIC Corporation Limited. Following such establishment, CITIC Limited has begun and have made significant progress in transferring equity interest in its subsidiaries and affiliates engaging in financial services to CITIC Financial Holdings. As of 31 December 2023, CITIC Financial Holdings holds equity interests of CITIC Bank (64.14 per cent.), CITIC Securities (19.24 per cent.), CITIC Trust (100 per cent.), CITIC-Prudential Life (50 per cent.), CITIC Consumer Finance (70 per cent.) and CITIC Technology (100 per cent.). Through CITIC Financial Holdings, CITIC Limited will further strengthen centralised and unified management of its financial services business, enhance its financial services capacity to build a solid foundation for high-quality development, and promote the long-term and focused development of CITIC Limited, especially in the financial services sector.

On 28 May 2024, CITIC Group announced that it proposes to acquire 60 per cent. equity interest in China Huarong Financial Leasing from CITIC FAMC.

***Advanced Intelligent Manufacturing***

The advanced intelligent manufacturing business segment of CITIC Limited Group consists mainly of the manufacturing of heavy machineries, specialised robotics, aluminium wheels, aluminium casting parts and other products. CITIC Limited Group strives to become a pioneer in the advanced intelligent manufacturing sector, aiming to achieve operational breakthroughs in critical technologies and reinforce its leading market position. CITIC Limited Group conducts the manufacturing of heavy machinery, key fundamental and spare components, engineering, procurement and construction ("**EPC**") projects, specialised robotics and intelligent equipment through its subsidiary CITIC Heavy Industries, while the manufacturing of automobile aluminium wheels and automobile aluminium castings is conducted through CITIC Dicastal.

CITIC Holdings aims to deeply integrate technologies such as artificial intelligence, big data and intelligent equipment technologies with industrial use cases to innovate, serve and enable industries to achieve high-end, intelligent, and green transformation.

***Advanced Materials***

The advanced materials business segment of CITIC Limited Group has an extensive global business covering exploration, mining, processing and trading of mineral resources as well as power generation and manufacturing of special steel. CITIC Limited Group predominately operates its advanced materials business segment through CITIC Resources, CITIC Mining International, CITIC Metal Group, CITIC Pacific Special Steel and CITIC Pacific Energy Investment.

CITIC Limited owns 100 per cent. of the Sino Iron Project through CITIC Mining International which is being managed by CITIC Pacific Mining Management Pty Ltd. ("**CITIC Pacific Mining**"). The Sino Iron Project is one of the largest magnetite iron ore mine being developed in the world. It is located at Cape Preston, 100 kilometres southwest of Karratha in Western Australia's Pilbara region. The magnetite concentrate produced is shipped to the steel plant(s) operated by CITIC Pacific Special Steel as well as other third-party steel mills in mainland China and Vietnam.

CITIC Limited Group manufactures special steel through CITIC Pacific Special Steel, which is the largest manufacturer dedicated to the production of special steel in mainland China with five manufacturing bases located in Jiangyin and Jingjiang of Jiangsu province, Huangshi of Hubei province, Qingdao of Shandong province and Tianjin. The acquisition of controlling stakes in TianJin Pipe Corporation and the Nanjing Iron and Steel Group in 2023 significantly enhanced the competitiveness of CITIC Limited Group in the field of special steel manufacturing. Major products manufactured by CITIC Pacific Special Steel include bars, plates, seamless steel tubes, wires, forging steel and casting billets. These are widely used in various industries, including auto components, energy, machinery manufacturing, power generation, oil and petrochemicals and industrial sectors.

CITIC Metal Group is primarily engaged in commodities trading and mining investments, and specialises in trading niobium products, iron ore, copper, steel and aluminium, among others. The construction of CITIC Metal's overseas mineral resources projects progressed steadily and generated sound investment returns, and also helped to secure the stable supply of national mineral resources.

***New Consumption***

The new consumption business segment of CITIC Limited Group includes motor and food and consumer products business, telecommunications services, publication services, modern agriculture and others. These businesses are mainly operated through Dah Chong Hong, CITIC Telecom, CITIC Press and CITIC Agriculture.

***New-Type Urbanisation***

The new-type urbanisation business segment of CITIC Limited Group consists of development, sale and holding of properties, contracting and design services, infrastructure services, environmental services, general aviation, healthcare and others.

The principal businesses of CITIC Engineering Design and Construction Company Limited ("**CITIC Engineering**") include urban and rural planning, survey, consulting, design and supervision, project general contracting, project management and other businesses. In October 2022, CITIC Limited completed the streamlining of its environmental protection business, and CITIC Engineering became a wholly-owned subsidiary of CITIC Environment Investment Group Co., Ltd. ("**CITIC Environment**").

CITIC Construction provides engineering contracting services both domestically and internationally across over 20 countries or regions, including cooperation with countries along the "Belt and Road", and engages in infrastructure, housing and industrial construction projects, whilst becoming increasingly involved in resources, energy, agriculture and ecological management. CITIC Construction also leverages on the CITIC platform to provide comprehensive services for the entire industry chain in addition to engineering contracting services, including project planning, design, investment, financing, construction and operation.

The new-type urbanisation business of CITIC Limited Group also consists of development, sale and management of commercial properties and integrated property projects. It is predominately operated through CITIC Urban Development and Operation Co., Ltd. ("**CITIC Urban Development & Operation**") and CITIC Pacific Properties.

CITIC Environment, CITIC Industrial Investment Group Co., Ltd ("**CITIC Industrial Investment**") and CITIC Offshore Helicopter Co., Ltd. ("**COHC**") carry out environmental services, aviation business and healthcare, logistics and infrastructure businesses as a capital operation platform, respectively, as new-type urbanisation business of CITIC Limited Group.

CITIC Environment is CITIC Limited Group's specialised investment and operational platform for environmental protection. Its core business covers various fields, including water treatment and resource utilisation, green industrial services, solid waste and hazardous waste disposal, green building, energy saving services and intelligent construction.

CITIC Limited Group's infrastructure business includes the investment in and management of ports and port terminals as well as regional developments in China through CITIC Industrial Investment.

COHC, as the leading company in the general aviation sector in China, has the qualification and capability to operate a full-service general aviation business. COHC is the first and only main-board listed company in the domestic general aviation industry, providing a full range of services, including offshore flights, onshore industry and forestry-related flights, air emergency rescue, aircraft maintenance, offshore wind power, training, integrated city flight services, sky tours, drone operation and data collection.

CITIC Limited Group's healthcare business is operated and managed through CITIC Pacific Limited and CITIC Industrial Elderly Care**.** CITIC Pacific Limited's health business includes medical and elderly care services, as well as medical devices distribution. CITIC Industrial Elderly Care mainly develops its existing healthcare business, which focuses on chain institutional elderly care service business that integrates medical and elderly care resources in core cities in the Yangtze River Delta, and strategically deploys its business in Shanghai and Hangzhou.

The following table sets out the revenue of each business segment of CITIC Limited Group for the years ended 31 December 2022 and 2023.

| | **CITIC Limited Group** | | | |
|---|---|---|---|---|
| | **For the year ended 31 December** | | | |
| | **2022** ***(restated)*** | | **2023** ***(audited)*** | |
| **Business Segment** | **Revenue** | **%[1]** | **Revenue** | **%[1]** |
| | *(in millions of RMB, except percentages)* | | | |
| Comprehensive Financial Services................ | 268,457 | 40.5 | 270,248 | 39.7 |
| Advanced Intelligent Manufacturing............. | 51,816 | 7.8 | 50,652 | 7.4 |
| Advanced Materials................ | 243,162 | 36.7 | 267,700 | 39.3 |
| New Consumption.................. | 53,150 | 8.0 | 51,544 | 7.6 |
| New-Type Urbanisation......... | 50,931 | 7.7 | 44,281 | 6.5 |
| Operation Management.......... | 149 | 0.0 | 142 | 0.0 |
| Elimination.............................. | (4,227) | (0.7) | (3,735) | (0.5) |
| **Total**........................................ | **663,438** | **100** | **680,832** | **100** |

(1) Percentage figures are rounded to the nearest decimal.

The following table sets out the profit before tax (before non-controlling interests) of each business segment of CITIC Limited Group for the years ended 31 December 2022 and 2023.

| | CITIC Limited Group | | | |
|---|---|---|---|---|
| | For the year ended 31 December | | | |
| | 2022 *(restated)* | | 2023 *(audited)* | |
| **Business Segment** | **Profit before tax** | **%[(1)]** | **Profit before tax** | **%[(1)]** |
| | *(in millions of RMB, except percentages)* | | | |
| Comprehensive Financial Services | 104,119 | 81.8 | 108,186 | 87.8 |
| Advanced Intelligent Manufacturing | 1,340 | 1.1 | 1,903 | 1.5 |
| Advanced Materials | 17,291 | 13.6 | 17,035 | 13.8 |
| New Consumption | 1,668 | 1.3 | 2,012 | 1.6 |
| New-Type Urbanisation | 1,290 | 1.0 | 2,471 | 2.0 |
| Operation Management | 2,460 | 1.9 | (7,548) | (6.1) |
| Elimination | (876) | (0.7) | (772) | (0.6) |
| **Total** | **127,292** | **100** | **123,287** | **100** |

(1) Percentage figures are rounded to the nearest decimal.

Descriptions of the business segments are set out below.

**Comprehensive Financial Services**

CITIC Limited Group's comprehensive financial services business spans across the banking, trust, asset management, securities and insurance sectors. CITIC Limited Group offers a full-service platform which provides integrated financial solutions for its customers.

As at 31 December 2022 and 2023, the total assets of CITIC Limited Group's comprehensive financial services business were RMB9,969,800 million and RMB10,609,132 million, respectively, representing 94.6 per cent. and 93.6 per cent. of CITIC Limited Group's total assets, respectively. The revenue generated from CITIC Limited Group's comprehensive financial services business for the years ended 31 December 2022 and 2023 was RMB268,457 million and RMB270,248 million, respectively, representing 40.5 per cent. and 39.7 per cent. of CITIC Limited Group's total revenue, respectively. For the years ended 31 December 2022 and 2023, CITIC Limited Group's profit before tax generated from comprehensive financial services business was RMB104,119 million and RMB108,186 million, respectively, representing 81.8 per cent. and 87.8 per cent. of CITIC Limited Group's profit before tax, respectively.

The following table sets out the respective financial information of the principal operational entities of CITIC Limited Group's comprehensive financial services business for the periods indicated:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2022 *(restated)* | | 2023 *(audited)* | |
| | **Revenue** | **Net Profit Attributable to Ordinary Shareholders** | **Revenue** | **Net Profit Attributable to Ordinary Shareholders** |
| | *(in billions of RMB)* | | | |
| CITIC Bank[(1)] | 211.1 | 62.1 | 205.6 | 67.0 |
| CITIC Trust[(2)] | 6.4 | 3.0 | 5.0 | 2.6 |
| CITIC-Prudential Life[(3)] | 37.3 | 1.1 | 37.3 | -0.8 |
| CITIC Securities[(4)] | 85.9 | 21.3 | 83.7 | 19.7 |
| CSC Financial[(5)] | 36.5 | 7.5 | 34.0 | 7.0 |

(1) CITIC Limited and its subsidiaries (including CITIC Financial Holdings) held 65.93 per cent. of CITIC Bank's equity interest as at 31 December 2023.

(2) CITIC Corporation Limited held 100 per cent. of CITIC Trust as at 31 December 2023.

(3) CITIC Corporation Limited held 50 per cent. of CITIC-Prudential Life's equity interest as at 31 December 2023. CITIC-Prudential Life was incorporated in 2000.

[4] CITIC Financial Holdings, an indirect wholly-owned subsidiary of CITIC Limited, held 19.24% of CITIC Securities' equity interest as at 31 December 2023 and was CITIC Securities' largest shareholder.

[5] CITIC Limited held 4.53% of the shares of CSC Financial through Glasslake Holdings Limited, an indirect wholly-owned subsidiary as at 29 February 2024. At the same time, CITIC Securities directly held 4.94% of the shares of CSC Financial.

***CITIC Financial Holdings***

In March 2022, the PBoC granted CITIC Corporation Limited the license to establish CITIC Financial Holdings, one of the first two financial holding companies within the PRC. CITIC Limited has been transferring equity interest held in its subsidiaries and affiliates engaging in financial services and other related assets to CITIC Financial Holdings in accordance with the regulatory requirements. This reorganisation has further strengthen centralised and unified management of CITIC Limited Group's financial services businesses, promote synergy effect and enhance comprehensive financial services. CITIC Financial Holdings is committed to implementing the "1435" Strategy, which refers to building a first-class platform for financial holding, improvement of the four functional systems of comprehensive risk prevention and control, integrated financial services, unified customer services and advanced technological empowerment; development of three core capabilities of wealth management, asset management and comprehensive financing; and strengthening of five sub-areas of banking, securities, trust, insurance and asset management.

CITIC Financial Holdings has vigorously promoted the asset transfer of CITIC Bank, CITIC Securities, CITIC Trust, CITIC-Prudential Life and CITIC Consumer Finance to CITIC Financial Holdings. As of the end of 2023, the wealth management business of its financial subsidiaries reached RMB23.1 trillion. The asset management business exceeded RMB7.5 trillion in value. The concept of "One CITIC, One Customer" was vigorously implemented. These results demonstrated the increasing synergistic contribution of CITIC Financial Holdings in customer service, product innovation, platform development and intellectual support.

CITIC Financial Holdings has also launched new fintech products such as the "Xiao Xin" digital wealth advisor which was announced at the World Artificial Intelligence Conference 2022 and won the "Pioneer in Industrial Intelligence 2022" award. CITIC Financial Holdings has also deployed a financial share service centre and procurement management platforms to improve risk control and operational efficiency.

In 2023, CITIC Financial Holdings implemented 13 public REIT projects, and introduced the market's first comprehensive financial solution for special assets. CITIC Financial Holdings focused on promoting the seamless integration of its system platforms with the aim of building a "Digital Financial Control" framework and introducing the "CITIC Wealth Plaza." In addition, CITIC Financial Holdings has also centralised the digital applications of 12 CITIC Limited Group's subsidiaries, enabling cross-channel interactions, user recognition and data sharing, which resulted in nearly 12.5 million newly registered users throughout 2023. Further, by leveraging the expertise of its think tank experts and its research team, CITIC Financial Holdings was able to provide consulting support to both internal and external clients and published industry-leading think tank reports to enhance the quality and efficiency of its comprehensive financial services.

***Banking***

CITIC Limited Group conducts its domestic and overseas banking business through CITIC Bank and its subsidiaries.

CITIC Bank (SSE Stock Code: 601998; SEHK Stock Code: 0998) was incorporated in 1987. CITIC Limited and its subsidiaries (including CITIC Financial Holdings) held 65.93 per cent. of CITIC Bank's total shares as at 31 December 2023. CITIC Bank is a national joint-stock commercial bank whose main businesses include corporate finance, personal finance and financial market.

The following table sets out the major consolidated financial and regulatory indicators of CITIC Bank and its subsidiaries during the periods indicated:

| Major Operational Indicator | For the year ended 31 December 2022 | 2023 |
|---|---|---|
| | *(in millions of RMB, except percentages)* | |
| Total Assets | 8,547,543 | 9,052,484 |
| Revenue | 211,109 | 205,570 |
| Profit before tax | 73,416 | 74,887 |
| Net profit attributable to ordinary shareholders of CITIC Bank | 62,103 | 67,016 |
| Return on average assets (ROAA) (%)(1) | 0.76 | 0.77 |
| Return on average equity (ROAE) (%)(2) | 10.80 | 10.80 |
| Cost-to-income ratio (%)(3) | 30.66 | 32.61 |
| Net interest spread (%)(4) | 1.92 | 1.75 |
| Net interest margin (%)(5) | 1.97 | 1.78 |

(1) ROAA = Net profit of CITIC Bank/(total assets at the beginning of the period plus total assets at the end of the period)/2
(2) ROAE = Net profit attributable to ordinary shareholders of CITIC Bank/(total equity attributable to ordinary shareholders of CITIC Bank at the beginning of the period plus total equity attributable to ordinary shareholders of CITIC Bank at the end of the period)/2
(3) Cost-to-income ratio = (Operating expense minus tax and surcharges)/revenue
(4) Net interest spread represents the difference between the average yield of total interest-earning assets and the average cost rate of total interest-bearing liabilities.
(5) Net interest margin = Net interest income divided by average balance of total interest-earning assets

The following table sets out the consolidated revenue of CITIC Bank and its subsidiaries for the periods indicated:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| Business Segment | Revenue | % of total | Revenue | % of total |
| | *(in millions of RMB, except percentages)* | | | |
| Corporate banking | 94,436 | 44.7 | 91,557 | 44.5 |
| Retail banking | 84,677 | 40.1 | 86,425 | 42.1 |
| Financial markets business | 30,312 | 14.4 | 25,988 | 12.6 |
| Others and unallocated | 1,684 | 0.8 | 1,600 | 0.8 |
| **Total** | **211,109** | **100.0** | **205,570** | **100.0** |

(1) Percentage figures are rounded to the nearest decimal.

*Corporate banking*

The corporate banking business of CITIC Bank offers a range of financial products and services to corporations, government agencies and non-financial institutions, as well as conducts investment banking businesses and international businesses. The products and services include corporate loans, deposit taking activities, agency services, remittance and settlement services and guarantee services. In 2023, CITIC Bank increased its loans issuance to key areas such as green credit, strategic emerging industries, the manufacturing industry for the medium and long terms, rural revitalisation, and inclusive finance increased by 37%, 25%, 28%, 15% and 22% year-on-year respectively. Overall, the balance of general RMB corporate loans amounted to RMB2,479.6 billion, representing an increase of RMB180.2 billion from the end of 2022.

The revenue generated from corporate banking business was RMB94,436 million and RMB91,557 million, for the years ended 31 December 2022 and 2023. Net non-interest income generated from corporate banking business was RMB13,460 million and RMB12,832 million, respectively, for the years ended 31 December 2022 and 2023.

*Retail banking*

In response to market changes and in line with customer needs, CITIC Bank strengthened customer relationships and expanded its wealth management business. A specialized private banking service team also was established to increase the comprehensive customer service capability. By the end of 2023, the number of accounts of individual customers increased by 7.47% to 137 million.

As at 31 December 2023, CITIC Bank's balance of personal deposits was RMB1,465.8 billion, representing an increase of RMB174.0 billion or 13.47 per cent. compared to 31 December 2022. As at 31 December 2023, CITIC Bank's retail banking business recorded net operating income of RMB83.6 billion, a year-on-year growth of 1.46 per cent., representing 43.81 per cent. of its net operating income. Net non-interest income from retail banking recorded RMB23.6 billion, a year-on-year increase of 1.30 per cent., accounting for 42.51 per cent. of CITIC Bank's net non-interest income.

*Financial markets business*

CITIC Bank's financial markets is made up of financial interbank business, financial market business and asset management business.

CITIC Bank's online platform known as "CITIC Interbank +" is continually optimised to improve customer experience. As for financial markets, CITIC Bank continued to give full play to its professional advantages and continuously improved its trading capabilities. In terms of asset management, by emphasising its synergistic advantages with CITIC Limited Group, CITIC Bank has established a comprehensive product system covering the entire market including all categories of assets and all channels.

*Innovation and Fintech*

CITIC Bank continues to apply the latest fintech to financial services and accelerate its digital transformation by allocating more resources in fintech innovation and by expanding its fintech talent pool. CITIC Bank also was the first bank to launch a Blockchain-based Letter of Credit system in mainland China. In the wealth management business, CITIC Bank invested in a new generation of personal credit system (the Kunpeng system) to fully implement a corporate structural transformation. The system covers all of CITIC Bank's personal loan product business, with an efficient operating system offering rapid responses to various scenarios, enabling transactions around the clock, and achieving an average daily transaction volume of nearly 30 million. CITIC Bank continues to construct and promote the industry's first self developed "Tianyuan Intelligent Treasurer" service system to provide professional and customised diversified treasury management solutions for its customers.

In line with CITIC Bank's commitment to develop and innovate, CITIC AiBank Corporation Limited ("**CITIC AiBank**") was officially launched in November 2017.

By the end of 2023, CITIC AiBank's net operating income reached RMB4.5 billion, up by 14.27 per cent. compared to 31 December 2022. CITIC AiBank continued to innovate new products, including a collaboration with Baidu to launch Baidu QuickPass Card, the first digital card for deposits and loans available in the domestic market. In 2021, CITIC AiBank launched the artificial intelligence virtual branch officer AIYA, the first in the industry. In 2022, CITIC AiBank also completed the first "e-CNY + bill discount + green finance" business in China. In 2023, CITIC AiBank pioneered the artificial intelligence-driven 3D digital banking spaced named "Zero Space", launched the first 3D digital person livestream platform in the industry, unveiled a new primary customer service hotline, and upgraded the caring edition of mobile banking app. It also launched the industry's first-ever digital maturity evaluation model for commercial banks. Its key financial indicators remained healthy and balance sheet was further optimised during the year. As at 31 December 2023, CITIC AiBank recorded total assets of RMB112.51 billion, up by 16.08 per cent. as compared to the last year. For the year ended 31 December 2023, it realised net profit of RMB855 million, a year-on-year increase of 30.25 per cent..

***Securities***

CITIC Securities (SSE stock code: 600030; SEHK stock code: 6030) was incorporated in 1995. CITIC Corporation Limited and its part acting in concert in aggregate held 19.24 per cent. of CITIC Securities' equity interest, being its largest shareholder, as at the date of this Offering Circular.

Since 13 April 2022, the operating performance and financial position of CITIC Securities has been consolidated into the financial statements of CITIC Limited Group, as a majority of the members of board of directors of CITIC Securities was nominated by the CITIC Limited Group with their appointments taking effect from the same date, pursuant to the shareholders' resolutions of CITIC Securities. Prior to 13 April

2022, CITIC Securities was accounted for using the equity method in the consolidated financial statements of CITIC Limited Group in accordance with the HKFRS.

In August 2023, CITIC Securities' former largest shareholder CITIC Corporation Limited and its party acting in concert CITIC Limited, gratuitously transferred all shares held in CITIC Securities to CITIC Financial Holdings. Between September and December 2023, CITIC Financial Holdings increased its shareholding in CITIC Securities, and its shareholding in CITIC Securities amounted to a total of 19.24 per cent. of the issued shares.

CITIC Securities is one of the first comprehensive securities companies approved by the CSRC. Its main businesses include investment banking, wealth management, financial markets, asset management and equity investment.

The following table sets out major financial and regulatory indicators of CITIC Securities during the periods indicated:

| | For the year ended/ As at 31 December | |
|---|---|---|
| **Financial Indicator** | **2022** | **2023** |
| | *(in millions of RMB)* | |
| Total assets | 1,308,603 | 1,453,359 |
| Total equity attributable to ordinary shareholders of CITIC Securities | 253,118 | 268,840 |
| Total Revenue and Other income | 85,941 | 83,725 |
| Profit before income tax | 28,950 | 26,185 |
| Net profit attributable to ordinary shareholders of CITIC Securities | 21,317 | 19,721 |

| | As at 31 December | |
|---|---|---|
| **Principal Regulatory Indicator** | **2022** | **2023** |
| | *(in millions of RMB, except percentages)* | |
| Net capital | 135,852 | 139,615 |
| Net capital/net assets (%) | 64.13 | 63.24 |
| Net capital/liabilities (%) | 23.86 | 19.95 |
| Net assets/liabilities (%) | 37.21 | 31.55 |
| Value of proprietary equity securities and derivatives held/net capital (%) | 35.99 | 51.42 |
| Value of proprietary non-equity securities and derivatives held/net capital (%) | 269.86 | 292.66 |
| Risk Coverage Ratio (%) | 203.44 | 187.21 |
| Capital Leverage Ratio (%) | 17.74 | 16.32 |
| Liquidity Coverage Ratio (%) | 130.53 | 148.28 |
| Net Stable Funding Ratio (%) | 129.46 | 124.86 |

The following table sets out the revenue generated from various businesses of CITIC Securities during the indicated period:

| | For the year ended 31 December | |
|---|---|---|
| **Fee and Commission Income** | **2022** | **2023** |
| | *(in millions of RMB)* | |
| Brokerage | 16,140 | 15,421 |
| Investment banking | 8,915 | 6,758 |
| Trading | 435 | 471 |
| Asset management | 11,493 | 10,373 |
| Others | 962 | 724 |
| Fee and commission expenditure | 6,002 | 6,545 |
| Net fee and commission income | 31,943 | 27,202 |

*Investment banking*

CITIC Securities provides comprehensive investment banking services via a professional and matrix management structure, such as domestic and overseas equity, bonds, asset-backed securitization and mergers and acquisitions. In mainland China, CITIC Securities is in an advantageous position in serving leading clients and obtaining large projects and is also committed to meeting the diversified financing needs of small and medium enterprises and emerging enterprises.

- *Equity financing*

  CITIC Securities delivers the full spectrum of equity capital raisings, including initial public offerings and follow-on offerings etc., and has maintained its market leading position for many years. Based on its principle of "being client-oriented with comprehensive services, maximising the efficiency of resources allocation, and improving the quality of customer services", CITIC Securities aims to maximise business opportunities through comprehensive products coverage and professional customer services.

- *Debt financing*

  CITIC Securities provides a broad range of debt financing services by leveraging its strength in transaction execution and sales network.

- *Financial advisory*

  With the improvements to its global network, CITIC Securities provides various types of financial advisory services, including domestic and cross-border mergers and acquisitions, restructurings and spin-offs etc., and assists clients in integrating global quality resources.

*Wealth management*

CITIC Securities has an integrated solution for entrepreneurs' offices, expanded its offerings from cash and shares to asset and risk management services, and strengthened its capabilities in investment advisory and core wealth allocation.

As of the end of the reporting period, CITIC Securities had over 14.2 million clients on a cumulative basis, and total client assets under custody were maintained at RMB10 trillion.

*Financial markets*

CITIC Securities operates a comprehensive trading business with service offerings including equity derivatives, fixed-income, commodities and securities financing, in addition to proprietary trading. CITIC Securities' over-the counter (OTC) derivative operations continued to deepen product innovation and enrich product offerings, and CITIC Securities' OTC product offerings further enriched its coverage and product mix. CITIC Securities' market-making business continued to rank at the top of the market, beginning with the first batch of market-making trading of stocks on the Shanghai Stock Exchange Science and Technology Innovation Board. CITIC Securities also provides clients with cross-time-zone, one-stop investment and trading services in global markets. In the fixed-income business, CITIC Securities recorded steady growth in each business line, having improved product design, enhanced the integrated strength of client service capabilities and explored additional profit models. Sales of interest rate products maintained first place in scale among its peers. CITIC Securities' financing business also offer products that serve the financing needs of CITIC Securities' shareholder clientele as a new impetus for growth, and continued to lead in terms of market share. CITIC Securities' securities financing business is also licensed to conduct market-making activities on the Shanghai Stock Exchange, Shanghai Futures Exchange, Zhengzhou Commodity Exchange and the Dalian Commodity Exchange, further consolidating its competitive advantage.

*Asset management*

Following the latest regulations on capital management by the PRC government, CITIC Securities has focused on strengthening product innovation in its asset management business and building a strategic product-based platform for CITIC Limited. The AUM of CITIC Securities amounted to RMB1.4 trillion as at 31 December 2023. The market share of CITIC Securities' privately-offered asset management business was approximately 13.71 per cent., ranking first in the industry.

CITIC Securities is also the largest shareholder of China AMC, a leading asset management company with a total AUM of RMB1.8 trillion as at 31 December 2023.

*Equity investment*

As an alternative investment subsidiary of CITIC Securities, CITIC Securities Investment closely followed the development of the capital markets and the macro situation in China and abroad. It committed itself to serving the real economy, with newly-added investments targeting industries including new energy, semiconductors, new materials, advanced manufacturing, information technology, innovative pharmaceuticals and new-type robotics and devices.

As a platform for raising and managing private equity investment funds of CITIC Securities, GoldStone Investment supported the development of enterprises that are in line with the national strategic plan for emerging industries and have core competitiveness, and continued to invest in technology innovation enterprises. In 2023, GoldStone Investment successfully registered a new fund, raising a total of RMB16.79 billion. It consistently invested in sectors involving new materials, new energy, new generation information technology and healthcare. As of the end of the reporting period, CITIC GoldStone Fund, a wholly-owned subsidiary of GoldStone Investment, has cumulatively established property private funds of approximately RMB34.98 billion.

***Trust***

CITIC Limited Group conducts trust business through 100 per cent. indirectly owned CITIC Trust, which was incorporated in 1988. In February 2023, the former CBIRC approved the transfer of 100 per cent. equity interest in CITIC Trust from its existing shareholders to CITIC Financial Holdings, and the transfer has since been completed.

CITIC Trust offers a comprehensive range of integrated solutions across its trust, investment, financing and wealth management services. CITIC Trust allocates trust capital across several major industries, which allows it to align its investment portfolio in line with changing market opportunities. The primary sectors currently targeted by CITIC Trust include infrastructure, energy and resources, manufacturing, agriculture and financial institutions. CITIC Trust has also developed businesses including equity index futures, private equity and special asset management.

The AUM of CITIC Trust totalled RMB2,059,335 million as at 31 December 2023.

The following table sets out the principal financial indicators of CITIC Trust for the periods indicated:

| | **For the year ended/ As at 31 December** | |
|---|---|---|
| **Financial Indicator** | **2022** | **2023** |
| | *(in millions of RMB, except percentages)* | |
| Revenue | 6,438 | 4,976 |
| Profit attributable to shareholders | 3,012 | 2,628 |
| Total proprietary assets | 49,895 | 49,496 |

CITIC Trust's business consists of trust business, proprietary business and professional subsidiary business. The main difference between these business arms is the source of assets. The assets managed in trust business originate from the clients and require the setting up of related arrangements such as trust product design, structural arrangements for trust product transactions, sales of trust products, beneficiary rights management (customer relationship management), information disclosure, trust establishment, trust termination and liquidation. The assets of CITIC Trust's proprietary business originate from funds owned by CITIC Trust itself, and thus have no arrangements related to clients' assets. The professional subsidiary business mainly comprises transaction, financing abroad and other financial consultancy services. CITIC Trust's specialised subsidiaries aim to explore and increase CITIC Trust's exposure to asset management, overseas businesses and consultancy services in order to provide synergies and add value to the core businesses.

The family trust services is operated through the brand "CITIC Family Trust", which has expanded the product line beyond family office trust plans and introduced specialised investment, insurance trust services and other wealth management services to its clients.

CITIC Trust has introduced a number of unique financial products and services and continues to innovate in relation to a wide array of financial solutions. CITIC Trust was one of the first institutions to qualify as an official underwriter of corporate debt financing instruments for non-financial clients. CITIC Trust is the first trust company to launch a consumer finance business. In 2021, CITIC Trust actively followed CITIC Limited's green development roadmap in order to help achieve the national goals of "carbon peaking" and "carbon neutrality". It implemented carbon neutral green renewable bond projects to support the construction of green and environmental protection industry projects. It also issued asset-backed notes to support the development of small and medium-sized enterprises in the supply chain. Leveraging on its flexible trust structure and risk isolation capability, it developed an alternative investment trust business of over RMB15 billion in scale. In 2022, CITIC Trust also established the "Gongniu Group Charitable Trust" with a scale of RMB200 million, establishing the largest charitable trust in China. Additionally, CITIC Trust has also actively expanded its annuity-related business and it is the only trust company in the industry that has received a legal entity trustee qualification for enterprise annuity funds. The custody scale of occupational annuities reached RMB24.6 billion with business carried out in Guangdong, Zhejiang and Liaoning. CITIC Trust responded to the Notice on Standardising the Trust Business Classifications of Trust Companies (《關於規範信託公司信託業務分類 的通知》) issued in 2023, which clarified the boundaries and service contents of various trust businesses, by taking the initiative to accelerate its business transformation and optimise its asset structure to maintain steady operating results.

**Insurance**

CITIC-Prudential Life was incorporated in 2000. As at the date of this Offering Circular, CITIC Financial Holdings Co., Ltd. and Prudential Corporation Holdings Limited each held 50 per cent. of its equity interest. CITIC-Prudential Life is primarily engaged in the business of providing life insurance, health insurance and accident insurance, as well as reinsurance of the above categories. CITIC-Prudential Life also provides long-term financial support in areas including infrastructure construction, development of small and medium-sized enterprises, and technological innovation.

On 2 February 2024, the CBIRC approved the capital injections of a total of RMB2.5 billion (in equal proportions of RMB1.25 billion each) from China CITIC Financial Holdings Limited and Prudential Group Limited into CITIC-Prudential Life. After the proposed capital injections, the registered capital of CITIC-Prudential Life will increase from RMB2.36 billion to RMB4.86 billion, with the shareholding proportions of each shareholder remaining unchanged.

The following table sets out the main financial indicators of CITIC-Prudential Life for the periods indicated:

| | **For the year ended/ As at 31 December** | |
|---|---|---|
| **Financial Indicator** | **2022** | **2023** |
| | *(in millions of RMB, except percentages)* | |
| Operating revenue | 37,316 | 37,320 |
| Net profit attributable to shareholders | 1,076 | -803 |
| Total assets | 216,581 | 244,201 |

*Products*

CITIC-Prudential Life's products mainly include life insurance, accident insurance and health insurance, among which life insurance is its major source of revenue. The following is a summary of some of CITIC-Prudential Life's main products:

- *Life insurance*

  Life insurance products include traditional life insurance, participating life insurance, universal life insurance and investment-linked insurance, among which participating life insurance products generate the majority of the GWP of CITIC-Prudential Life. Participating life insurance combines the features of traditional life insurance and investment products and can cater to the client's requirements for insurance, savings and investments in one product.

- *Accident insurance*

  Accident insurance products include the provision of compensation for the death, disability and other conditions that have been stated in the policy of policy holders due to an accident or other incident specified by the policy.

- *Health insurance*

Health insurance products provide policy holders with insurance for illness and medical treatment and is divided into short-term health insurance and long-term health insurance.

*Distribution*

CITIC-Prudential Life promotes multi-channel development and adopts a differentiated strategy. The agency distribution channel is under transition to high quality development while CITIC-Prudential Life is consolidating its competitive advantages in bancassurance and enhancing sales volume and value. CITIC-Prudential Life is also actively exploring e-business opportunities to drive sales. CITIC-Prudential Life has also deepened cooperation with banks and actively expanded new channels and network layouts.

*Investment of Insurance Funds*

CITIC-Prudential Life actively serves enterprises through issuances of bonds, creditor's rights and equity, supporting major infrastructure and livelihood projects. CITIC-Prudential Life also supports mixed reform of local enterprises, financing of small and medium-sized enterprises, and adheres to government policies, realising positive synergies between insurance funds and the real economy.

***Other Financial Services***

Other financial services of CITIC Limited Group involves primarily capital management. The capital management business of CITIC Limited Group is mainly conducted by CITIC Finance Company Limited, a 98.69 per cent. owned subsidiary of CITIC Corporation Limited.

**Advanced Intelligent Manufacturing**

CITIC Limited Group's advanced intelligent manufacturing business mainly comprises manufacturing of lightweight automotive parts and advanced equipment, intelligent heavy equipment and specialised robotics and industrial internet platform.

The following table sets out the respective financial information of the principal operational entities of CITIC Limited Group's advanced intelligent manufacturing business for the periods indicated:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | Revenue | Net Profit Attributable to Ordinary Shareholders | Revenue | Net Profit Attributable to Ordinary Shareholders |
| | (in RMB million) | | (in RMB million) | |
| CITIC Holdings | 215 | 10 | 237 | 8 |
| CITIC Heavy Industries[(1)] | 8,827 | 146 | 9,557 | 384 |

(1) CITIC Limited held 67.27 per cent. equity interest in CITIC Heavy Industries as at 31 December 2023.

The revenue generated from CITIC Limited Group's advanced intelligent manufacturing business for the years ended 31 December 2022 and 2023 was RMB51,816 million and RMB50,652 million, respectively, accounting for 7.8 per cent. and 7.4 per cent. of CITIC Limited Group's total revenue, respectively. Profit before tax generated from CITIC Limited Group's advanced intelligent manufacturing business for the years ended 31 December 2022 and 2023 was RMB1,340 million and RMB1,903 million, respectively, accounting for 1.1 per cent. and 1.5 per cent. of CITIC Limited Group's profit before tax, respectively.

***CITIC Heavy Industries***

CITIC Limited Group, through CITIC Heavy Industries, engages in the design, manufacturing and sales of large equipment, complete technical equipment and key basic parts of heavy equipment, complete engineering project management (the provision of complete engineering, capital equipment manufacturing and project management services for an entire project, including site assessment and investigation, design, procurement of materials, provision of technical services, manufacturing, installation, training and other services in relation to each stage of the project), robots and intelligent equipment, intelligent manufacturing, energy conservation and environmental protection, new energy power equipment and others. As at 31 December 2023, CITIC Limited held a 67.27 per cent. equity interest in CITIC Heavy Industries. CITIC Heavy Industries (stock code: 601608) is listed on the SSE.

CITIC Heavy Industries adopts a "core manufacturing plus integrated service" business model with a balance between R&D and marketing services.

CITIC Heavy Industries owns one of the PRC's top special intelligent robot enterprises in CITIC HIC Kaicheng Intelligence Equipment Co., Ltd, one of the enterprises in mainland China with the license to manufacture robot products in coal mining and rescue efforts and provides integrated mining automation solutions. CITIC Heavy Industries' robotics division has expanded significantly and offers five categories of robotic products (track, submarine, inspection, tunnelling and drilling) for a total of twenty individual products. These products have broad applicability across a range of contexts, including firefighting, civil infrastructure, power plants, mining and oil refining.

CITIC Heavy Industries started the Xingbang Manufacturing Industry Fund alongside China Capital Management and China Capital Zhongcai Fund Management, with a mandate of high-end manufacturing, energy conservation and environmental protection technologies, new energy and advanced materials.

In February 2023, CITIC Heavy Industries merged with its wholly-owned subsidiary Lianyungang Zhongzhong Heavy Machinery Co., Ltd to rationalise management and operating costs.

*Products and Production*

CITIC Heavy Industries' main products include the following:

- Mining and Heavy Equipment Industry: integrated and intelligent key equipment including mills, crushers, rolling press, vertical mills, rotatory kilns, hoists, tunnel boring machine and metal melting and milling machine, as well as key basic parts such as large forging and casting parts and different kinds of spare parts required for the operation of different projects;

- Complete Engineering Project Management Segment: the provision of complete engineering, capital equipment manufacturing and project management services for the entire project, including site assessment and investigation, design, procurement of materials, provision of technical services, manufacturing, installation, training and other services in relation to each stage of the project for clients in various sectors such as construction, mining, petrochemical, nonferrous metals, electric power (nuclear power, offshore wind power, hydropower, photovoltaic) and metallurgy;

- Robots and Intelligent Equipment Industry: robotic products, intelligent control machines and related services; and

- Energy Conservation and Environment Protection Industry: energy conservation and environment protection equipment that perform functions such as waste heat and waste pressure utilisation, waste disposal, liquid-solid separation, coal cleaning and high-efficiency utilisation.

- Aerospace Engineering Projects: major national aerospace engineering projects including serving the in-orbit construction of China's space station, in order to facilitate journeys of the Shenzhou-12 and Shenzhou-13 manned spacecraft and the Long March-5B carrier rocket.

*Research and Development*

CITIC Heavy Industries' core competitive advantages are its strength in product development and unique technologies. Its technical centre in mainland China features the most comprehensive research facilities in the country for mining equipment, while its R&D centre in Australia works closely with international customers to develop new products across the region. CITIC Heavy Industries has established the first national key laboratory for mining equipment, as well as an analysis and testing laboratory for new mining equipment and materials.

CITIC Heavy Industries launched an Internet of Things platform that has connected more than 130 items of equipment, covering its six core product lines. Through this platform, CITIC Heavy Industries has uploaded all crusher data to the cloud and gained access to overseas crusher data covering the same equipment specifications to support its integrated services and marketing initiatives.

*Procurement and Supply*

The major raw materials for CITIC Heavy Industries' heavy machinery manufacturing include steel, blanks, motors, bearings and spare parts. These materials are mainly procured from domestic and international markets through tendering and are mostly supplied directly by manufacturers with some procurement from distributors or dealers.

*Customers, Sales and Marketing*

CITIC Heavy Industries is one of the domestic enterprises in mainland China with the capability to design and manufacture cement and mining equipment in accordance with European Union (EU) and US standards. It has more than 60 large customer groups formed by high-end customers in the coal and mining industries, metallurgical industry, construction materials industry, power generation industry, nonferrous metals industry, power electronic industry and the energy-saving and environmental protection industry. These customers include, among others, VALE, CODELCO, Zijin Mining Group Co. Ltd., Shandong Gold Mining Co., Ltd., CMOC, China Shenhua Energy Company Limited, China Huaneng Group, China National Gold Group Corporation, Anhui Conch Cement Company, Lafarge S.A., Holcim Ltd, Heidelberg Cement AG.

CITIC Heavy Industries' sales focus on the domestic market in mainland China and are supplemented by sales to the international market. In the domestic market in China, CITIC Heavy Industries uses a model of direct sales, winning orders by participating in bidding and negotiations. CITIC Heavy Industries' sales teams market the products nationwide in different industry sectors based on the targets of different products. In its sales to the international market, based on its own circumstances and the market demands, CITIC Heavy Industries targets different countries and regions by adopting different business models including direct sales, agent sales, subcontracting and cooperation with large customers. CITIC Heavy successfully secured turnkey projects for cement production lines in its EPC division, significantly enhancing the brand presence in the overseas market. International business has doubled in volume, with overseas market orders surpassing RMB3 billion for the first time.

CITIC Heavy Industries continues to developing the overseas and domestic markets for EPC projects.

***CITIC Dicastal***

CITIC Limited Group engages in the manufacturing of automobile aluminium wheel, automobile aluminium castings, model manufacturing, casting machinery manufacturing, manufacturing of specialised equipment for auto parts through CITIC Dicastal. CITIC Dicastal was incorporated in 1988 and as at 31 December 2023, CITIC Limited Group held a 42.11 per cent. equity interest in CITIC Dicastal. In December 2019, CITIC Industrial Investment and CITIC Industrial Investment Ningbo Holding Ltd., which are indirect wholly-owned subsidiaries of CITIC Limited, divested 57.89 per cent. of CITIC Dicastal through a public offering for tender to strategic investors at a consideration of RMB5.5 billion. In January 2020, CITIC Limited completed the restructuring which will enable CITIC Dicastal to crystalise its valuation whilst attaining more resources and expertise.

CITIC Dicastal mainly provides automobile aluminium wheels and automobile aluminium castings to automobile manufacturers. CITIC Dicastal has formed a business model of "headquarters core plus manufacturing bases" with a "one-stop" service from product design to production.

On 18 December 2023, CITIC Limited Group announced the proposed spin-off and separate listing of CITIC Dicastal on the Shanghai Stock Exchange.

*Products and Production*

- *Automobile aluminium wheels*

  CITIC Dicastal produces three main types of automobile aluminium wheels, namely cast wheels, forged wheels and cast flow-forming wheels. It is currently one of the few manufacturers in the world that is capable of providing all three types of automobile aluminium wheels. Furthermore, it is able to meet all surface treatment requirements of existing automobile aluminium wheels.

As at 31 December 2023, CITIC Dicastal's automobile aluminium wheel business had 29 major manufacturing bases in a number of regions, including mainland China, Europe, Africa and North America.

CITIC Dicastal operates a plant in Michigan, United States with a designated annual production capacity of three million wheels.

CITIC Dicastal's sixth production line at its Qinhuangdao production facility featuring advanced robotics and smart production systems and with a designated annual production capacity of three million wheels commenced production in 2018, significantly advancing its core competency in wheel manufacturing. To meet international demand, the second phase of CITIC Dicastal's manufacturing bases in Morocco commenced production by the end of December 2020 and doubled production capacity of aluminium wheels in Morocco from 3 million to 6 million units per annum, and has reached production capacity. CITIC Dicastal also revamped its integrated servicing unit to strengthen its relationship with global customers and better cater to their needs, reinforcing CITIC Dicastal's leading market position.

In 2022, CITIC Dicastal's new Mexican aluminium wheel production facility was launched with a designed production capacity of 3 million aluminium wheel products.

- *Automobile aluminium castings*

  CITIC Dicastal produces three main types of automobile aluminium castings, namely powertrain segment, chassis segment and automobile body parts. CITIC Dicastal conducts automobile aluminium castings through KSM Castings, which was acquired in 2011, and three casting factories in China.

  KSM Castings mainly produces chassis and powertrain segments, and is a technology-advanced company in the high-end market of automobile aluminium castings, one of the largest aluminium chassis segment suppliers in the world and one of the leading powertrain segment suppliers in Europe.

  CITIC Dicastal has nine manufacturing bases for automobile aluminium castings in Germany, the Czech Republic, mainland China and the US with a total area of approximately 300,000 square meters.

  CITIC Dicastal's Moroccan aluminium casting production base is located in Kenitra, Morocco and has a designed production capacity of five million lightweight aluminium castings for automobiles. The first batch of products was launched in December 2022.

  In 2023, CITIC Dicastal's new Moroccan aluminium casting production base which has a designed production capacity of 5 million lightweight aluminium castings for automobiles was completed. A new Mexican aluminium casting production base designed with a production capacity of five million commenced construction in 26 October 2023.

*Customers, Sales and Marketing*

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

*R&D and Intellectual Property*

CITIC Dicastal owns one state-certified enterprise technology centre in mainland China and R&D institutions in the EU and North America. It is the first domestic automobile aluminium wheels manufacturer that is able to synchronise its manufacturing process with that of foreign automobile manufacturers. It established a national automobile aluminium wheel test centre, which supervises and implements automobile wheel standards approved by the China Association of Automobile Manufacturers.

CITIC Dicastal's headquarters has installed proprietary testing equipment as well as a dedicated mould development centre and an innovation taskforce. The testing facility has set an industry benchmark for crash and stress tests as it is capable of conducting fully simulated in-house wheel and chassis tests, thereby minimising safety concerns. The mould centre has an annual capacity of over 2,000 sets. CITIC Dicastal's new innovation task force has a wide range of sophisticated modelling and processing tools at its disposal and has the mandate of creating a long-standing technological advantage over its peers, with an emphasis on expanding its synchronous design services. At its CITIC Dicastal Engineering Technology Institute, CITIC Dicastal researches integrated solutions for aluminium wheels and cast components design and manufacturing.

CITIC Dicastal is also committed to achieving "Dual Carbon" goals (peak carbon dioxide emissions in 2025 and carbon neutrality in 2050) through its research and development on low-carbon emission technologies throughout the product life cycle.

***CITIC Holdings***

CITIC Holdings has continued to enhance its capability in scientific and technological innovation and also built four core technology laboratories and a highly-qualified, top-notch research team. By the end of 2023, CITIC Holdings obtained 168 national invention patents, with over 50% of them related to AI technologies and over 10% related to large-scale modeling technologies.

Since 2022, CITIC Holdings actively built an enterprise-led industry-university-research innovation system and deepened cooperation with national strategic scientific and technological institutions. It also set up joint laboratories around the common, cutting-edge, and core technical areas of CITIC Limited Group's business sectors to carry out joint technological research. CITIC Holdings has also created a resource base for original technologies and made greater contributions for CITIC Limited Group to build an outstanding technology-oriented corporate group.

In 2023, CITIC Holdings formed a partnership with Pengcheng Laboratory and was incorporated into its network, with the objective of addressing technological issues with the intelligent control of large equipment.

**Advanced Materials**

CITIC Limited Group's advanced materials business comprises the exploration, mining, processing and trading of mineral resources as well as power generation and manufacturing of special steel. CITIC Limited Group aims to build competitive advantages in the advanced materials segment through the development of complete vertical industrial value chains jointly with the businesses in the advanced intelligent manufacturing segment.

CITIC Limited Group predominately operates its advanced materials business through CITIC Pacific Special Steel, CITIC Resources, CITIC Mining International, CITIC Metal Group and CITIC Pacific Energy Investment.

The following table sets out the respective financial information of the principal operational entities of CITIC Limited Group's advanced materials business for the periods indicated:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | Revenue | Net Profit/ (Loss) Attributable to Ordinary Shareholders | Revenue | Net Profit/ (Loss) Attributable to Ordinary Shareholders |
| | *(in millions)* | | | |
| CITIC Resources[(1)] | HKD5,866 | HKD1,336 | HKD3,826 | HKD552 |
| CITIC Mining International | HKD21,556 | HKD593 | HKD20,045 | HKD1,624 |
| CITIC Metal Group | RMB120,696 | RMB1,941 | RMB126,793 | RMB2,043 |
| CITIC Pacific Special Steel[(2)] | RMB98,345 | RMB7,105 | RMB114,019 | RMB5,721 |
| CITIC Pacific Energy Investment | HKD12,898 | HKD1,095 | HKD11,160 | HKD1,165 |

(1) CITIC Limited held 59.50 per cent. equity interests in CITIC Resources as at 31 December 2023.

(2) CITIC Limited indirectly held 83.84 per cent. equity interests in CITIC Pacific Special Steel through CITIC Pacific Limited as at 31 December 2023.

Revenue from CITIC Limited Group's advanced materials business for the years ended 31 December 2022 and 2023 amounted to RMB243,162 million and RMB267,700 million, respectively, which was 36.7 per cent. and 39.3 per cent. of CITIC Limited Group's revenue, respectively. The profit before tax of CITIC Limited Group's advanced materials business was RMB17,291 million and RMB17,035 million, for the years ended 31 December 2022 and 2023, respectively.

***CITIC Pacific Special Steel***

CITIC Pacific Special Steel is the largest manufacturer dedicated to the production of special steel in mainland China with five manufacturing bases located in Jiangyin and Jingjiang of Jiangsu province, Huangshi of Hubei province, Qingdao of Shandong province and Tianjin. Major products manufactured by CITIC Pacific Special Steel include special steel bar, special steel plates, seamless steel tubes, special wires, casting billets and special forging steel. These are widely used in various industries, including auto components, machinery manufacturing, oil, petrochemicals, transportation, energy, railways and shipbuilding. It continues to refine its procurement strategy and to maintain overall raw material costs at below market levels. Its products are sold in China and exported to more than 60 other countries, including the United States, Japan, Europe and Southeast Asia.

In 2021, CITIC Pacific Special Steel completed the acquisition of 51 per cent. equity interest in Hubei Shenfeng, 20 per cent. equity interest in Xinyegang Auto Parts Company, 57 per cent. equity interest in Qingdao Runyi Fengtai New Material Technology Co., Ltd., 51 per cent. equity interest in Jiangyin Xingfu Special Equipment Co., Ltd. and 65 per cent. equity interest in Qingdao Sidier, which provided support for CITIC Pacific Special Steel's transformation, upgrading, and professionalisation.

Furthermore, in 2021, CITIC Pacific Special Steel acquired a 20.5 per cent. equity interest in Tianjin Pipe Corporation through the acquisition of 40 per cent. of the shares of Shanghai Electric Group Pipe Co., Ltd., thereby obtaining rights to participate in its operation and management. In 2023, CITIC Pacific Special Steel's subsidiary, Jiangyin Xingcheng Special Steel, further acquired 60 per cent. of the equity of Shanghai Electric Group Steel Pipe Co. As a result, CITIC Pacific Special Steel was able to obtain a controlling stake in Tianjin Pipe Corporation by indirectly holding a 58.34% equity interest. In December 2023, CITIC Limited through its indirect wholly-owned subsidiary, Hubei Xin Yegang Steel Co., Ltd., completed the equity placement in Nanjing Iron and Steel Group, acquiring a 55.25% stake and became its controlling shareholder.

With a total annual production capacity of approximately 20 million tonnes, CITIC Pacific Special Steel further consolidates its leading position in the global special steel industry. CITIC Pacific Special Steel currently operates five main plants – Xingcheng Special Steel, Daye Special Steel, Qingdao Special Steel, Tianjin Pipe and Jingjiang Special Steel. CITIC Pacific Special Steel also has two raw material processing plants in Tongling and Yangzhou, as well as two industrial extension plants – CITIC Pacific Special Steel Suspension in Ji'nan and Zhejiang Pacific Seamless Steel Tube in Shaoxing.

For the year ended 31 December 2023, CITIC Pacific Special Steel sold 18.89 million tonnes of special steel products, a 24.4 per cent. increase compared to the year ended 31 December 2022.

CITIC Pacific Special Steel has established a centralised sales office integrating domestic sales and production capacity planning. It also continued to invest in optimising its product mix, including increased production of higher quality bar steel products and increased focus on high-margin product sales. CITIC Pacific Special Steel, Jiangyin Xingcheng Special Steel, Hubei Xin Yegang and Qingdao Special Steel jointly conduct new business development and customer relationship management activities.

***CITIC Metal Group***

CITIC Metal Group, which holds CITIC Metal, was formed to enhance the business' investment strength and trading power in the commodities markets.

CITIC Metal Group was incorporated in 2016. As at the date of this Offering Circular, CITIC Metal Group was a wholly owned subsidiary of CITIC Limited. CITIC Metal Group's principal businesses include resources trade and strategic resources investment in niobium products, iron ore, steel, nonferrous metals and platinum.

*Resources development*

CITIC Titanium, a subsidiary of CITIC Metal Group, founded in 2002, is a new high-tech enterprise specialised in R&D, production and sale of high-grade chloride process TiO2. CITIC Titanium has a capacity of 120,000 tonnes/year of chloride titanium dioxide, including the new production lines with a capacity of 60,000 tonnes/year, which have achieved full-load production in March 2022. At the same time, it has mastered both fluidised chlorination and molten salt chlorination techniques. Its product quality is among the best in the world. Titanium dioxide, CITIC Titanium's major product, is widely used in industries closely related to the development of the national economy, including coatings, paints, paper, plastic, rubber, chemical fibres, ceramics and electronics.

CITIC Metal has a 33.3 per cent. equity interest in China Niobium Investment Holdings Limited which in turn holds a 15 per cent. equity interest in Companhia Brasileira de Metalurgia e Mineracao ("**CBMM**"), which produces more than 70 per cent. of global niobium products through its mine which contains high-grade pyrochlore ore and has relatively long-term mine life and low mining costs. Niobium product is used in the production of high strength low alloy steel, special alloy steel, stainless steel and superalloy. Due to its investment in the upstream market and good working relationship with CBMM, CITIC Metal Group is able to acquire a sufficient and stable niobium product supply for external sales. It has exclusive distribution rights of CBMM's niobium products in mainland China.

CITIC Metal has a 15 per cent. interest in the Las Bambas copper mine project in Peru. The Las Bambas copper mine project is located between the districts of Challhuahuacho, Tambobamba and Coyllurqui, province of Cotabambas, and the district of Progreso, province of Grau, in the Apurímac Region in Peru and is currently one of the largest copper mine globally based on its copper resources and output. The Las Bambas copper mines achieved commercial production in July 2016, and averagely produces above 300,000 tonnes of copper in concentrate per annum. In 2022, the Las Bambas copper mine project produced copper concentrates containing 25.48 metric tonnes of copper in concentrate. CITIC Metal has exclusive distribution rights to 26.25 per cent. of the copper concentrates extracted from the site.

CITIC Metal Africa Investments Limited, a subsidiary of CITIC Metal, has acquired in aggregate a 24.8 per cent. interest in Ivanhoe Mines Ltd ("**Ivanhoe Mines**"), establishing CITIC Metal as Ivanhoe Mines' single largest shareholder. Ivanhoe Mines is a Canadian mining company focused on advancing the development and operation of the Kamoa-Kakula copper mine discovery in the Democratic Republic of Congo ("**Congo**"), the development of new mines at the Platreef platinum-palladium-nickel-copper-gold discovery in South Africa and the extensive redevelopment and upgrading of the historic Kipushi zinc-copper-germanium-lead mine in Congo. In 2023, the expansion and technical upgrades of Phase I and II of Kamoa Kakula Copper Mine were completed and Phase III progressed smoothly. The mine's annual production of copper metal reached nearly 400,000 tons.

CITIC Metal is CBMM's exclusive distributor in mainland China. Its sales coverage of niobium products across most of the medium-to large-scale steel enterprises in mainland China and allows CITIC Metal to maintain an approximate 80 per cent. market share in ferroniobium sales annually.

CITIC Metal is one of mainland China's major iron ore importers, importing products from renowned mineral mining enterprises located in Australia, Brazil, India and South Africa, including VALE, Rio Tinto, BHP Billiton and Anglo American, for national medium-to large-scale steel enterprises.

*Procurement and supply*

CITIC Metal maintains procurement channels and reduces procurement costs by establishing long-term working relationships and monitoring the procurement admittance mechanism, through selecting domestic partners with similar objectives and comparable skills as its qualified domestic suppliers alongside long-term and stable strategic alliances with large global mineral vendors to ensure a stable supply of bulk imported raw materials. CITIC Metal continues to optimise and evaluate its suppliers to achieve a stable and timely supply of high-quality and low-cost resources.

*Customers, Sales and Marketing*

CITIC Metal has adopted a technology-driven sales strategy and established the Microalloying Technology Center ("**MTC**") with CBMM, which has an advisory team of metallurgists dedicated to the technological development, promotion and application of niobium technology. CITIC Metal and CBMM jointly fund

R&D projects and industry chain cooperation on niobium technology, including joint laboratories established with University of Science and Technology Beijing, China Iron and Steel Research Institute and Shanghai University. CITIC Metal's customer base in mainland China covers most major steel companies, including China Baowu Steel Group Corporation, Ansteel Group Corporation and Shougang Group Corporation.

*Spin-off*

On 19 November 2021, CITIC Limited announced that it proposes to spin-off CITIC Metal by way of separate listing of its shares on the Shanghai Stock Exchange (the "**Spin-off**"). On 10 April 2023, CITIC Metal completed the Spin-off by way of A-shares offering and listing on the main board of the Shanghai Stock Exchange (SSE stock code: 601061). As a result of the Spin-Off, CITIC Limited indirectly holds 89.77 per cent. of the equity interest in CITIC Metal.

***CITIC Resources***

As at 31 December 2023, CITIC Limited held a 59.50 per cent. equity interest in CITIC Resources. CITIC Resources is listed on The Stock Exchange of Hong Kong Limited (SEHK stock code: 1205). CITIC Resources principally engages in the exploration, development and production of oil, coal mining, the import and export of commodities as well as investments in bauxite mining, alumina refinery and aluminium smelting.

The following table sets out CITIC Resources' revenue and segment performance attributed to external customers for the periods indicated:

| | **For the year ended 31 December** | | | |
|---|---|---|---|---|
| | **2022** | | **2023** | |
| | **Revenue** | **Segment Performance**[(1)] | **Revenue** | **Segment Performance**[(1)] |
| | *(in millions of HK$)* | | | |
| Aluminium smelting[(2)] | 1,356 | 237 | 1,240 | 207 |
| Coal[(3)] | 1,369 | 650 | 1,111 | 376 |
| Import and Export of Commodities | 1,287 | (2) | 0.5 | (4) |
| Crude oil | 1,854 | 946 | 1,474 | 934 |
| **Total** | **5,866** | **1,831** | **3,826** | **1,513** |

(1) Management of CITIC Resources monitors the results of its operating segments separately for the purposes of resource-allocation decision-making and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with CITIC Resources' profit/(loss) before tax except that interest income, fair value gain on a financial asset at fair value through profit or loss, finance costs, dividend income, share of profit/(loss) of associates and a joint venture, and impairment on assets as well as head office and corporate expenses are excluded from such measurement.

(2) The aluminium smelting business is located in Australia.

(3) The coal business is located in Australia.

As at 31 December 2023, CITIC Resources held a 22.5 per cent. participating interest in the Portland Aluminium Smelter joint venture and a 9.6117 per cent. equity interest in Alumina Limited ("**AWC**") in Australia, which continued to make a substantial contribution to CITIC Resources. On 26 February 2024, there was a non-binding, indicative and conditional proposal from Alcoa Corporation ("**Alcoa**") to acquire 100 per cent. of the ordinary shares in issue in AWC by way of a scheme of arrangement (the "**Transaction**"). On 12 March 2024, AWC announced that it has entered into a Scheme Implementation Deed with Alcoa in relation to the Transaction. If the Transaction is approved by AWC shareholders and all conditions precedent are satisfied or waived, the Transaction is expected to be implemented by the third quarter of 2024.

In March 2023, Portland Aluminium Smelter reduced its overall production due to operational instability. Production at the smelter was reduced to approximately 75% of its total capacity of 358,000 metric tons per year, with progressed efforts to restore production. Since then, the Company has been promoting improvement in production capacity and reducing costs of Portland Aluminium Smelter. By the end of 2023, the smelter was operating at approximately 80% of its total capacity.

***CITIC Mining International***

CITIC Limited owns CITIC Mining International, which in turn owns via its subsidiary Sino Iron Holdings Pty Ltd, 100 per cent. of the Sino Iron Project, which is being managed by CITIC Pacific Mining, a wholly-owned subsidiary of CITIC Mining International.

CITIC Pacific Mining was established to manage the construction and operation of the Sino Iron Project, which is an integrated mining, processing and port operation. The Sino Iron Project is located at Cape Preston, 100 kilometres southwest of Karratha in Western Australia's Pilbara region. It is the largest magnetite iron ore mining and processing operation by production in Australia focused on developing and producing magnetite iron ore.

The Sino Iron Project was granted major project facilitation status by the Australian Federal Government in 2006. CITIC Limited has rights to extract three billion tonnes of resource.

The Sino Iron Project has six production lines with an annual designated capacity of over 20 million tonnes, based on available samples taken from the mine pit. Actual production volume will depend on the characteristics of the rocks being mined. All six production lines are in operation, as are the common facilities for the six lines, including infrastructure in support of the processing activities, the power station, gas pipeline and desalination plant. For the year ended 31 December 2023, 21.04 million wet metric tonnes of premium magnetite concentrate had been delivered to CITIC Limited's own special steel plants and other steel mills.

In full production, the Sino Iron Project fully meets CITIC Limited's need for high quality iron ore concentrates. The iron ore product produced by the Sino Iron Project will be used in CITIC Limited's special steel mills in mainland China and sold to other steel mills in mainland China. There continues to be financial pressures in relation to the long-term sustainability of the Sino Iron Project.

For further information on the Sino Iron Project, see sections headed "*Risk Factors – Risk relating to Resources and Energy Business*" and "*CITIC Limited Group – Legal and Regulatory Proceedings*".

**CITIC Pacific Energy Investment**

CITIC Limited Group, through CITIC Pacific Energy Investment, also has interests in a number of power stations, including coal-fired power stations managed through Sunburst Energy, as well as a coal mine in mainland China. It has the majority equity ownership in the Jiangsu Ligang Electric Power Co., Ltd. as well as minority equity interests in the Hebei Hanfeng Power Generation Co., Ltd., the Huaibei Guo'an Electric Power Co., Ltd., the Neimeng Shenglu Electric Power Co., Ltd and Shandong Xin Julong Energy Co., Ltd. Overseas, CITIC Pacific Limited, a wholly owned subsidiary of CITIC Limited, formed a 50:50 joint-venture with strategic partner ITOCHU, and jointly acquired 22.5 per cent. in an offshore wind farm with a capacity of 288 MW in Germany, forming the resource and energy unit's first renewable energy project in Europe.

A total of 42.2 billion kWh of electricity was generated by CITIC Pacific Energy Investment in 2023. CITIC Pacific Energy continued to strengthen the development of green energy projects. These include projects under construction and completed projects with a total capacity of 1,601MW. CITIC Pacific Energy is investing in energy transition systemically, including onshore wind power, offshore wind power, solar power and energy storage with reserved projects of over 5GW of wind power, including over 4GW of photovoltaic and 1GW of offshore wind power distributed throughout most provinces in China.

**New Consumption**

The following table sets out the respective financial information of the principal operational entities of CITIC Limited Group's new consumption business for the periods indicated:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | Revenue | Net Profit/ (Loss) Attributable to Ordinary Shareholders | Revenue | Net Profit/ (Loss) Attributable to Ordinary Shareholders |
| | *(in millions)* | | | |
| CITIC Press | RMB1,801 | RMB126 | RMB1,717 | RMB116 |
| CITIC Telecom | HKD10,111 | HKD1,191 | HKD9,987 | HKD1,231 |
| CITIC Agriculture | RMB2 | RMB677 | RMB0.04 | RMB56 |
| Dah Chong Hong | HKD49,640 | HKD612 | HKD45,368 | HKD155 |

Revenue from CITIC Limited Group's new consumption business for the years ended 31 December 2022 and 2023 amounted to RMB53,150 million and RMB51,544 million, respectively, which was 8.0 per cent. and 7.6 per cent. of CITIC Limited Group's revenue, respectively. The profit before tax of CITIC Limited Group's new consumption business was RMB1,668 million and RMB2,012 million, for the years ended 31 December 2022 and 2023, respectively.

***CITIC Telecom***

CITIC Limited Group provides services in two areas – mobile telecommunications, Internet, international telecommunications, enterprise solutions and fixed line services operated by CITIC Telecom; and the leasing and sale of satellite transponders operated by Asia Satellite Telecommunications Holdings Limited ("**AsiaSat**").

The following table sets out CITIC Telecom's revenue by services for the periods indicated:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | Revenue | Percentage | Revenue | Percentage |
| | *(in millions of HK$, except percentages)* | | | |
| Sales of mobile handsets and equipment | 1,280 | 13 | 1,418 | 14 |
| Mobile services | 827 | 8 | 967 | 10 |
| Internet services | 1,331 | 13 | 1,427 | 14 |
| International telecommunications services | 3,453 | 34 | 2,954 | 30 |
| Enterprise solutions | 3,069 | 30 | 3,079 | 31 |
| Fixed line services | 151 | 2 | 142 | 1 |
| **Total** | **10,111** | **100%** | **9,987** | **100%** |

As at 31 December 2023, CITIC Limited owns 57.55 per cent. of CITIC Telecom, which is a telecommunications operator in Asia providing international telecommunications services (including mobile, Internet, voice and data services), integrated telecommunications services (in Macau), and through its wholly owned subsidiary CITIC Telecom International CPC Limited, provides one-stop information and communications technology solutions (including private network solutions, ethernet private line, Internet access, Cloud computing, information security, Cloud data centre and a series of value-added services) to multinational corporations. CITIC Telecom's key markets are mainland China, Macau and Hong Kong. CITIC Telecom is listed on the Hong Kong Stock Exchange (SEHK stock code: 1883).

CITIC Telecom also owns 99 per cent. of equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. ("**CTM**"), one of the leading integrated telecommunications services providers in Macau, and is the only full telecoms services provider in Macau. CTM was granted a 5G licence in Macau on 7 November 2022 and officially launched its 5G service on 14 November 2022, which further consolidated CTM's leading position in the Macau market. As of the end of 2023, CTM had registered over 500,000 5G users, representing a market share of approximately 75% in Macau.

### *AsiaSat*

CITIC Limited Group's satellite transponder leasing and sales business is operated by its jointly controlled entity, AsiaSat. AsiaSat is a wholly-owned subsidiary of Bowenvale Limited ("**Bowenvale**"). However, CITIC Limited only holds a 50.5 per cent. economic interest, and 50 per cent. voting rights, in Bowenvale and therefore AsiaSat is not consolidated as a subsidiary of CITIC Limited.

AsiaSat's business includes the leasing and sale of satellite transponders to customers, broadcasting, communications and data uploading and downloading services. A service fee is charged based on the number of transponders leased or usage volume. The satellites owned and operated by AsiaSat provide high performance satellite transponder resources and services for its television broadcasting and communications users, and are capable of satisfying customer demands for a fast and efficient satellite communications network. It provides services for leading international broadcasters and content providers. It transmits over 400 C-band television channels, with more than 160 of these available in ultra-high-definition and high-definition formats, reaching more than 860 million TV households and over 520,000 hotel guest rooms in the Asia-Pacific region.

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

### *CITIC Press*

CITIC Limited Group's publishing business is operated through its subsidiary, CITIC Press. CITIC Press holds all required licenses for publishing, distribution and retail granted by the State Administration of Press, Publication, Radio, Film and Television.

CITIC Press has been listed on the ChiNext board of the Shenzhen Stock Exchange since 5 July 2019. CITIC Press had a total of 190,151,515 shares outstanding after its initial public offering. As at 31 December 2023, CITIC Limited held approximately 73.5 per cent. of CITIC Press. CITIC Press has also deepened its transformation and upgrade, expanded new media channels and enhanced its influence in the book market to respond to changing trends in the book market.

In 2023, CITIC Press continued to increase its market share in mass-market book retail, solidifying its top position among Chinese publishing houses. It continued to lead in the categories of business, psychology and self-help, and biographies, while making a significant leap to second position in the children's books category. In 2023, 309 of CITIC Press' books appeared on the bestseller lists of the top 500 books in 10 major niche fields, representing a year-on-year increase of 5.5 per cent.

CITIC Bookstores operates differentiated retail stores in three different types of locations: city centres, office buildings and major airports. As at 31 December 2023, there are 29 CITIC Bookstores in over 8 medium to large cities in China, covering a floor space of 8,189 square metres. It has also established a preliminary online bookstore system and successfully operates the official flagship of CITIC Press and online bookstores on several e-commerce platforms, such as Tmall.com and JD.com.

CITIC Press also explored new modes of offline operation and launched three types of new shops in featured venues with a focus on commercial and leisure travel themes, all of which were well received by the market. With the rise of short-video reels and live streaming e-commerce platforms, CITIC Press expanded its own live streaming channels, with four of its accounts being shortlisted among the Top 10 for publisher self-streaming.

CITIC Press remains at the forefront of the publishing industry in innovation in the field of artificial intelligence. It led the way by developing and implementing the AIGC Smart Publishing Platform, which significantly improved publishing efficiency and enhanced targeted marketing capabilities.

*Dah Chong Hong*

Dah Chong Hong is a wholly-owned subsidiary of CITIC Pacific Limited.

Dah Chong Hong is a Hong Kong based conglomerate with a diversified business portfolio. Dah Chong Hong is involved in the sales of motor vehicles and motor related services, food and consumer products, healthcare products, electrical products and supported by its logistics services. In 2016, Dah Chong Hong acquired Li & Fung's consumer and healthcare products business in Asia, now known as Integrated Market Services Asia Limited and DCH Auriga Holding Limited. In 2017, Dah Chong Hong acquired Audi and Mercedes-Benz dealerships to increase its exposure to the growing luxury vehicle market in mainland China. Dah Chong Hong's networks cover the PRC, Taiwan, Japan, Myanmar, Singapore and other Southeast Asia countries. In 2020, Dah Chong Hong led the Hong Kong market in the number of contracted yachts and established DCH Boats in mainland China as the exclusive authorised distributor of Princess Yachts and Williams Jet Tenders and agent of Bali, Parker, Aquador, Flipper and Falcon. Dah Chong Hong continues to enhance product competitiveness by optimising supply chains, attracting new principals and expanding into growing segments such as healthier food options, pre-owned and new energy vehicles. Simultaneously, Dah Chong Hong advanced its digital development, improving e-commerce capabilities and fostering synergy.

In March 2024, Dah Chong Hong (DCH) Food Mart, a subsidiary of Dah Chong Hong, has announced that it will cease its operations.

*CITIC Agriculture*

CITIC Agriculture adheres to the advanced concept of industry-finance integration, focusing on crop breeding, promotion and core breeding technology research, and aims to build a leading agricultural technology enterprise with global competitiveness. CITIC Agriculture is committed to building a globally competitive and leading agri-tech business. It has set up platforms for crop breeding, animal breeding and animal health and a financial investment arm, CITIC Agri Fund Management Co., Ltd. ("**CITIC Agri Fund**"). CITIC Agriculture will continue to leverage CITIC Limited's financial capacity, big data and other resources to better serve farmers' demand related to high quality seeds, precision farming and comprehensive agricultural services.

*Crop Breeding Platform*

CITIC Agriculture is the largest shareholder of Yuan Long Ping High-tech Agriculture Co., Ltd. ("**Long Ping High-Tech**"), the largest crop breeding business in mainland China, which focuses on breeding, producing and distributing high-quality seeds of hybrid rice, corn, vegetables, wheat and sunflowers, among others. Long Ping High-Tech is listed on the Shenzhen Stock Exchange. Long Ping High-Tech and its subsidiaries were selected as the major enterprises in the national crop seed industry in the fields of rice, corn, vegetables, and cereals. Long Ping High-Tech also ranked first in the "List of Credit Star Enterprises in China's Crop Seed Industry" for the fifth time.

Through investing in Long Ping High-Tech and other agriculture businesses, CITIC Agriculture aims to accelerate the consolidation of mainland China's seed industry and explore and expand in overseas agricultural markets. In 2019, CITIC Agriculture began to work with Long Ping High-Tech's management to develop its seed corn business in Brazil and established a wholly-owned subsidiary, CITIC Agricultural Biotechnology Co., Ltd. to take an interest in Higentec Co., Ltd ("**Higentec Bio**"), a company engaged in molecular breeding, germplasm innovation, genome editing, bioinformatics and varietal testing as a national molecular breeding platform. In 2020, CITIC Agriculture and the Hunan Provincial Government jointly founded Mount. Yuelu Breeding Innovation Center Co., Ltd. to introduce internationally leading technology, promote innovation in the breeding industry, develop investment projects and accelerate innovation incubating. Higentec possessed an integrated application capability of "Biotechnology + Data Technology" and built up a key generic technology platform in the field of biological breeding.

*Financial Investment Platform*

In June 2016, CITIC Agri Fund was jointly established by CITIC Agriculture, Long Ping High-Tech, Haid Group and other agricultural industrial and financial investment companies. CITIC Agri Fund mainly focused on investment opportunities in the Agricultural Hi-tech sector and Food & Beverage Industry.

In October 2018, CITIC Agri Fund became the largest shareholder of Ausnutria Dairy Corporation Ltd ("**Ausnutria**") (SEHK:1717), with a shareholding of approximately 23.95 per cent. In January 2022, CITIC Agri Fund sold around three-quarters of its shares in Ausnutria to Inner Mongolia Yili Industrial Group Co., Ltd. ("**Yili Group**") (China's leading diary industry enterprise). With completion of this transaction, Yili Group subsequently accomplished the mandatory takeover bid to purchase majority stake of Ausnutria.

*Global Expansion*

In November 2017, CITIC Agri Fund, together with Long Ping High-Tech, completed the acquisition of Dow Agrosciences Sementes & Biotecnologia Brasil Ltda's corn seed business in Brazil ("**Long Ping Brazil**") for a purchase price of U.S.$1.1 billion. In November 2018, CITIC Agriculture, in concert with CITIC Agri Fund and Long Ping High-Tech, completed the shareholder re-structuring of Long Ping Brazil by forming a domestic holding entity "**Long Ping Development Co., Ltd**." to purchase the 100% of shares of Long Ping Brazil. In September 2023, CITIC Agriculture acquired 21.55 per cent of shares in Long Ping Development Co., Ltd, which was held by minority shareholders. After the acquisition, CITIC Agriculture's shareholding in Long Ping Development Co., Ltd increased to a total of 41.07 per cent.

The concerted investment into Long Ping Brazil by CITIC Agriculture, CITIC Agri Fund and Long Ping High-Tech will accelerate global integration plans in order to support Long Ping High-Tech's growth from a domestic Chinese market leader into a global market leading seed company.

*Animal Breeding Platform*

CITIC Agriculture also acquired 16.67 per cent. of the shares of Beijing Capital Agribusiness Inc. and became a major shareholder in 2018. Beijing Capital Agribusiness Inc. is a leading animal breeding company in mainland China.

*Animal Health Platform*

CITIC Agriculture has acquired 25 per cent. of the shares of China Agricultural Vet. Bio. Science and Technology Co., Ltd. ("**China Agricultural Vet**"). CITIC Agri Fund holds an additional 5 per cent. of the shares of China Agricultural Vet. China Agricultural Vet is a high-tech agriculture science enterprise which is dedicated to developing, manufacturing and supplying biological products for veterinary use as well as providing consulting services. It is led and supported by the Lanzhou Veterinary Research Institute, the National Foot-and-Mouth Disease Reference Laboratory, and the State Key Laboratory of Veterinary Etiological Biology, and has strong research capabilities in the animal health products industry.

**New-Type Urbanisation**

In the new-type urbanisation business segment, CITIC Limited Group has positioned itself as builders of smart cities. The CITIC Limited Group will continue to implement the PRC's regional development strategies, providing smart-city solutions that integrate engineering contracting, wastewater treatment and property development and operation.

The revenue generated from CITIC Limited Group's new-type urbanisation business segment for the years ended 31 December 2022 and 2023 was RMB50,931 million and RMB44,281 million, respectively, representing 7.7 per cent. and 6.5 per cent. of CITIC Limited Group's total revenue, respectively. For the years ended 31 December 2022 and 2023, CITIC Limited Group's profit before tax generated from the new-type urbanisation business segment was RMB1,290 million and RMB2,471 million, respectively, representing 1.0 per cent. and 2.0 per cent. of CITIC Limited Group's profit before tax, respectively.

***Construction and engineering***

CITIC Limited Group's construction and engineering businesses are dedicated to meeting the needs of clients with end-to-end services ranging from feasibility studies, planning, exploration, and financing, to the contracting of EPC projects. Projects undertaken include the development of infrastructure, housing, municipal and industrial facilities as well as environmental protection initiatives in both the PRC and international markets. For several consecutive years, both of CITIC Limited Group's engineering contracting companies have been rated at the top of the industry, as determined by Engineering News-Record (ENR), a global construction industry authority. It ranked CITIC Construction in the Top 250 International Contractors. In 2023, CITIC Construction was awarded with the title of "A-level Enterprise for China's Overseas Contracting Projects" and obtained the AAA-level Enterprise Credit Rating Certificate in the field of complete sets of integrated engineering. CITIC Construction was also shortlisted as one of the Top 100 Enterprises for Overseas Contracting Projects, receiving full recognition from the industry. Both domestic and international businesses of exploration, design and EPC services contributed to the company's bottom line. Domestically, among others, key projects include a national network security talents and innovation centre, and the Jiangxia clean water project, both in Wuhan, the Qilihe Anning sewage treatment plant expansion and renovation project in Lanzhou, Phase I Jiangbei Reclaimed Water Plant in Ningbo and Ziyang industrial new town development. Internationally, major projects include the upgrading of two expressways in Kazakhstan and upgrading of one highway in Algeria.

*CITIC Construction*

CITIC Limited has a 100.00 per cent. equity interest in CITIC Construction which was incorporated in 2002. CITIC Construction is an integrated engineering services company, providing management and engineering services, as well as procurement and construction services on large industrial and civil infrastructure projects.

CITIC Construction's domestic business mainly focuses on key national development regions such as the Jingjinji Metropolitan Region, Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing economic circle, the Hainan Free Trade Zone and the Yellow River Basin for Ecological Protection and HighQuality Development, while its overseas business mainly targets the Belt and Road countries, and has successfully penetrated developed markets such as the United Kingdom. The following table sets out the representative domestic and international engineering contracting projects of CITIC Construction:

| | As at 31 December 2023 | |
|---|---|---|
| **Project** | **Contract Value** | **Progress (Approximate percentage)** |
| | *(in millions of stated currency)* | |
| TKU National Expressway Upgrade, Kazakhstan | U.S.$935 | 100% completed |
| KB Expressway Upgrade, Kazakhstan | U.S.$856 | 100% completed |
| East Section Of The 84km East-West Highway, Algeria | U.S.$680 | 100% completed |
| Sunsuria Headquarters, Malaysia | MYR489 | SOHO Tower 100% completed<br>Shopping mall 67% completed<br>Parking building 84% completed<br>Apartment building 91% completed |
| Industrial New Town of Linkong Economic Zone, Phase II, Sichuan Province, China | RMB7,690 | 43% completed |
| Linqing Expressway, Yunnan Province, China | RMB6,217 | 100% completed |
| Chuda Highway Expansion Project, Yunnan Province, China | RMB9,294 | 100% completed |
| Wuhan Changjiang New Town Project, Hubei Province, China | RMB3,924 | 41% completed |
| Chip City Science And Innovation Base, Research And Innovation Park, Jiangsu Province, China | RMB12,277 | 17% completed |
| Jinan Ecological Port, Shandong Province, China | RMB6,032 | 37% completed |

*CITIC Engineering*

CITIC Engineering is a wholly owned subsidiary of CITIC Limited incorporated in 2013. CITIC Engineering was formed through the integration of CITIC Limited's wholly-owned subsidiaries CITIC General Institute of Architectural Design and Research Co., Ltd. ("**CADI**") and Central and Southern China Municipal Engineering Design and Research Institute Co., Ltd. ("**CSMEDI**"). CADI's principal businesses include infrastructure design, urban planning, engineering consulting, design, supervision, general contracting, project management and other businesses. CSMEDI's principal businesses include municipal infrastructure, urban planning, municipal engineering planning, engineering survey, project supervision, general contracting, project management and other businesses. CSMEDI was granted premium-class engineering design certification in 2015.

CITIC Engineering transformed its business model in 2015, adding investment and EPC services to its historical core in municipal engineering design and management. In the fields of urban planning and architectural design as well as municipal engineering design, CITIC Engineering owns a number of patents and has participated in setting a number of national standards, demonstrating its comprehensive strength as a leading domestic technology innovation engineering company.

***Environmental Services***

CITIC Environment specialises in the investment and management of environmental-related businesses. It focuses on three major sectors, namely water treatment, solid waste and hazardous waste disposal and energy saving services.

CITIC Environment controls CITIC Envirotech, an integrated water and wastewater treatment solutions provider headquartered in Singapore with a business model covering the whole industrial chain, including EPC, membrane technology and water investment sectors. In addition, CITIC Envirotech has leading technologies in research, production and integration processes of a water purifying membrane that integrates membrane bioreactor, continuous membrane filtration, reverse osmosis and other technologies, and is one of the few companies in the world capable of carrying out membrane research, development and production and offering a complete range of membrane filtration products. The business focus of CITIC Envirotech is on the water and wastewater segment mainly in relation to the industrial and municipal fields in mainland China using its proprietary advanced membrane technologies. It has also expanded its business into the fields of hazardous waste treatment and circular economy. CITIC Envirotech's international operations include a water recycling project in Kazakhstan and a membrane production subsidiary in the United States. CITIC Envirotech has more than 70 water plants in operation, with more than 100 water plants in operation, achieving an average daily water treatment capacity of over two million tonnes, including industrial wastewater, municipal wastewater and water supply projects.

In January 2020, CITIC Envirotech was privatised and delisted from the Official List of the Singapore Exchange Securities Trading Limited. Following the privatisation, CITIC Envirotech became an indirect subsidiary of CITIC Environment and CITIC Limited. China Reform Fund is currently the second largest shareholder of CITIC Envirotech. CITIC Envirotech was recognised as one of the "Top 50 Environmental Enterprises in China for 2023".

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

In the solid waste treatment sector, CITIC Environment held 11.08 per cent. equity interest in Chongqing Sanfeng Environmental Group Co., Ltd. ("**Sanfeng Environment**", SHSE:601827). Sanfeng Environment was listed on the Main Board of the Shanghai Stock Exchange in June 2020 and achieved growth that exceeded expectations. Excluding one-time subsidies, its net profit achieved 1,166 billion, which grew by 2.33% in 2023 compared with a year earlier. It ranked in third place among the main board's listed companies in the environmental protection segment in terms of net profit. Its core equipment and technology have been applied in eight countries, and in Hong Kong and Macau, with a total domestic waste treatment capacity of over 61,250 tonnes per day, ranking at the forefront of the industry. Sanfeng Environment has been awarded one of the "Global Top 500 New Energy Enterprises" for the fourth consecutive year since 2020 and was named one of China's "Top 10 Most Influential Enterprises in the Solid Waste Disposal Industry" for the seventh consecutive year.

***Infrastructure***

CITIC Limited Group operates and invests in the infrastructure business, which includes port terminal projects, mainly through CITIC Industrial Investment. CITIC Industrial Investment was incorporated in 1997 and as at 31 December 2023, was a wholly owned subsidiary of CITIC Limited. CITIC Industrial Investment's principal businesses include industrial investment and other businesses.

CITIC Industrial Investment invests in and operates the port terminal projects through acquisitions and constructions. The port terminals business mainly consists of investment in and the proprietary operation of liquefied oil terminals and storage, as well as the operation of other types of berths such as container berths. The port operation of CITIC Industrial Investment is positioned in oil port warehousing business, providing services to companies engaged in petrochemical production, trade and logistics. The oil port warehousing business consists of loading/unloading and warehousing business. The loading/unloading business consists of providing loading and unloading services to customers in CITIC Industrial Investment's ports, thereby charging loading and unloading fees. The warehousing business consists of providing warehousing services to customers after transporting their goods through special transportation channels to the storage tanks, thereby charging storage fees.

CITIC Industrial Investment has a combined handling capacity of about 32 million tonnes and a storage capacity of about 1.32 million cubic metres of liquefied petroleum.

The following table sets out the main port terminal projects operated by CITIC Industrial Investment:

| Project | Project Type | Equity Interest held by CITIC Industrial Investment |
|---|---|---|
| Ningbo Daxie PetroChina Fuel Oil Terminal Co., Ltd. (12 million tonnes) | Oil terminal | 51% |
| Ningbo Daxie Guanwai Liquefied Chemical port terminal (3.2 million tonnes) | Chemical terminal | 51% |
| Ningbo Daxie Gangfa oil port terminal (5 million tonnes) | Oil terminal | 20% |
| Ningbo Daxie China Merchants International Container Terminal (2.4 million TEU) | Container terminal | 20% |
| Ningbo Daxie Development Zone Xinhai Oil Terminal Co, Ltd (720,000m$^3$) | Oil storage | 30% |
| Ningbo Daxie Development Zone Xinyuan Port Terminal Co, Ltd (7.2 million tonnes) | Oil terminal | 51% |
| Ningbo Xinrun Petrochemical Storage and Transportation Co., Ltd (6 million tonnes/600,000m$^3$) | Petrochemical terminal and storage | 90% |

### *Healthcare*

The healthcare business of CITIC Limited Group is operated and managed through CITIC Pacific Limited and CITIC Industrial Elderly Care.

CITIC Pacific Limited's health business includes medical and elderly care services, as well as medical devices distribution. For medical services, there are four hospitals with approximately 1,200 beds, which include Jiangyin Lingang Hospital, as well as Hangzhou Chengdong Hospital, Shaoxing Chengdong Hospital and Shaoxing Shangyu Third Hospital managed by Hongen Medical Group which CITIC Pacific Limited invested in. In 2023, Jiangyin Lingang hospital successfully signed a medical consortium agreement with Tongji University Affiliated Shanghai Dongfang Hospital, aiming to enhance the level of medical management, technological expertise and comprehensive service capabilities. The Jiangyin Lingang hospital is constructing a new wing with 650 beds and is expected to be ready by the second quarter of 2024. CITIC Pacific Limited's elderly care business provides diversified services including nursing home operations and intensive and basic in-home care for seniors across Jiang Yin, Zhenjiang, Yancheng in Jiangsu Province and Fuzhou in Fujian Province. CITIC Pacific Limited's medical devices distribution business is managed by its joint ventures, Haoan Health and Youhe Medical. Hangzhou Haoan Health distributes more than 10,000 kinds of products used across a wide range of specialty healthcare services including urology, gastroenterology and neurosurgery for the network of more than 400 hospitals, and has become a leading medical devices and consumables supplier and service provider in Zhejiang Province. Shanghai Youhe Medical provides professional solutions for clinical diagnosis and treatment of early cancer in digestive, respiratory and thoracic disciplines to medical institutions, operates many domestic and foreign high-quality medical equipment product lines, and its business footprint spreads across major markets in Shanghai, Jiangsu, Zhejiang, as well as multiple medical center cities in South China, Southwest China and North China, covering more than 700 medical institutions.

CITIC Industrial Elderly Care mainly develops its business in core cities in the Yangtze River Delta and strategically deploys its business in Shanghai and Hangzhou. It focuses on chain institutional elderly care service business that integrates medical and elderly care resources through self-built operations and mergers and acquisitions. Its projects include Suburban CCRCs (Continuous Care Retirement Communities), urban comprehensive elderly care projects and chain elderly care centres. It has invested in and operates eight projects, with 3,300 beds in total. In 2023, CITIC Industrial Elderly Care successfully launched two major projects with a capacity of over 1,000 beds each: Youyou Xinfu in Pudong and Xinlan Tianti in Chongming.

***General Aviation***

CITIC Limited Group's general aviation business is primarily operated through its subsidiary, COHC, and provides general aviation services (offshore helicopter oil flight services, air emergency rescue, drone operations and other general aviation flight services) and general aviation maintenance services. As at 31 December 2023, CITIC Limited held a 51.03 per cent. equity interest in China Zhonghaizhi Corporation, which in turn held a 30.18 per cent. equity interest in COHC and 100 per cent. equity interest in CITIC Investment Holdings Limited which in turn held 8.45 per cent. of equity interest in COHC.

As the leading company in the general aviation sector in China, COHC has the qualification and capability to operate a full service general aviation business. COHC was the first and only main-board listed company in the domestic general aviation industry, and also the only domestic company awarded the General Aviation Safety Four Stars Award. COHC provides a full range of services, including offshore flights, onshore industry and forestry-related flights, emergency rescue, maintenance, training, integrated city flight services, sky tours, drone operation and data collection, among other services.

Headquartered in Shenzhen, Guangdong, COHC owns four helicopter airports located in Shenzhen, Zhanjiang, Dongfang and Tianjin, and eight main operation bases located in Beijing, Qingdao, Lianyungang, Wenzhou, Fuzhou, Sanya, Yunnan and Heilongjiang. Its helicopter airports and bases form a network covering all provinces, cities and autonomous regions (excluding Tibet), maritime areas such as the South China Sea, the East China Sea, the Bohai Sea, the Yangtze River Delta and the Pearl River Delta, and overseas regions such as the North and South Poles and Myanmar.

COHC has the largest civil helicopter fleet in Asia and currently operates 93 helicopters comprising 15 types of the most advanced helicopter models in the world. COHC's offshore oil helicopter service has a leading position in the industry in terms of market share. It is the only general aviation company with a domestic port helicopter pilotage service, the only service provider of helicopters for China's national Arctic and Antarctic scientific expeditions, the first service provider of offshore wind power helicopter operation and maintenance, and the sole helicopter medical services provider for the Beijing 2022 Winter Olympic Games and Paralympic Winter Games. In late July 2023, COHC participated in an emergency assistance to Zhuozhou City in Hebei province, in which 49 individuals were rescued through aerial operations, and approximately 2.6 tons of relief supplies were air-dropped. COHC is also the only general aviation company that engages in offshore oil flights overseas. COHC also operates Airbus Helicopters, an authorised helicopter repair centre in China.

***Property Development, Operation and Management***

The property development, operation and management business of CITIC Limited Group includes development, sales, operation and management of residential, commercial and integrated property projects in mainland China and in Hong Kong. It is predominately operated through CITIC Urban Development & Operation and CITIC Pacific Properties. CITIC Pacific Properties focuses on developing and investing in mixed-use and commercial properties, and mid to high-end residential properties. CITIC Urban Development & Operation specialises in urban renewal and development operations.

CITIC Limited has been aggressively pursuing new commercial opportunities in first and second tier mainland Chinese cities as well as high-potential urban agglomerations in mainland China, optimised the mix of its property projects and expedited the development of existing projects.

The following sets out the key development properties of CITIC Limited Group:

| Projects | Usage | Ownership | Gross floor area ($m^2$) |
|---|---|---|---|
| Yangpu District Badaotou, Shanghai | Office, commercial and residential | 87% | 181,200 |
| Harbour City, Guangzhou | Office, residential, hotel and retail | 50% | 1,205,100 |
| Harbour City, Wuhan | Office, commercial apartment, retail and residential | 85% | 1,173,000 |
| Optics Valley Xintiandi, Wuhan | Office, residential, commercial apartment and retail | 50% | 1,197,400 |
| T Center, Nanjing | Office, commercial apartment and retail | 100% | 131,100 |
| Sothern New City, Nanjing | Residential | 49% | 75,300 |
| CBD Project, Jinan | Office, residential and retail | 50% | 355,900 |
| Nove Mansion, Jinan | Residential | 50% | 75,100 |
| Jade Mansion, Jinan | Residential | 50% | 95,400 |
| Harbour City, Qingdao | Office, residential and retail | 80% | 380,100 |
| Taihu New City Project, Suzhou | Office, residential and retail | 100% | 234,800 |
| Jade Mansion Wuxi, Jiangsu | Residential | 98% | 135,200 |
| In Lake Ville, Jiangsu | Residential | 100% | 72,100 |
| Maison De Verre, Jiangsu | Residential | 100% | 127,200 |

The following sets out the major investment properties of CITIC Limited Group:

| Projects | Usage | Ownership | Approx. gross area ($m^2$) |
|---|---|---|---|
| CITIC Tower, Beijing | Office | 100% | 437,000 |
| CITIC Square, Shanghai | Office and retail | 100% | 132,300 |
| CITIC Mansion, Beijing | Office | 100% | 140,200 |
| CITIC Building, Beijing | Office | 100% | 62,200 |
| CITIC Square, Wuhan | Office | 100% | 55,100 |
| Harbour City, Shanghai | Office and retail | 50% | 472,600 |
| CITIC Tower, Hong Kong | Office and retail | 100% | 52,000 |
| CITIC International Tower Shenzhen | Office and retail | 100% | 176,884 |

**Employee and Human Resources**

CITIC Limited Group employed a total of 188,862 permanent staff as at 31 December 2023.

**Intellectual Properties**

CITIC Limited Group strongly emphasises the establishment, application, administration and protection of intellectual property rights. Through research, development and application in its ordinary course of business, CITIC Limited Group has obtained various intellectual property rights which add enormous value to CITIC Limited Group's businesses.

CITIC Limited Group's intellectual property rights mainly include trademarks, patents and copyrights. Over a thousand trademarks containing words or patterns of "中信", "CITIC" and "", and trademarks of variant design on words or patterns of "中信", "CITIC" and "", both onshore and offshore, have been applied for registration by CITIC Group.

CITIC Limited Group has entered into trademark licensing agreements with CITIC Limited and its related subsidiaries, pursuant to which CITIC Limited Group has authorised CITIC Limited and its related subsidiaries to use the trademarks above in the names and business activities. The transactions under the trademark licensing agreements will constitute continuing connected transactions of CITIC Limited upon completion. Given that the transactions contemplated under trademark licensing agreements are without consideration, according to Rule 14A.33(3)(a) of the Listing Rules, the transaction is exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**Legal and Regulatory Proceedings**

CITIC Limited Group may be involved in legal and/or regulatory proceedings or disputes in the ordinary course of business. There are also a number of claims currently outstanding by or against the CITIC Limited Group. While the outcome of such claims cannot be readily predicted, CITIC Limited believes that such claims will be resolved without material adverse financial effect on the consolidated financial position or liquidity of the CITIC Limited Group.

CITIC Limited Group's operations in the PRC are subject to review and inspections by relevant governmental authorities, including MOF, the PBoC, NAFR, CSRC, the State Administration of Foreign Exchange, the National Audit Office, State Administration of Taxation and State Administration for Market Regulation. As at the date of this Offering Circular, CITIC Limited Group was not aware of any material administrative penalties caused by the review or inspections conducted by such government departments that would have a material adverse effect on the business, financial condition, results of operations or prospects.

***Qualifications***

Major domestic subsidiaries of CITIC Limited have acquired all the major licenses, permissions and accords that are necessary to conduct their major business.

***Litigation and arbitration***

As at the date of this Offering Circular and as part of its ordinary course of business, CITIC Limited Group was involved in a number of unresolved litigations and arbitrations. CITIC Limited Group was a plaintiff or claimant in the significant majority of these material unresolved litigations. Such proceedings mainly relate to disputes on loan agreements, guarantee agreements, bills, agreements of construction projects, bankruptcy reorganisation, loan fraud and other agreements.

CITIC Limited Group was a defendant in a number of other unresolved litigations and due to the nature of litigation, the aggregate amount in dispute involved in such claims is difficult to quantify.

Litigation proceedings in relation to which announcements have been made by CITIC Limited Group (either itself or through the relevant subsidiary) previously which may or may not be material depending the outcome (which cannot be readily predicted as at the date of this Offering Circular), include the following:

**Material Disputes with Mineralogy in relation to the Sino Iron Project**

Each of Sino Iron Pty Ltd. ("**Sino Iron**"), Korean Steel Pty Ltd. ("**Korean Steel**") and Balmoral Iron Pty Ltd. ("**Balmoral Iron**"), subsidiary companies of CITIC Limited, has entered into a Mining Right and Site Lease Agreement ("**MRSLA**") with Mineralogy. Among other things, those agreements, together with other project agreements, provide Sino Iron, Korean Steel and Balmoral Iron the right to develop and operate the Sino Iron Project and to take and process one billion tonnes each of magnetite ore for that purpose. Before Balmoral Iron can exercise its one billion tonne mining right, it will need to submit and have approved by the State of Western Australia project proposals for its project, among other things.

There are a number of ongoing disputes between CITIC Limited, Sino Iron and Korean Steel (the "**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 CITIC Limited under the Fortescue Coordination Deed ("**FCD**"). Mineralogy and Mr. Palmer allege that the CITIC Parties' failure to make certain royalty payments caused them losses for which they are indemnified pursuant to the indemnity contained in the FCD.

***Queensland Nickel FCD Indemnity Claim***

On 29 June 2017, Mr. Palmer commenced a proceeding against CITIC Limited 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). The amount claimed relates to losses allegedly suffered by Mr. Palmer in relation to the nickel and cobalt refinery business located at Yabulu in North Queensland ("**Yabulu Refinery**"), which was carried on by the Queensland Nickel group of companies controlled by Mr. Palmer.

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

On 23 April 2024, Mineralogy and Mr. Palmer filed their seventh amended statement of claim. That statement of claim alleges that as the CITIC Parties did not pay to Mineralogy royalty on products produced by Sino Iron and Korean Steel ("**Royalty Component B**") when it was due for payment under the MRSLAs, Mineralogy did not provide funds to the manager of the Yabulu Refinery, Queensland Nickel Pty Ltd ("**QNI**"), to enable it to continue managing and operating the Yabulu Refinery, and consequently, QNI was placed into administration in January 2016 and liquidation in April 2016.

Mineralogy and Mr. Palmer allege that if the CITIC Parties had paid Royalty Component B on time, Mineralogy would have provided the funds required to meet QNI's cashflow deficits at the times necessary to enable QNI to continue to manage and operate the Yabulu Refinery. Mineralogy and Mr. Palmer plead that QNI required funding of AUD53,400,000 by the quarter ending 31 March 2016.

Mineralogy and Mr. Palmer claim that the liquidation of QNI led to the diminution in value of the Yabulu Refinery, and a consequential diminution in value of the shares of its joint venture owners, QNI Metals Pty Ltd and QNI Resources Pty Ltd. The shares in those companies are ultimately beneficially owned by Mr. Palmer. Alternatively, Mineralogy and Mr. Palmer claim that Mr. Palmer lost the opportunity to sell his shareholding in QNI, QNI Metals Pty Ltd, QNI Resources Pty Ltd and Queensland Nickel Sales Pty Ltd while the Yabulu Refinery was a going concern, for market value between mid-2015 and mid-2016. Mineralogy and Mr. Palmer claim that the CITIC Parties are liable for those losses pursuant to an indemnity provision in the FCD.

On 17 May 2024, the CITIC Parties filed their amended substituted defence. The CITIC Parties plead a number of defences, including construction arguments, as well as arguments based on causation, mitigation, quantification of loss and Anshun estoppel and abuse of process.

Mineralogy and Mr. Palmer's amended reply, filed on 3 June 2024, contains allegations that certain conduct of the CITIC Parties, specifically alleged activities of the Fulcrum Group, has the effect of disentitling the CITIC Parties from obtaining relief claimed in the form of a permanent stay of the proceeding on grounds of Anshun estoppel or abuse of process ("**Fulcrum Allegations**").

A number of interlocutory applications in this proceeding have not yet been determined. These include:

- an application by the CITIC Parties that Mineralogy and Mr. Palmer be ordered to make discovery of new categories of the documents; and
- interlocutory applications filed by Mineralogy and Mr. Palmer on 23 January 2023:
  - to be relieved of certain discovery obligations, regarding their financial capacity;
  - to strike out certain paragraphs of the CITIC Parties' further re-amended defence (which was then current but has since been replaced); and
  - to obtain discovery from the CITIC Parties of documents relating to the Fulcrum Allegations.

These applications are listed for a hearing on 6 August 2024.

Pursuant to orders made by Justice K Martin in September 2020, this proceeding will be heard together with Proceeding CIV 1267/2018 as described below. Orders previously made in this proceeding that damages would be determined separately and subsequently to liability have been vacated. This means that all issues will be heard and determined together in a single trial.

On 12 April 2024, Mineralogy and Mr. Palmer filed an application seeking orders that this proceeding be heard after the determination, including any appeals, of Proceeding CIV 2425/2023 as described below. The CITIC Parties oppose that application.

As at the date of this Offering Circular, no trial date has been set for this proceeding.

***Palmer Petroleum FCD Indemnity Claim***

On 16 February 2018, Mineralogy commenced a proceeding against the CITIC Parties in the Supreme Court of Western Australia ("**Proceeding CIV 1267/2018**") in which it claims damages in the sum of AUD2,675,400,000. That amount is alleged to represent the diminution in the value of Mineralogy's shares in Palmer Petroleum Pty Ltd (now Aspenglow Pty Ltd) ("**Palmer Petroleum**") or Blaxcell Limited stemming from the inability of those companies to develop certain petroleum prospecting licences in Papua New Guinea. Mineralogy is the holder and beneficial owner of all of the shares in Palmer Petroleum and Blaxcell Limited.

On 23 April 2024, Mineralogy filed its fourth amended statement of claim. In that statement of claim, Mineralogy claims that as the CITIC Parties failed to pay Royalty Component B when it was due for payment under the MRSLAs, Mineralogy (on which Palmer Petroleum was allegedly completely reliant for funding) did not provide funds to Palmer Petroleum to pay for services rendered to it by a contractor, and in July 2016, Palmer Petroleum was wound up in insolvency.

Mineralogy claims that, if the CITIC Parties had paid Royalty Component B in accordance with their obligations, Mineralogy would have provided funds to Palmer Petroleum and Palmer Petroleum would have paid for the services rendered by the contractor, discharged the contractor's statutory demand, and/or had sufficient funding to meet its working capital requirements, operate its business, and engage in the business of owning, exploring, developing and exploiting petroleum prospecting licences in Papua New Guinea. Mineralogy alleges that as a consequence of Palmer Petroleum being wound up, it ceased conducting its business and the relevant petroleum prospecting licences were cancelled.

Mineralogy pleads that Palmer Petroleum, or alternatively Blaxcell Limited, suffered a diminution in value equivalent to the sale value of oil that allegedly would have been recoverable from within the area of the relevant petroleum prospecting licences. Mineralogy claims that it suffered loss equivalent to the diminution in value of its shareholding in Palmer Petroleum, or alternatively Blaxcell Limited, and that the CITIC Parties are liable for that loss pursuant to an indemnity provision in the FCD. Alternatively, Mineralogy claims that it lost the opportunity to sell the petroleum prospecting licences between early 2016 and mid-2017.

On 17 May 2024, the CITIC Parties filed their amended substituted defence. The CITIC Parties plead a number of defences, including construction arguments, as well as arguments based on causation, mitigation, quantification of loss and Anshun estoppel and abuse of process.

Mineralogy's amended reply, filed on 1 June 2024, includes the Fulcrum Allegations as described above.

A number of interlocutory applications in this proceeding have not yet been determined. These include:

- an application by the CITIC Parties that Mineralogy be ordered to make discovery of new categories of documents; and
- interlocutory applications filed by Mineralogy on 23 January 2023:
    - to be relieved of certain discovery obligations regarding its financial capacity;
    - to strike out certain paragraphs of the CITIC Parties' re-amended defence (which was then current but has since been replaced); and
    - to obtain discovery from the CITIC Parties of documents relating to the Fulcrum Allegations.

These applications are listed for a hearing on 6 August 2024.

Pursuant to orders made by Justice K Martin in September 2020, this proceeding will be heard together with Proceeding CIV 2072/2017. Orders previously made in this proceeding that damages would be determined separately and subsequently to liability have been vacated. This means that all issues will be heard and determined together in a single trial.

On 12 April 2024, Mineralogy filed an application seeking orders that this proceeding be heard after the determination, including any appeals, of Proceeding CIV 2425/2023 as described below. The CITIC Parties oppose that application.

As at the date of this Offering Circular, no trial date has been set for this proceeding.

***Mine Continuation Proposals Dispute***

*(a) 2017 Mine Continuation Proposals Proceedings*

The continued operation of the Sino Iron Project requires it to extend beyond the footprint it currently occupies. The 2017 mine continuation proposals address that need, and include proposals to extend the constrained mine pit, and increase the storage capacity for waste rock and tailings, which are necessary by-products of the mining process. The mining tenements upon which the Sino Iron Project is currently conducted, and those into which the CITIC Parties wish to extend in order to continue operation, are all held by Mineralogy.

The CITIC Parties commenced a proceeding against Mineralogy and Mr. Palmer in the Federal Court of Australia, which was transferred to the Supreme Court of Western Australia on 10 June 2019 ("**Proceeding CIV 1915/2019**"). The proceeding related to the failure and refusal of Mineralogy to:

- submit the 2017 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement;
- grant further tenure which is reasonably required for the Sino Iron Project;
- take steps to secure the re-purposing of general-purpose leases for the Sino Iron Project; and
- submit a Programme of Works for the Sino Iron Project to the State of Western Australia.

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

The CITIC Parties commenced a new proceeding ("**Proceeding CIV 2326/2021**") on 8 December 2021, in which they sought orders for specific performance in relation to a refined tenure request addressed to Mineralogy on 29 November 2021. That tenure request was in the alternative to the tenure in respect of which relief was sought in Proceeding CIV 1915/2019. On 29 December 2021, Justice K Martin ordered that Proceeding CIV 1915/2019 and Proceeding CIV 2326/2021 be consolidated and proceed as one action ("**Consolidated 2017 MCPs Proceedings**").

The primary trial in the 2017 Consolidated MCPs Proceedings occurred before Justice K Martin from 21 February 2022 to 29 April 2022. The primary trial was to determine all issues in the Consolidated 2017 MCPs Proceedings other than the quantification of any loss or damage suffered by the CITIC Parties.

On 7 March 2023, Justice K Martin delivered his reasons in the Consolidated 2017 MCPs Proceedings and on 10 March 2023 made orders consequent upon his reasons. His Honour dismissed most of the CITIC Parties' claims. However, Justice K Martin made the following key findings relevant to mine continuation:

- Mineralogy is obliged to either submit, or consent to the CITIC Parties submitting, the Programme of Works.

- Mineralogy is contractually obliged to assist, and cooperate with, the CITIC Parties, including in relation to the submission of project proposals under the State Agreement. However, the Court declined to require Mineralogy to submit the 2017 mine continuation proposals in the form before the Court, for reasons including that those proposals presumed the use of tenure outside areas which Mineralogy had previously agreed to provide.

- Mineralogy is required to honestly consider, and not unreasonably refuse, requests for additional tenure that is reasonably requested and reasonably required. His Honour found that the CITIC Parties' most recent tenure request lacked certain features required to meet that test, and so declined to order Mineralogy to grant the tenure the subject of that request. However, his Honour confirmed that an area outside the site lease areas, to the south of the current tailings storage facility, and that is held by Mineralogy, is necessary for future tailings and waste storage for the Sino Iron Project.

- Mineralogy is not required to take steps to re-purpose the general-purpose leases, for reasons including because Mineralogy had not granted the CITIC Parties tenure over all of those general-purpose leases.

On 9 June 2023, after two unsuccessful applications for a stay of the relevant order made by Justice K Martin, Mineralogy submitted the Programme of Works to the State. The Programme of Works was approved on 28 July 2023. That approval allows the CITIC Parties to undertake investigative works necessary for the extension of the mine pit and the establishment of a new tailings storage facility.

At a hearing on 21 April 2023, Justice K Martin made orders deferring the CITIC Parties' Programme of Works damages claim until after the determination of the appeals referred to below. His Honour also ordered the CITIC Parties to pay Mineralogy's and Mr. Palmer's costs of the Consolidated 2017 MCPs Proceedings up to and including the 21 April 2023 hearing, except in relation to Mr. Palmer's unsuccessful application to stay the trial, for which Mr. Palmer must pay the CITIC Parties' costs. Unless approval can be obtained to allow extension of the mine pit and establishment of additional storage areas for waste rock and tailings, constraints on pit size and waste and tailings storage capacity will ultimately force the suspension of operations. In the short term, these constraints are reflected in reduced concentrate production for calendar year 2024.

*(b) 2017 Mine Continuation Proposals Appeals*

On 31 March 2023, the CITIC Parties appealed Justice K Martin's decision in the Consolidated 2017 MCPs Proceedings ("**Proceeding CACV 35/2023**"). The CITIC Parties' grounds of appeal include that Justice K Martin erred for reasons including that:

- there is no requirement in the State Agreement or the project agreements for the CITIC Parties to pay additional monetary consideration for areas reasonably required for the Project, including because Mineralogy has been paid for those areas;

- Mineralogy's failure to submit the 2017 mine continuation proposals was a breach of its obligations under the State Agreement and certain project agreements;

- his Honour applied the wrong contractual standard when evaluating the CITIC Parties' tenure request, as the standard was whether the tenure was "reasonably required", and not a higher standard;

- the 2017 mine continuation proposals and the CITIC Parties' tenure request were divisible, and not holistic global packages, and their licence request was accompanied by the required level of detail;

- Mineralogy had sufficient technical information and time to consider the CITIC Parties' tenure request, and Mineralogy's refusal to agree to the tenure request constituted a breach of the State Agreement and certain project agreements; and

- injunctive relief compelling Mineralogy to conditionally surrender and apply for the re-grant of certain general-purpose leases should have been ordered.

Also on 31 March 2023, Mineralogy separately appealed Justice K Martin's decision ("**Proceeding CACV 37/2023**") in relation to the order that it must submit the Programme of Works. Mineralogy's grounds of appeal include that his Honour erred in failing to hold that, before Mineralogy had an obligation to submit a proposal, the CITIC Parties had to demonstrate a need to submit the proposal for the purposes of performing the MRSLAs, so that Mineralogy could make an informed assessment of whether to do so having regard to its own commercial interests.

On 1 May 2023, the Court of Appeal ordered that Proceeding CACV 35/2023 and Proceeding CACV 37/2023 be consolidated ("**Consolidated 2017 MCPs Appeals**").

The appeals have been listed for a hearing before the Court of Appeal from 12 to 15 August 2024 and 19 to 21 August 2024.

*(c) 2023 Mine Continuation Proposals Proceedings*

On 27 November 2023, the CITIC Parties commenced a proceeding in the Supreme Court of Western Australia seeking to compel Mineralogy to submit the 2023 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement ("**Proceeding CIV 2336/2023**"). The areas over which the activities, being the subject of the 2023 mine continuation proposals, are to be carried out are a subset of the areas which were the subject of the 2017 mine continuation proposals, and are confined to areas over which Mineralogy has already provided access to Sino Iron and Korean Steel. The proceeding alleges that Mineralogy was obliged to consider and approve the 2023 mine continuation proposals. Approval of the 2023 mine continuation proposals will support the continued operation of the Sino Iron Project for an interim period by addressing constraints to the project's mine pit and waste and tailings storage capacity.

In this proceeding, the CITIC Parties seek relief including:

- declarations that Mineralogy's failure and refusal to consider, approve and submit the 2023 mine continuation proposals is in breach of the State Agreement and certain project agreements;
- orders for specific performance or injunctions requiring Mineralogy to join them in submitting the 2023 mine continuation proposals to the State; and
- damages for breach of contract.

The State of Western Australia is a party to the proceeding because it is a party to the State Agreement, but no relief is sought against it.

On 11 March 2024, Mineralogy filed its amended defence. Mineralogy's amended defence includes a pleading that, because Mineralogy asserts the CITIC Parties have breached certain project agreements, they are not entitled to the relief claimed. The alleged breaches include that:

- the conduct of the CITIC Parties as alleged by Mineralogy in Proceeding CIV 2072/2017 (i.e. the Fulcrum Allegations as described above) constituted acts or the contemplation of acts that adversely affected the interests of Mineralogy in the project area and represented a failure to act in good faith towards Mineralogy in relation to the performance of the MRSLAs;
- the CITIC Parties have not paid Mineralogy the amounts claimed in the FCD Indemnity Disputes (referred to above); and
- the CITIC Parties have allegedly failed to permit Mineralogy to observe all measurement, sampling and assaying procedures under the MRSLAs.

On 23 January 2024, Mineralogy applied for a stay of this proceeding pending the outcome of the 2017 MCPs Consolidated Appeals referred to above.

On 14 February 2024, the CITIC Parties applied for orders striking out certain paragraphs of Mineralogy's defence (which was then current but has since been replaced by the amended defence) and on 15 February 2024, applied for orders expediting the hearing of this proceeding.

Mineralogy's stay application and the CITIC Parties' strike out and expedition applications were heard on 20 and 21 March 2024, and the Court's decision remains reserved.

In circumstances where there is a pending decision on the CITIC Parties' application to strike out aspects of its defence, Mineralogy has agreed that the CITIC Parties may file and serve their reply seven days after the Court delivers its decision.

On 13 April 2024, Mineralogy filed an application seeking orders that this proceeding be heard after the determination, including any appeals, of Proceeding CIV 2425/2023 as described below, or alternatively, this proceeding be heard concurrently with Proceeding CIV 2425/2023. The CITIC Parties oppose that application.

As at the date of this Offering Circular, no trial date has been set for this proceeding.

***Fulcrum Conspiracy Claim***

On 5 October 2023, Mineralogy and Mr. Palmer commenced a proceeding against Helen Dillon, Chen Zeng, Sino Iron, Korean Steel and CITIC Limited ("**Proceeding CIV 2137/2023**") claiming that the defendants engaged in conduct for "Fulcrum Purposes", to apply commercial pressure on Mineralogy and Mr. Palmer to renegotiate certain project agreements, recoup certain additional costs of developing the Sino Iron Project from Mineralogy and seek to sterilise Mineralogy's other valuable mining tenements. On 28 November 2023, Mineralogy and Mr. Palmer filed a notice of discontinuance in Proceeding CIV 2137/2023.

On 15 December 2023, Mineralogy and Mr. Palmer commenced a proceeding against Helen Dillon, Chen Zeng, Sino Iron, Korean Steel and CITIC Limited (together, the "**CITIC Defendants**") as well as Allens, a law firm advising the CITIC Defendants, and FBIS International Issues Management Pty Ltd, a service provider to certain of the CITIC Defendants ("**Proceeding CIV 2425/2023**"). Mineralogy and Mr. Palmer claim that the defendants engaged in the Fulcrum Purposes to apply commercial pressure on Mineralogy and Mr. Palmer to achieve outcomes similar to those pleaded in Proceeding CIV 2137/2023 (see above).

Mineralogy and Mr. Palmer bring claims including for breach of contract, the torts of inducing a breach of contract, collateral abuse of process, conspiracy to injure by unlawful means and conspiracy to injure by lawful means. Unconscionable conduct under the Australian Consumer Law is also pleaded as conduct alleged to give rise to the unlawful means conspiracy. Mineralogy and Mr. Palmer also claim that, pursuant to the FCD, CITIC Limited is obliged to indemnify Mr. Palmer for the alleged loss suffered by Mr. Palmer said to be in relation to the CITIC Parties' failure to perform their obligations under the MRSLAs. Mineralogy and Mr. Palmer claim that as a consequence of the defendants' conduct, they suffered damages which are said to include costs Mineralogy and Mr. Palmer incurred in prosecuting and defending the legal processes and otherwise taking steps in respect of the Fulcrum Purposes, as well as the inability of Mr. Palmer to devote his attention and resources to "other profitable endeavours" and AUD200,000,000 on account of the inability to pursue the "Minimum Royalty Claim". Mineralogy and Mr. Palmer allege that they did not pursue the "Minimum Royalty Claim" in a previous proceeding as a consequence of the pressure exerted on them for the Fulcrum Purposes. The plaintiffs also seek exemplary damages of approximately AUD500,000,000, aggravated damages and interest on the amounts claimed.

On 20 March 2024, Mineralogy and Mr. Palmer filed their second amended statement of claim. On 19 April 2024, the CITIC Defendants filed an application for summary judgment in their favour, to strike out Mineralogy and Mr. Palmer's second amended statement of claim or, alternatively, to temporarily stay this proceeding. That application is listed for a hearing from 15 to 17 October 2024.

On 12 April 2024, Mineralogy and Mr. Palmer filed an application seeking orders that:

- there be a hearing and final determination, including any appeals, in this proceeding before the hearing of Proceeding CIV 2336/2023 (referred to above) and the FCD Indemnity Disputes (referred to above); or

- alternatively, this proceeding be heard concurrently with Proceeding CIV 2336/2023 (referred to above) but before the hearing and final determination, including any appeals, of the FCD Indemnity Disputes (referred to above).

The CITIC Parties oppose that application.

As at the date of this Offering Circular, no trial date has been set for this proceeding.

***Metallurgical Corporation of China ("MCC") claim***

MCC was appointed as the EPC contractor for the processing area and related facilities at the Sino Iron Project. The fixed price contract amount was U.S.$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 U.S.$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 this Offering Circular, 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 CITIC Limited Group believes it has satisfied all of its obligations under the contract. Under the contract, CITIC Limited 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 per cent. of the value of the main contract (approximately U.S.$5 million per day, with a cap of approximately U.S.$530 million in total). As at the date of this Offering Circular 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 CITIC Limited'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 the date of this Offering Circular.

***Administrative proceedings and penalties***

As at the date of this Offering Circular, CITIC Limited Group was not aware of any material ongoing administrative penalties against it.

**Risk Management**

In accordance with CITIC Limited Group's development strategy, CITIC Limited has established a risk management and internal control system covering all the business segments to identify, assess and manage various risks in CITIC Limited Group's business activities.

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

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

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

Limited's financing plan, manages the cash flow, and manages risks relating to counterparties, currencies, interest rates, commodities, commitments and contingent liabilities. It is also responsible for establishing hedging policy and approving the use of new financial instruments for hedging.

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

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

**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 its shareholders.

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

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

***Board composition and changes***

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

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

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

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

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

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

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

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

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

***Board committees***

As at the date of this Offering Circular, the board had the following committees:

***Audit and risk management committee***

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

The authority, role and responsibilities of the audit and risk management committee are set out in written terms of reference. The committee reviews its terms of reference at least once a year to ensure they remain in line with the requirements of the CG Code. Any amendments to the terms of reference are submitted to the board for approval. The terms of reference are available on CITIC Limited's website[1] and the Hong Kong Stock Exchange's website.

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

- review and monitor the integrity of CITIC Limited's financial information and provide oversight of the financial reporting system;
- monitor the effectiveness of external audit and oversee the appointment, remuneration and terms of engagement of CITIC Limited's external auditor, as well as its independence;
- oversee CITIC Limited's internal audit, risk management and internal control systems, including the resources for CITIC Limited's internal audit, risk management, accounting and financial reporting functions, staff qualifications and experience, as well as arrangements for concerns raised by staff on financial reporting, internal control and other matters ("**whistle-blowing**");
- undertake corporate governance functions delegated from the board, including
  - (a) reviewing CITIC Limited's policies and practices on corporate governance and making recommendations to the board as well as CITIC Limited's compliance with the CG Code and disclosure in the corporate governance report;
  - (b) reviewing and monitoring:
    - (i) the training and continuous professional development of directors and senior management;
    - (ii) CITIC Limited's policies and practices on compliance with legal and regulatory requirements;
    - (iii) the code of conduct and compliance manual (if any) applicable to employees and directors;
    - (iv) CITIC Limited's whistle-blowing policy and guidelines on implementation; and
    - (v) CITIC Limited's code of anti-corruption.

[1] https://www.citic.com/uploadfile/2022/1230/20221230438469.pdf

- oversee CITIC Limited's environmental, social, and governance practices; and
- undertake other authorities delegated by the board.

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

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

***Nomination committee***

The nomination committee was established by the board with written terms of reference in compliance with the CG Code. The terms of reference are available on CITIC Limited's website[2] and the Hong Kong Stock Exchange's website.

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

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

The nomination committee currently comprises two executive directors, one non-executive director and four independent non-executive directors, and is chaired by the chairman of the board. Mr Zhu Hexin served as chairman until 12 December 2023, and Mr Xi Guohua was appointed as chairman with effect from 29 January 2024. The committee meets at least annually and at such other times as it shall require. The joint company secretary, Mr Choy Wing Kay, Ricky acts as the secretary to the committee. The committee is provided with sufficient resources enabling it to perform its duties, and it can seek independent professional advice at CITIC Limited's expense if necessary.

***Remuneration committee***

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

The committee currently comprises three independent non-executive directors and a non-executive director. The chairman of the committee is Mr. Anthony Francis Neoh, an independent non-executive director. The committee meets at least once a year. A joint company secretary serves as the secretary of the committee.

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2 https://www.citic.com/en/investor_relation/corporate_governance/NC_ToR_Eng.pdf

The terms of reference are available on CITIC Limited's website[3] and the Hong Kong Stock Exchange's website.

***Strategic committee***

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

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

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

The committee is chaired by the chairman of the board (Mr Zhu Hexin served as chairman until 12 December 2023 and Mr Xi Guohua was appointed in his stead with effect from 29 January 2024) and other members include an executive director, Mr Zhang Wenwu, three non-executive directors, Ms Yu Yang, Ms Li Yi and Mr Yang Xiaoping, and two independent non-executive directors, Mr Anthony Francis Neoh and Mr Toshikazu Tagawa. Mr Li Rucheng (being a former non-executive director of CITIC Limited) serves as a consultant to the committee. For the year ended 31 December 2023, one strategic committee meeting was held. The Strategic Development Department prepared full minutes of the strategic committee meeting and the draft minutes were circulated to all the committee members within a reasonable time after the meeting. A joint company secretary is responsible for keeping all the minutes of the meetings.

The following is the composition of the four board committees:

| | **Board Committee** | | | |
|---|---|---|---|---|
| | **Audit and Risk Management Committee** | **Nomination Committee** | **Remuneration Committee** | **Strategic Committee** |
| **Director** | | | | |
| Xi Guohua | | C | | C |
| Zhang Wenwu | | M | | M |
| Liu Zhengjun | | | | |
| Wang Guoquan (formerly known as Wang Guoquan) | | | | |
| Yu Yang | | M | | M |
| Zhang Lin | M | | M | |
| Li Yi (formerly known as Li Ruyi) | | | | M |
| Yue Xuekun | | | | |
| Yang Xiaoping | M | | | M |
| Mu Guoxin | | | | |
| Li Zimin | | | | |
| Francis Siu Wai Keung | C | M | M | |
| Xu Jinwu | M | M | M | |
| Anthony Francis Neoh | M | M | C | M |
| Gregory Lynn Curl | | M | | |
| Toshikazu Tagawa | | | | M |

C Chairman of the relevant board committees
M Member of the relevant board committees

[3] https://www.citic.com/en/investor_relation/corporate_governance/RC_ToR_Eng.pdf

**Management Committees**

***Executive Committee***

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

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

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

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

***Strategy and Investment Management Committee***

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

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

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

***Asset and Liability Management Committee***

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

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

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

**Competition**

CITIC Limited Group's businesses face intense competition in each of its operating markets. Its financial services business faces competition from domestic and international commercial banks and other financial institutions; its engineering contracting business faces competition from global companies in the industry as well as the challenges from large Chinese state-owned enterprises and private companies; its advanced intelligent manufacturing, advanced materials, new consumption, new-type urbanisation and other businesses face competition in terms of resources, technology, price and service.

**Environment**

CITIC Limited Group conducts engineering contracting, resource exploration, trading in relation to resources and mining, as well as other businesses in the PRC and overseas. In addition, export of machinery and auto parts and other products of CITIC Limited Group from the PRC are also growing. These businesses are subject to the PRC and the relevant country's environmental regulations and rules, and failure to comply with such environmental laws and regulations may adversely affect CITIC Limited Group's business operations.

The environment team within CITIC Limited Group's different subsidiaries are always working closely with and alongside regulators to ensure that all projects obtained all the necessary approvals and fulfil all requirements before operation begins.

**Insurance**

CITIC Limited Group is covered by a range of insurance policies underwritten by reputable insurance companies for each of its businesses. Save as set out in the Risk Factors (see "*Risk factors – CITIC Limited Group's business may not be adequately insured*"), CITIC Limited Group believes that its operations and assets are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage.

Notwithstanding CITIC Limited Group's insurance coverage, damage to buildings, facilities, equipment, plants, mills, natural resource sites or other properties or assets as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons, earthquakes and other natural disasters could nevertheless have a material adverse effect on CITIC Limited Group's financial condition and results of operations.

## DIRECTORS AND SENIOR MANAGEMENT OF CITIC LIMITED

**Board of Directors and Senior Management of CITIC Limited**

The board of directors of CITIC Limited currently has 16 directors, comprising four executive directors, seven non-executive directors and five independent non-executive directors. Non-executive directors (including independent non-executive directors) comprise more than two-thirds of the board, of which independent non-executive directors represent at least one-third of the board as required under Rule 3.10A of the HKSE Rules.

***Board of Directors***

*XI Guohua (Executive Director and Chairman)*

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

*ZHANG Wenwu (Executive Director, Vice Chairman and President)*

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

*LIU Zhengjun (Executive Director)*

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

*WANG Guoquan (formerly known as WANG Guoquan) (Executive Director)*

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

*YU Yang (Non-executive Director)*

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

*ZHANG Lin (Non-executive Director)*

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

*LI Yi (formerly known as LI Ruyi) (Non-executive Director)*

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

*YUE Xuekun (Non-executive Director)*

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

University of Finance and Economics in trade and economics with a Bachelor's degree. He also obtained a Master's degree in public management.

*YANG Xiaoping (Non-executive Director)*

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

*MU Guoxin (Non-executive Director)*

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

*LI Zimin (Non-executive Director)*

Age 53: a non-executive director of CITIC Limited since December 2023. Mr. Li is currently an executive director and president of CITIC FAMC. He served as a salesman, project manager of CITIC Trust, the project manager, senior manager and expert of the annuity trust department of CITIC Trust, the head of the corporate integrated financial services team, the general manager of the investment banking department I and the business director, deputy general manager, general manager (during which period he was awarded a doctor's degree in Management from the University of Chinese Academy of Sciences) of CITIC Trust and a non-executive director of China Hongqiao Group Limited. He has served as president of CITIC FAMC since 31 October 2022 and an executive director of CITIC FAMC since 19 January 2023.

*Francis SIU Wai Keung (Independent Non-executive Director)*

Age 70: an independent non-executive director of CITIC Limited since 2011. Mr. Siu has the relevant professional qualification and expertise in financial reporting matters. He is the chairman of the audit and risk management committee and a member of the remuneration committee and the nomination committee. He is an independent non-executive director of China Communications Services Corporation Limited and Morgan Stanley Securities (China) Co., Ltd.; and the chairman and an independent non-executive director of BHG Retail Trust Management Pte. Ltd.. He has served as a non-executive director of the Accounting and Financial Reporting Council since 1 October 2019 with a term up to 30 September 2025. Mr. Siu joined KPMG Manchester, UK in 1979 and returned to Hong Kong in 1986 and became a partner of KPMG Hong Kong in 1993. From 2000 to 2002, he was a senior partner of KPMG Shanghai Office. From 2002 to March

2010, he was a senior partner of KPMG Beijing Office, and a senior partner of Northern Region, KPMG China.

*XU Jinwu (Dr.-Ing.) (Independent Non-executive Director)*

Age 75: an independent non-executive director of CITIC Limited since 2012. Dr. Xu is a member of the audit and risk management committee, the remuneration committee and the nomination committee. He is the executive director of The Chinese Society for Metals (中國金屬學會) and the former chairman of the Metallurgical Equipment Committee of The Chinese Society for Metals (中國金屬學會冶金設備分會). He was appointed as the president of University of Science and Technology Beijing in 2004 and retired in 2013. He served as an independent director of Ningbo Donly Transmission Equipment Co., Ltd. from January 2006 to January 2012 and Xinyu Iron & Steel Co., Ltd. from April 2006 to April 2009.

*Anthony Francis NEOH (Independent Non-executive Director)*

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

*Gregory Lynn CURL (Independent Non-executive Director)*

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

*Toshikazu TAGAWA (Independent Non-executive Director)*

Age 71: an independent non-executive director of CITIC Limited and a member of the strategic committee since 2021. Mr. Tagawa joined Audit Firm Asahi & Co. (now known as KPMG AZSA LLC) in November 1979, where he performed audit engagements. From November 1984 to June 2008, he worked as a tax professional at Ernst & Young ("**EY**") New York office for 18 years, EY San Francisco office for 4 years and Arthur Andersen New York office for 2 years, and became an EY US tax partner in 1996. From July 2008 to June 2010, he was stationed as a tax partner at EY Tax Co. in Japan. From July 2010 to June 2012, Mr. Tagawa was stationed as a tax partner at Shanghai office of EY China, managing tax engagements of the Japanese Business Services in China. Mr. Tagawa retired from EY US in June 2012. From July 2012 to April 2015, he assumed the position of Managing Director of the Financial Services Department of Ernst & Young ShinNihon LLC. From May 2015 to December 2020, he was appointed as a director and CFO of "Japan SR Association" which managed Super Rugby Japan team. He was appointed as a member of the Audit & Supervisory Board of Sumitomo Mitsui DS Asset Management Co., Ltd. as of June 2016 and CEO of Ranzan USA Corp. as of September 2018. He has been appointed as an external auditor of Sumitomo Rubber Industries, Ltd. with effect from 28 March 2024. Mr. Tagawa graduated from Kobe University of Commerce (now known as University of Hyogo) with a bachelor degree in Business Administration in March 1977. From September 2016 to March 2019, he was a visiting professor in the Faculty of Economics at Musashi University. Mr. Tagawa is a licensed certified public accountant.

***Senior Management***

*CUI Jun*

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

*FANG Heying*

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

*ZENG Qi*

Age 54: vice president of CITIC Limited and a member of the executive committee with effect from 14 March 2024. Ms. Zeng is a member of the Party Committee, vice president of CITIC Group and vice president of CITIC Corporation Limited since January 2024. She started her career in August 1993, and formerly served as deputy general manager of the Operation and Management Department, deputy general manager of the Settlement and Cash Management Department, vice president of Hebei Branch and a member of the Party Committee of the Industrial and Commercial Bank of China. She also served as general manager of the Settlement and Cash Management Department from December 2014 and general manager of the Personal Finance Department from May 2021. Ms. Zeng is a member of the Communist Party of China and obtained a Doctorate in law.

## DIRECTORS' INTERESTS IN SECURITIES

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

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

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

## SHAREHOLDERS' INTERESTS IN SECURITIES

*Substantial Shareholders*

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

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

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

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

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

Polaris has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement.

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

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

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

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

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

# TAXATION

*The following is a general description of certain tax considerations relating to the Notes and is based on law, published practice and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change (which could be made on a retroactive basis), and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations which may be relevant to a decision to purchase, own or dispose of any Notes.*

*Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.*

## Hong Kong

### *Withholding Tax*

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### *Stamp Duty*

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) (the "**SDO**")).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes **provided that** either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty applies to the transfer of Registered Notes required to be registered in Hong Kong and which are not otherwise exempt it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

### *Profits Tax*

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes may be subject to profits tax in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of Section 16(3) of the Inland Revenue Ordinance).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Bearer Notes may be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of Section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or other redemption of the Bearer Notes may be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bearer Notes may be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person, corporation and/or financial institution may be subject to Hong Kong profits tax if such sums have a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

***Specified Foreign-sourced Income***

On 1 January 2023, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (the "**Amendment Ordinance**") came into operation. Under the Amendment Ordinance, certain foreign-sourced income accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is to be regarded as arising in or derived from Hong Kong and chargeable to profits tax when it is received in Hong Kong under certain circumstances.

**PRC Taxation**

Pursuant to the New EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management body" are within the territory of China shall be PRC tax resident enterprises for the purpose of the New EIT Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside China. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the New EIT Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC.

As confirmed by the Issuer, as of the date of the Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the New EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the New EIT Law and related implementation regulations in the future.

Pursuant to the New EIT Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or its incomes have no actual connection to its establishment inside the PRC, shall pay enterprise income tax at the rate of 10 per cent. on the incomes sourced inside the PRC, and such income tax shall be withheld by sources with the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in respect of the Notes for any non-PRC enterprise Noteholder. However, despite the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes. In addition, if the Issuer is treated as a PRC tax resident enterprise under the New EIT Law and related implementation regulations in the future, any gain realised by the non-resident enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10 per cent. of PRC withholding tax.

**Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments made prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under "*Terms and Conditions-Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

# PRC CURRENCY CONTROLS

*The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.*

## Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012.

Since July 2013, the procedures for cross-border Renminbi trade settlement under current account items have been simplified and trades through e-commerce can also be settled under in Renminbi under the current regulatory regime. A cash pooling arrangement for qualified multinational enterprise group companies was introduced in late 2014, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. In addition, the eligibility requirements for multinational enterprise groups have been lowered and the cap for net cash inflow has been increased in September 2015.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

## Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms, foreign enterprises are now permitted to use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "**foreign debt**") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "**outbound loans**"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "**cross-border security**"). Under current rules promulgated by the State Administration of Foreign Exchange of the PRC ("**SAFE**") and the PBoC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, the PBoC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor ("**RQFII**") regime and the China Interbank Bond Market ("**CIBM**"), have been further liberalised for foreign investors. The PBoC has relaxed the quota control for RQFII, and has also expanded the list of eligible foreign investors in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In January 2016, CFETS set forth qualifications, application materials and procedure for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, the CMU or DTC (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Arrangers or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

*The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.*

### The Clearing Systems

#### *Euroclear and Clearstream*

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

#### *CMU*

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "**HKMA**") for the safe custody and electronic trading between the members of this service ("**CMU Members**") of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, "**CMU Instruments**") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all financial institutions regulated by the HKMA, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

An investor holding an interest through an account with either Euroclear or Clearstream in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU.

***DTC***

DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the US Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

**Book-Entry Ownership**

***Bearer Notes***

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream. Each Global Note will have an International Securities Identification Number ("**ISIN**") and a Common Code or a CMU Instrument Number, as the case may be. Investors in Notes of such Series may hold their interests in a Global Note only through Euroclear or Clearstream or the CMU, as the case may be.

***Registered Notes***

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by a Restricted Global Certificate or an Unrestricted Global Certificate. The Issuer may also apply to have Notes represented by a Restricted Global Certificate or an Unrestricted Global Certificate accepted for clearance through the CMU. Each Restricted Global Certificate and Global Certificate deposited with a common depositary for Euroclear and/or Clearstream will have an ISIN and a Common Code or, lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

The Issuer, and a relevant US agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number.

Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "*Transfer Restrictions*". In certain circumstances, as described below in "*Transfers of Registered Notes*", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Restricted Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, ownership interests in any Restricted Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by a Global Certificate, in amounts specified in the applicable Pricing Supplement.

***Payments through DTC***

Payments in US dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than US dollars in respect of Notes evidenced by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Paying Agent will convert amounts in such currency into US dollars and deliver such US dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

***Transfers of Registered Notes***

Transfers of interests in Global Certificates within Euroclear, Clearstream, CMU and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Euroclear, Clearstream or the CMU. In the case of Registered Notes to be cleared through Euroclear, Clearstream, the CMU and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear, Clearstream or the CMU by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent of details of that account at DTC, Euroclear, Clearstream or the CMU, as the case may be to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear, Clearstream, the CMU or DTC, as the case may be to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "*Transfer Restrictions*", cross-market transfers among DTC, and directly or indirectly through Euroclear or Clearstream or CMU accountholders, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear, Clearstream and/or the CMU and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear, Clearstream or the CMU and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear, Clearstream and the CMU, on the other, transfers of interests in the relevant Global Certificates will be effected through the Issuing and Paying Agent, the Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear, Clearstream or the CMU accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see "*Transfer Restrictions*".

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for Individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although Euroclear, Clearstream, the CMU and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Euroclear and the CMU, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, the CMU or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by Individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, the CMU or DTC.

***Individual Certificates***

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, the CMU and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form – Exchange – Restricted Global Certificates*" or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form – Exchange – Unrestricted Global Certificates*". In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

***Pre-issue Trades Settlement***

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6- 1 of the Exchange Act, trades in the US secondary market generally are required to settle within three business days ("**T+3**"), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

# TRANSFER RESTRICTIONS

## Restricted Notes

Each purchaser of Restricted Notes, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.

2. (i) The Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.

3. The Restricted Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend (the "**Rule 144A Legend**") in or substantially in the following form:

   THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT ("**RULE 144**"), IF AVAILABLE, OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NOTES.

4. It understands that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

5. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate or as the case may be, Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

**Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

## SUBSCRIPTION AND SALE

**Summary of Dealer Agreement**

Subject to the terms and on the conditions contained in the amended and restated dealer agreement dated 18 June 2024 made between the Issuer, the Arrangers and the Permanent Dealers (together, the "**Dealer Agreement**"), the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers and otherwise. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer will pay each Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment of, and any continuing responsibilities relating to, the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Subscription Agreement. The Issuer may agree, through the relevant Dealers, a rebate or commission to certain private banks based on the principal amount of the Notes purchased by the clients of such private banks. If a rebate or commission is agreed for a particular drawdown it shall be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The relevant Dealers and certain of their respective affiliates may have performed certain investment banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business.

The relevant Dealers and certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

The relevant Dealers or certain of their respective affiliates may purchase the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

**SFC Code of Conduct – Important Notice to CMIs (including private banks)**

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

**Selling Restrictions**

***United States***

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except (i) to QIBs in reliance on Rule 144A under the Securities Act; (ii) in accordance with Regulation S under the Securities Act; (iii) or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or, in the case of bearer Notes issued in compliance with the D Rules, to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations thereunder.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act if such offer and sale is made otherwise than in accordance with Rule 144A or another exemption from the requirements of the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

***Prohibition of Sales to EEA Retail Investors***

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

    (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

    (iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

***Public Offer Selling Restrictions under the Prospectus Regulation***

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

**provided that** no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

***Prohibition of Sales to UK Retail Investors***

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

   (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

   (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

   (c) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and

(ii) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

***Public Offer Selling Restrictions under the UK Prospectus Regulation***

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the Financial Conduct Authority, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Section 86 of the FSMA,

**provided that** no such offer of Notes referred to in (ii) to (iv) shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

***Other Regulatory Restrictions in the UK***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the UK.

### *The Netherlands*

For selling restrictions in respect of the Netherlands, see *"Prohibition of Sales to EEA Retail Investors"* and *"Public Offer Selling Restrictions under the Prospectus Regulation"* above.

### *PRC*

Each Dealer has represented, warranted and agreed that the offer of the Notes is not an offer of securities within the meaning of the PRC Securities Law or other pertinent laws and regulations of the People's Republic of China and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

### *Hong Kong*

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### *Japan*

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### *Singapore*

Unless the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018).*

**General**

These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and none of the Issuer nor any other Dealer shall have responsibility therefor.

## FORM OF PRICING SUPPLEMENT

*The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:*

[This Pricing Supplement is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "**Professional Investors**") only.

**Notice to Hong Kong investors:** The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

**The Hong Kong Stock Exchange has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the CITIC Limited Group or quality of disclosure in this Pricing Supplement.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This Pricing Supplement, together with the Offering Circular, include particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the CITIC Limited Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement and the Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.][1]

[**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers['s/s'] target market assessment) and determining appropriate distribution channels.][2]

[**UK MIFIR product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")] [distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][3]

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1 Applicable for Notes to be listed on the Hong Kong Stock Exchange only.
2 To be included if there are one or more EU MiFID manufacturers.
3 To be included if there are one or more UK MiFIR manufacturers.

[**PRIIPS REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "**MiFID II**")/**MiFID II**]; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018).][4]

**Pricing Supplement dated [•]**

**CITIC Limited**

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*] (the "**Notes**")

under the U.S.$9,000,000,000 Medium Term Note Programme (the "**Programme**")

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 18 June 2024 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [•]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [•] [and the supplemental Offering Circular dated [•]] (together, the "**Offering Circular**"), save in respect of the Conditions which are extracted from the Offering Circular dated [•] and are attached hereto.]

[4] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer. For any Notes to be offered to institutional investors or accredited investors in Singapore only, this notification paragraph to be removed.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

| | | | |
|---|---|---|---|
| 1. | (i) | Issuer: | CITIC Limited |
| 2. | [(i)] | Series Number: | [•] |
| | [(ii) | Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).] | [•] |
| 3. | Specified Currency or Currencies: | | [•] |
| 4. | Aggregate Nominal Amount: | | |
| | [(i)] | Series: | [•] |
| | [(ii) | Tranche: | [•]] |
| 5. | [(i)] | Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)] |
| | [(ii) | Net proceeds: | [•] (*Required only for listed issues*)] |
| | [(iii) | Private Bank Rebate/Commission: | [Applicable/Not Applicable]]<br><br>(*For any issuance where paragraph 21 of the Hong Kong SFC Code of Conduct is applicable, also refer to paragraph 49(i) below*) |
| | [(iv) | Use of proceeds: | [•] (*Required if different from the Offering Circular*)] |
| 6. | (i) | Specified Denominations: | [•][5] [6] |
| | (ii) | Calculation Amount | [*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor*] [*Note: There must be a common factor in the case of two or more Specified Denominations*] |

5 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

6 If the specified denomination is expressed to be €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) and integral multiples of [€1,000] in excess thereof up to and including [€99,000]/[€199,000]. No notes in definitive form will be issued with a denomination above [€99,000]/[€199,000].

| | | | |
|---|---|---|---|
| 7. | (i) | Issue Date: | [•] |
| | (ii) | Interest Commencement Date: | [Specify/Issue date/Not Applicable] |
| 8. | Maturity Date: | | [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*][7] |
| 9. | Interest Basis: | | [[•] per cent. Fixed Rate] [[*specify reference rate] +/- [•] per cent. Floating Rate*] [Zero Coupon] [Other (*specify*)] (further particulars specified below) |
| 10. | Redemption/Payment Basis: | | [Redemption at par] [Dual Currency] [Instalment] [Other (*specify*)] |
| 11. | Change of Interest or Redemption/ Payment Basis: | | [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*] |
| 12. | Put/Call Options: | | [Investor Put] [Issuer Call] [(further particulars specified below)] |
| 13. | (i) | Status of the Notes: | Senior |
| | (ii) | Date of Board Resolutions approving the issuance of the Notes: | [•] |
| 14. | Listing: | | [Hong Kong/Other (*specify*)/None] (*For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*) |
| 15. | Method of distribution: | | [Syndicated/Non-syndicated] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | | |
|---|---|---|---|
| 16. | Fixed Rate Note Provisions: | | [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| | (i) | Rate[(s)] of Interest: | [•] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear] |
| | (ii) | Interest Payment Date(s): | [•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "**Business Day**"]/not adjusted*] |
| | (iii) | Fixed Coupon Amount[(s)]: | [•] per Calculation Amount[8] |

7 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

8 For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon

| | | | |
|---|---|---|---|
| | (iv) | Broken Amount: | [•] per Calculation Amount, payable on the Interest Payment date falling [in/on] [•] |
| | (v) | Day Count Fraction (Condition 5(i)): | [30/360/Actual/Actual/(ICMA/ISDA)/Actual/ 365 (fixed)/other] |
| | (vi) | Determination Date(s) (Condition 5(k)): | [•] in each year. [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N. B only relevant where Day Count Fraction is Actual/Actual (ICMA).*] |
| | (vii) | Other terms relating to the method of calculating interest for Fixed Rate Notes: | [Not Applicable/*give details*] |
| 17. | Floating Rate Provisions: | | [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*) |
| | (i) | Interest Period(s): | [•] |
| | (ii) | Specified Interest Payment Dates: | [•] |
| | (iii) | Interest Period Date(s): | [•]<br><br>(*Not applicable unless different from Interest Payment Date*) |
| | (iv) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] |
| | (v) | Business Centre(s) (Condition 5(k)): | [•] |
| | (vi) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination/ other (*give details*)] |
| | (vii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not [•] as Calculation Agent): | [•] |
| | (viii) | Screen Rate Determination (Condition 5(b)(ii)(B)): | |
| | | • Reference Rate: | [•]<br><br>(*Either EURIBOR, HIBOR, SOFR Benchmark or other, although additional information is required if other*) |

Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards".

| | | |
|---|---|---|
| • | Interest Determination Date: | [•]<br><br>(*the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling, euro or Hong Kong Dollars or first day of each Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollar or the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro*) |
| • | Relevant Screen Page: | [•]<br><br>[(*In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)] |
| • | Party responsible for calculation of Rate of Interest: | [●] (*Specify where this is not the Calculation Agent*) |
| • | SOFR: | [Applicable/Not Applicable] |
| | • SOFR Benchmark | [Simple SOFR Average/Compounded Daily SOFR/Compounded SOFR Index] |
| | • Compounded Daily SOFR | [Not Applicable/SOFR Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout]<br><br>(*Only applicable in the case of Compounded Daily SOFR*) |
| | • Lookback Days | [Not Applicable/[●] U.S. Government Securities Business Day(s)]<br><br>(*Only applicable in the case of SOFR Lag*) |
| | • SOFR Observation Shift Days | [Not Applicable/[●] U.S. Government Securities Business Day(s)]<br><br>(*Only applicable in the case of SOFR Observation Shift or Compounded SOFR Index*) |
| | • Interest Payment Delay Days | [Not Applicable/[●] U.S. Government Securities Business Day(s)]<br><br>(*Only applicable in the case of SOFR Payment Delay*) |
| | • SOFR Rate Cut-Off Date | [Not Applicable/The day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Interest Accrual Period]<br><br>(*Only applicable in the case of Simple SOFR Average, Compounded Daily SOFR: SOFR* |

| | | | |
|---|---|---|---|
| | | | *Payment Delay or Compounded Daily SOFR: SOFR Lockout*) |
| | | • SOFR Index$_{Start}$ | [Not Applicable/[•] U.S. Government Securities Business Day(s)]<br><br>(*Only applicable in the case of Compounded SOFR Index*) |
| | | • SOFR Index$_{End}$ | [Not Applicable/[•] U.S. Government Securities Business Day(s)]<br><br>(*Only applicable in the case of Compounded SOFR Index*) |
| | (ix) | ISDA Determination (Condition 5(b)(ii)(A)): | |
| | | • Floating Rate Option: | [•] |
| | | • Designated Maturity: | [•] |
| | | • Reset Date: | [•] |
| | | • ISDA Definitions: | 2006 (if different to those set out in the Conditions, please specify) |
| | (x) | Margin(s): | [+/-] [•] per cent. per annum |
| | (xi) | Minimum Rate of Interest: | [•] per cent. per annum |
| | (xii) | Maximum Rate of Interest: | [•] per cent. per annum |
| | (xiii) | Day Count Fraction (Condition 5(k)): | [•] |
| | (xiv) | Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [Benchmark Discontinuation (General) (Condition 5(n))/Benchmark Discontinuation (SOFR) (Condition 5(o))/*specify other if different from those set out in the Conditions*] |
| 18. | Zero Coupon Note Provisions: | | [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| | (i) | Amortisation Yield (Condition 6(b)): | [•] per cent. per annum |
| | (ii) | Any other formula/basis of determining amount payable: | [•] |
| 19. | Dual Currency Note Provisions: | | [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| | (i) | Rate of Exchange/Method of calculating Rate of Exchange: | [*Give details*] |
| | (ii) | Party, if any, responsible for calculating the Rate(s) of Interest | [•] |

| | | | |
|---|---|---|---|
| | | and/or Interest Amount(s) (if not [•] as Calculation Agent): | |
| | (iii) | Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: | [•] |
| | (iv) | Person at whose option Specified Currency(ies) is/are payable: | [•] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 20. | Call Option: | | [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| | (i) | Optional Redemption Date(s): | [•] |
| | (ii) | Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | [•] per Calculation Amount |
| | (iii) | If redeemable in part: | |
| | | (a) Minimum Redemption Amount: | [•] per Calculation Amount |
| | | (b) Maximum Redemption Amount: | [•] per Calculation Amount |
| | (iv) | Notice period: | [•] |
| 21. | Put Option: | | [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| | (i) | Optional Redemption Date(s): | [•] |
| | (ii) | Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | [•] per Calculation Amount |
| | (iii) | Notice period: | [•] |
| 22. | Final Redemption Amount of each Note: | | [•] per Calculation Amount |
| 23. | Early Redemption Amount: | | |
| | (i) | Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions): | [•] |

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

| | | |
|---|---|---|
| 24. | Form of Notes: | [Bearer Notes/Exchangeable Bearer Notes/ Registered Notes] [*Delete as appropriate*] |
| | | [temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] |
| | | [temporary Global Note exchangeable for Definitive Notes on [•] days' notice][9] |
| | | [permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] |
| 25. | Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: | [Not Applicable/*Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 16(ii), 17(iv) and 19(vii) relate*] |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. *If yes, give details*] |
| 27. | Details relating to Instalment Notes: amount of each Instalment, date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late repayment: | [Not Applicable/*give details*] |
| 28. | Redenomination, renominalisation and reconventioning provisions: | [Not Applicable/The provisions annexed to this Pricing Supplement apply] |
| 29. | Consolidation provisions: | [Not Applicable/The provisions annexed to this Pricing Supplement apply] |
| 30. | Other terms or special conditions: | [Not Applicable/*give details*] |

## DISTRIBUTION

| | | | |
|---|---|---|---|
| 31. | (i) | If syndicated, names of Managers: | [Not Applicable/give names] [*include date and description of subscription agreement*] |
| | (ii) | Stabilisation Manager (if any): | [Not Applicable/*give name(s)*] |
| 32. | | If non-syndicated, name of Dealer: | [Not Applicable/*give name*] |

9 If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: [€50,000]/[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]/[€199,000] the Temporary Global Note shall not be exchangeable on [•] days notice.

| | | |
|---|---|---|
| 33. | Whether TEFRA D/C Rules applicable or TEFRA Rules not applicable: | [TEFRA D/TEFRA C/TEFRA not applicable] |
| 34. | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)* |
| 35. | Prohibition of Sales to UK Retail Investors: | [Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)* |
| 36. | Singapore Sales to Institutional Investors and Accredited Investors only: | [Applicable/Not Applicable] |
| 37. | Additional selling restrictions: | [Not Applicable/*give details*] |

**OPERATIONAL INFORMATION**

| | | |
|---|---|---|
| 38. | ISIN Code: | [•] |
| 39. | Common Code: | [•] |
| 40. | CMU Instrument Number: | [•] |
| 41. | LEI: | 2549006I3Q3M98KHOT11 |
| 42. | Any clearing system(s) other than Euroclear, Clearstream and the CMU and the relevant identification number(s): | [Not Applicable/*give name(s) and number(s)*] |
| 43. | Delivery: | Delivery [against/free of] payment |
| 44. | Additional Paying Agent(s) (if any): | [•] |

**GENERAL**

| | | |
|---|---|---|
| 45. | The aggregate principal amount of Notes issued has been translated into [U.S. dollars] at the rate of [•], producing a sum of (for Notes not denominated in [U.S. dollars]): | [Not Applicable/[U.S.$][•]] |
| 46. | In the case of Registered Notes, specify the location of the office of the Registrar if other than New York: | [•] |
| 47. | In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than London: | [•] |
| 48. | Ratings: | The Notes to be issued have been rated:<br><br>[S&P: [•]]<br><br>[Moody's: [•]]<br><br>[Other: [•]]<br><br>(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) |
| 49. | Hong Kong SFC Code of Conduct | |
| | (i) Rebates | [A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the capital market intermediaries otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable] |
| | (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: | [*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – Overall Coordinators to provide*] / [Not Applicable] |
| | (iii) Marketing and Investor Targeting Strategy | [A*s indicated in the programme offering circular*] or [*if different from the programme offering circular*] |

**[PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the final terms required for issue and listing on the [Hong Kong Stock Exchange] of the Notes described herein pursuant to the U.S.$9,000,000,000 Medium Term Note Programme of CITIC Limited.]

**[STABILISATION**

In connection with this issue, [insert name of Stabilisation Manager] (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or overallotment must be conducted by the relevant Stabilisation Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ........................................................................

Duly authorised

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following:

(a) each relevant Pricing Supplement;

(b) any interim (whether on a *pro-forma* basis or otherwise) consolidated financial information of CITIC Limited Group published from time to time subsequent to the date of this Offering Circular (if any);

(c) the most recently published annual report and audited consolidated financial statements and any unaudited interim consolidated financial statements of CITIC Limited published from time to time subsequent to the date of this Offering Circular (including any relevant audit reports, if any);

(d) any interim consolidated financial information of CITIC Corporation Limited published from time to time subsequent to the date of this Offering Circular (including any relevant audit reports, if any); and

(e) all amendments and supplements from time to time to this Offering Circular,

each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Paying Agents (except for documents specified in (d) above, which will be available from the specified office of the Issuer) set out at the end of this Offering Circular. See "*General Information*" for a description of the financial information and statements currently published by CITIC Limited Group.

## GENERAL INFORMATION

1. Application has been made to the Hong Kong Stock Exchange for the listing of the Programme, under which the Notes may be issued by way of debt issues to Professional Investors only. Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. The issue price of Notes to be issued under the Programme and listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HKD500,000 (or equivalent in other currencies).

2. The Issuer has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the establishment and update of the Programme. The establishment of the Programme was authorised by resolution of the Board of Directors of the Issuer passed on 6 April 2011 and the update of the Programme was authorised by resolution of the Board of Directors of the Issuer and the Executive Committee of the Board of Directors of the Issuer on 20 November 2015 and 5 June 2024, respectively.

3. Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position of the Issuer or of CITIC Limited Group since 31 December 2023.

4. None of the Issuer or CITIC Limited Group is involved in any litigation, arbitration or administrative proceedings relating to claims which are material in the context of the issue of the Notes and, so far as the Issuer or any member of CITIC Limited Group is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

5. Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

6. Notes have been accepted for clearance through the Euroclear and Clearstream systems. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. In addition, the Issuer may make an application for Registered Notes to be accepted for trading in book-entry form by DTC. The relevant ISIN, the Common Code, CUSIP, and (where applicable) the identification number for any other relevant clearing system for each series of Notes will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

7. For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will, when published, be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the head office of the Issuer at 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong and (in respect of the documents referred to in sub-paragraphs (i), (ii) and (v)) at the specified office of the Paying Agents:

    (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

    (ii) the Agency Agreement;

    (iii) the Memorandum and Articles of Association of the Issuer;

    (iv) the audited consolidated financial statements of the Issuer for the year ended 31 December 2023; and

    (v) a copy of this Offering Circular together with any supplement (including any Pricing Supplement save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular or further Offering Circular.

## INDEX TO FINANCIAL STATEMENTS



(1) The audited consolidated financial statements of CITIC Limited for the year ended 31 December 2023 set out herein are reproduced from CITIC Limited's annual report for the year ended 31 December 2023 including the page numbers and page references set forth in such annual report.

# Contents of Financial Statements and Notes

# Consolidated Income Statement

*For the year ended 31 December 2023*
*(Expressed in millions of Renminbi, unless otherwise stated)*

| | Note | For the year ended 31 December 2023 | 2022 (Restated) |
|---|---|---|---|
| Interest income | | **338,914** | 330,378 |
| Interest expenses | | **(190,395)** | (172,809) |
| **Net interest income** | 5(a) | **148,519** | 157,569 |
| Fee and commission income | | **73,046** | 73,910 |
| Fee and commission expenses | | **(11,456)** | (8,656) |
| **Net fee and commission income** | 5(b) | **61,590** | 65,254 |
| Sales of goods and services | 5(c) | **417,580** | 401,842 |
| Other revenue | 5(d) | **53,143** | 38,773 |
| | | **470,723** | 440,615 |
| **Total revenue** | | **680,832** | 663,438 |
| Cost of sales and services | 6 | **(372,807)** | (355,878) |
| Other net income | 7 | **8,657** | 16,343 |
| Expected credit losses | 8 | **(65,615)** | (79,005) |
| Impairment losses | 9 | **(4,595)** | (7,584) |
| Other operating expenses | 11 | **(122,071)** | (113,471) |
| Net valuation loss on investment properties | | **(177)** | (652) |
| Share of profits of associates, net of tax | | **5,695** | 6,494 |
| Share of profits of joint ventures, net of tax | | **3,708** | 4,672 |
| **Profit before net finance charges and taxation** | | **133,627** | 134,357 |
| Finance income | | **1,832** | 1,407 |
| Finance costs | | **(12,172)** | (8,472) |
| **Net finance charges** | 10 | **(10,340)** | (7,065) |
| **Profit before taxation** | 11 | **123,287** | 127,292 |
| Income tax | 12 | **(18,013)** | (21,469) |
| **Profit for the year** | | **105,274** | 105,823 |
| **Attributable to:** | | | |
| – Ordinary shareholders of the Company | | **57,594** | 64,931 |
| – Non-controlling interests | | **47,680** | 40,892 |
| **Profit for the year** | | **105,274** | 105,823 |
| **Earnings per share for profit attributable to ordinary shareholders of the Company during the year:** | | | |
| Basic earnings per share (RMB) | 16 | **1.98** | 2.23 |
| Diluted earnings per share (RMB) | 16 | **1.98** | 2.23 |

The notes on pages 170 to 339 form part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

*For the year ended 31 December 2023*
*(Expressed in millions of Renminbi, unless otherwise stated)*

| | Note | For the year ended 31 December 2023 | 2022 (Restated) |
|---|---|---|---|
| **Profit for the year** | | **105,274** | 105,823 |
| **Other comprehensive income/(loss) for the year** | 17 | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Fair value changes on debt investments at fair value through other comprehensive income | | **5,143** | (8,411) |
| Loss allowance changes on debt investments at fair value through other comprehensive income | | **(60)** | 413 |
| Cash flow hedge: net movement in the hedging reserve | | **(211)** | 1,093 |
| Share of other comprehensive loss of associates and joint ventures | | **(2,776)** | (2,854) |
| Exchange differences on translation of financial statements and others | | **1,132** | 4,267 |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Revaluation (loss)/gain on owner- occupied property reclassified as investment property | | **(2)** | 23 |
| Fair value changes on investments in equity instruments designated at fair value through other comprehensive income | | **(138)** | 220 |
| **Other comprehensive income/(loss) for the year** | | **3,088** | (5,249) |
| **Total comprehensive income for the year** | | **108,362** | 100,574 |
| **Attributable to:** | | | |
| – Ordinary shareholders of the Company | | **58,388** | 59,427 |
| – Non-controlling interests | | **49,974** | 41,147 |
| **Total comprehensive income for the year** | | **108,362** | 100,574 |

The notes on pages 170 to 339 form part of these consolidated financial statements.

# Consolidated Statement of Financial Position

*As at 31 December 2023*
*(Expressed in millions of Renminbi, unless otherwise stated)*

| | Note | **31 December 2023** | 31 December 2022 (Restated) | 1 January 2022 (Restated) |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and deposits | 19 | **625,135** | 677,327 | 589,570 |
| Cash held on behalf of customers | 20 | **239,019** | 245,723 | – |
| Placements with banks and non-bank financial institutions | 21 | **237,742** | 217,354 | 142,061 |
| Derivative financial instruments | 22 | **77,562** | 80,867 | 22,858 |
| Trade and other receivables | 23 | **254,452** | 211,392 | 141,482 |
| Contract assets | 24 | **24,312** | 20,728 | 11,474 |
| Inventories | 25 | **135,142** | 109,050 | 92,718 |
| Financial assets held under resale agreements | 26 | **164,983** | 45,713 | 91,757 |
| Loans and advances to customers and other parties | 27 | **5,380,140** | 5,042,734 | 4,749,680 |
| Margin accounts | 28 | **118,746** | 106,976 | – |
| Investments in financial assets | 29 | **3,356,367** | 3,143,196 | 2,376,651 |
| – Financial assets at amortised cost | | **1,076,039** | 1,124,596 | 1,173,929 |
| – Financial assets at fair value through profit or loss | | **1,292,115** | 1,135,886 | 545,508 |
| – Debt investments at fair value through other comprehensive income | | **967,803** | 873,367 | 648,511 |
| – Equity investments at fair value through other comprehensive income | | **20,410** | 9,347 | 8,703 |
| Refundable deposits | 30 | **62,182** | 69,158 | – |
| Interests in associates | 32 | **109,791** | 104,464 | 126,140 |
| Interests in joint ventures | 33 | **56,787** | 60,464 | 52,189 |
| Fixed assets | 34 | **210,719** | 159,803 | 144,965 |
| Investment properties | 34 | **38,153** | 35,407 | 32,709 |
| Right-of-use assets | | **51,424** | 41,220 | 31,480 |
| Intangible assets | | **22,537** | 16,718 | 15,047 |
| Goodwill | 35 | **26,076** | 25,623 | 17,652 |
| Deferred tax assets | 36 | **83,327** | 88,830 | 67,560 |
| Other assets | | **56,324** | 39,296 | 38,173 |
| **Total assets** | | **11,330,920** | 10,542,043 | 8,744,166 |

| | Note | **31 December 2023** | 31 December 2022 (Restated) | 1 January 2022 (Restated) |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Borrowing from central banks | | **273,226** | 119,421 | 189,257 |
| Deposits from banks and non-bank financial institutions | 37 | **893,565** | 1,103,099 | 1,162,895 |
| Placements from banks and non-bank financial institutions | 38 | **150,493** | 108,736 | 88,136 |
| Financial liabilities at fair value through profit or loss | 39 | **88,552** | 94,845 | 4,648 |
| Customer brokerage deposits | 40 | **282,534** | 279,001 | – |
| Funds payable to securities issuers | | **35** | 15,254 | – |
| Derivative financial instruments | 22 | **73,755** | 72,393 | 24,563 |
| Trade and other payables | 41 | **391,948** | 379,948 | 153,083 |
| Contract liabilities | 24 | **31,482** | 29,596 | 27,380 |
| Financial assets sold under repurchase agreements | 42 | **744,571** | 470,477 | 100,117 |
| Deposits from customers | 43 | **5,459,993** | 5,150,772 | 4,785,168 |
| Employee benefits payables | | **56,933** | 54,998 | 31,574 |
| Income tax payable | 36 | **9,234** | 15,727 | 13,232 |
| Bank and other loans | 44 | **235,770** | 156,709 | 121,014 |
| Debt instruments issued | 45 | **1,221,107** | 1,182,140 | 1,022,266 |
| Lease liabilities | | **20,348** | 19,528 | 16,975 |
| Provisions | 46 | **16,130** | 17,410 | 20,361 |
| Deferred tax liabilities | 36 | **16,747** | 18,153 | 11,839 |
| Other liabilities | | **27,715** | 19,159 | 15,462 |
| **Total liabilities** | | **9,994,138** | 9,307,366 | 7,787,970 |
| **Equity** | 47 | | | |
| Share capital | | **307,576** | 307,576 | 307,576 |
| Reserves | | **395,602** | 352,533 | 309,674 |
| **Total ordinary shareholders' funds** | | **703,178** | 660,109 | 617,250 |
| Non-controlling interests | | **633,604** | 574,568 | 338,946 |
| **Total equity** | | **1,336,782** | 1,234,677 | 956,196 |
| **Total liabilities and equity** | | **11,330,920** | 10,542,043 | 8,744,166 |

Approved and authorised for issue by the board of directors on 28 March 2024.

*Director:* **Xi Guohua** *Director:* **Zhang Wenwu**

The notes on pages 170 to 339 form part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

*For the year ended 31 December 2023*
*(Expressed in millions of Renminbi, unless otherwise stated)*

| | Note | Share capital Note 47(a) | Capital reserve Note 47(b)(i) | Hedging reserve Note 47(b)(ii) | Investment related reserves Note 47(b)(iii) | General reserve Note 47(b)(iv) | Retained earnings | Exchange reserve Note 47(b)(v) | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2022 (restated)** | | **307,576** | **(43,822)** | **2,750** | **(8,524)** | **55,773** | **339,518** | **6,838** | **660,109** | **574,568** | **1,234,677** |
| Effect on accounting policy change | 2(b)(ii) | – | – | – | 217 | – | 347 | – | 564 | – | 564 |
| **Balance at 1 January 2023 (restated)** | | **307,576** | **(43,822)** | **2,750** | **(8,307)** | **55,773** | **339,865** | **6,838** | **660,673** | **574,568** | **1,235,241** |
| Profit for the year | | – | – | – | – | – | 57,594 | – | 57,594 | 47,680 | 105,274 |
| Other comprehensive (loss)/income for the year | 17 | – | – | (211) | 1 | – | – | 1,004 | 794 | 2,294 | 3,088 |
| **Total comprehensive income for the year** | | **–** | **–** | **(211)** | **1** | **–** | **57,594** | **1,004** | **58,388** | **49,974** | **108,362** |
| Transactions with non-controlling interests | 54 | – | 1,456 | – | – | – | – | – | 1,456 | 429 | 1,885 |
| Appropriation to general reserve | | – | – | – | – | 3,783 | (3,783) | – | – | – | – |
| Dividends paid to ordinary shareholders of the Company | 15 | – | – | – | – | – | (17,224) | – | (17,224) | – | (17,224) |
| Dividends paid to non-controlling interests | | – | – | – | – | – | – | – | – | (19,838) | (19,838) |
| Other equity instruments issued by subsidiaries | 53(d) | – | – | – | – | – | – | – | – | 3,000 | 3,000 |
| Other equity instruments redeemed by subsidiaries | | – | – | – | – | – | – | – | – | (3,506) | (3,506) |
| Acquisition of new subsidiaries | 56 | – | – | – | – | – | – | – | – | 28,925 | 28,925 |
| Business combination under common control | 56 | – | (101) | – | – | – | (86) | – | (187) | – | (187) |
| Disposal of equity investments at fair value through other comprehensive income | | – | – | – | 74 | – | (74) | – | – | – | – |
| Others | | – | 72 | – | – | – | – | – | 72 | 52 | 124 |
| **Other changes in equity** | | **–** | **1,427** | **–** | **74** | **3,783** | **(21,167)** | **–** | **(15,883)** | **9,062** | **(6,821)** |
| **Balance at 31 December 2023** | | **307,576** | **(42,395)** | **2,539** | **(8,232)** | **59,556** | **376,292** | **7,842** | **703,178** | **633,604** | **1,336,782** |

| | Note | Share capital Note 47(a) | Capital reserve Note 47(b)(i) | Hedging reserve Note 47(b)(ii) | Investment related reserves Note 47(b)(iii) | General reserve Note 47(b)(iv) | Retained earnings | Exchange reserve Note 47(b)(v) | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2021 (restated)** | | 307,576 | (44,010) | 1,695 | 3,701 | 51,459 | 291,322 | 2,605 | 614,348 | 338,637 | 952,985 |
| Business combination under common control | 56 | – | 134 | – | – | – | 124 | – | 258 | 309 | 567 |
| Effect on accounting policy change | 2(b)(ii) | – | – | – | (1,478) | – | 4,122 | – | 2,644 | – | 2,644 |
| **Balance at 1 January 2022 (restated)** | | 307,576 | (43,876) | 1,695 | 2,223 | 51,459 | 295,568 | 2,605 | 617,250 | 338,946 | 956,196 |
| Profit for the year | | – | – | – | – | – | 64,931 | – | 64,931 | 40,892 | 105,823 |
| Other comprehensive income/(loss) for the year | 17 | – | – | 1,055 | (10,792) | – | – | 4,233 | (5,504) | 255 | (5,249) |
| **Total comprehensive income for the year** | | – | – | 1,055 | (10,792) | – | 64,931 | 4,233 | 59,427 | 41,147 | 100,574 |
| Capital injection by non-controlling interests | | – | – | – | – | – | – | – | – | 112 | 112 |
| Appropriation to general reserve | | – | – | – | – | 4,314 | (4,314) | – | – | – | – |
| Dividends paid to ordinary shareholders of the Company | 15 | – | – | – | – | – | (16,622) | – | (16,622) | – | (16,622) |
| Dividends paid to non-controlling interests | | – | – | – | – | – | – | – | – | (18,930) | (18,930) |
| Other equity instruments issued by subsidiaries | 53(d) | – | – | – | – | – | – | – | – | 4,657 | 4,657 |
| Acquisition of new subsidiaries | 56 | – | – | – | – | – | – | – | – | 208,586 | 208,586 |
| Disposal of subsidiaries | | – | – | – | – | – | – | – | – | (37) | (37) |
| Disposal of equity investments at fair value through other comprehensive income | | – | – | – | 45 | – | (45) | – | – | – | – |
| Others | | – | 54 | – | – | – | – | – | 54 | 87 | 141 |
| **Other changes in equity** | | – | 54 | – | 45 | 4,314 | (20,981) | – | (16,568) | 194,475 | 177,907 |
| **Balance at 31 December 2022** | | 307,576 | (43,822) | 2,750 | (8,524) | 55,773 | 339,518 | 6,838 | 660,109 | 574,568 | 1,234,677 |

The notes on pages 170 to 339 form part of these consolidated financial statements.

# Consolidated Cash Flow Statement

*For the year ended 31 December 2023*
*(Expressed in millions of Renminbi, unless otherwise stated)*

| | | For the year ended 31 December | |
|---|---|---|---|
| | Note | **2023** | 2022 (Restated) |
| **Cash flows from operating activities** | | | |
| Profit before taxation | | **123,287** | 127,292 |
| Adjustments for: | | | |
| – Depreciation and amortisation | 11(b) | **23,059** | 20,240 |
| – Expected credit losses | 8 | **65,615** | 79,005 |
| – Impairment losses | 9 | **4,595** | 7,584 |
| – Net valuation loss on investment properties | | **177** | 652 |
| – Net valuation (gain)/loss on investments | | **(5,886)** | 14,293 |
| – Share of profits of associates and joint ventures, net of tax | | **(9,403)** | (11,166) |
| – Interest expenses on debt instruments issued | 5(a) | **29,753** | 30,430 |
| – Finance income | 10 | **(1,832)** | (1,407) |
| – Finance costs | 10 | **12,172** | 8,472 |
| – Net gain on investments in financial assets | | **(41,387)** | (43,171) |
| – Net gain on disposal/deemed disposal of subsidiaries, associates and joint ventures | | **(74)** | (10,977) |
| **Changes in working capital** | | **200,076** | 221,247 |
| Decrease in deposits with central banks and non-bank financial institutions | | **6,587** | 5,815 |
| Decrease/(increase) in placements with banks and non-bank financial institutions | | **5,305** | (86,442) |
| Increase in trade and other receivables | | **(19,315)** | (42,266) |
| Increase in contract assets | | **(3,583)** | (7,247) |
| Increase in inventories | | **(14,348)** | (7,381) |
| (Increase)/decrease in financial assets held under resale agreements | | **(88,488)** | 77,196 |
| Increase in loans and advances to customers and other parties | | **(376,387)** | (350,673) |
| (Increase)/decrease in investments in financial assets held for trading purposes | | **(163,737)** | 12,315 |
| Decrease in cash held on behalf of customers | | **6,704** | 22,016 |
| (Increase)/decrease in other operating assets | | **(36,212)** | 6,329 |
| Decrease in deposits from banks and non-bank financial institutions | | **(209,526)** | (59,126) |
| Increase/(decrease) in placements from banks and non-bank financial institutions | | **43,416** | (7,424) |
| Increase in financial liabilities at fair value through profit or loss | | **5** | 12,700 |
| (Decrease)/increase in trade and other payables | | **(25,992)** | 2,662 |
| Increase/(decrease) in contract liabilities | | **1,886** | (667) |
| Increase in financial assets sold under repurchase agreements | | **245,599** | 121,295 |
| Increase in deposits from customers | | **286,072** | 336,784 |
| Increase/(decrease) in borrowing from central banks | | **152,670** | (69,147) |
| Increase in customer brokerage deposits | | **4,519** | 6,024 |
| (Decrease)/increase in other operating liabilities | | **(8,732)** | 3,411 |
| Increase in employee benefits payables | | **1,873** | 3,331 |
| Decrease in provisions | | **(1,280)** | (5,592) |
| **Cash generated from operating activities** | | **7,112** | 195,160 |
| Income tax paid | | **(29,910)** | (28,967) |
| **Net cash (used in)/generated from operating activities** | | **(22,798)** | 166,193 |

| | Note | For the year ended 31 December 2023 | 2022 (Restated) |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Proceeds from disposal and redemption of financial investments | | **2,807,715** | 2,605,903 |
| Proceeds from disposal of fixed assets, intangible assets and other assets | | **1,627** | 1,059 |
| Proceeds from disposal of associates and joint ventures | | **182** | 1,353 |
| Net cash payment for from disposal of subsidiaries | | **(1)** | (1) |
| Dividends received from equity investments, associates and joint ventures | | **7,420** | 6,229 |
| Payments for purchase of financial investments | | **(2,829,310)** | (2,704,515) |
| Payments for additions of fixed assets, intangible assets and other assets | | **(24,304)** | (20,267) |
| Net cash received from acquisition of subsidiaries | | **1,973** | 165,918 |
| Cash outflow on acquisition of associates and joint ventures | | **(3,582)** | (7,334) |
| **Net cash (used in)/generated from investing activities** | | **(38,280)** | 48,345 |
| **Cash flows from financing activities** | | | |
| Capital injection received from non-controlling interests | | **236** | 109 |
| Transaction with non-controlling interests | | **1,541** | (5) |
| Proceeds from new bank and other loans | 53(c) | **289,200** | 171,204 |
| Proceeds from new debt instruments issued | 53(c) | **1,340,976** | 908,969 |
| Repayment of bank and other loans and debt instruments issued | 53(c) | **(1,553,791)** | (1,096,140) |
| Issuance of other equity instruments by subsidiaries | 53(d) | **3,000** | 4,654 |
| Principal and interest elements of lease payments | 53(c) | **(6,045)** | (5,396) |
| Interest paid on bank and other loans and debt instruments issued | 53(c) | **(43,735)** | (41,865) |
| Dividends paid to non-controlling interests | | **(21,624)** | (18,930) |
| Dividends paid to ordinary shareholders of the Company | 15 | **(17,300)** | (16,404) |
| Repayment of perpetual bonds | 53(d) | **(3,516)** | – |
| **Net cash used in financing activities** | | **(11,058)** | (93,804) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(72,136)** | 120,734 |
| Cash and cash equivalents at 1 January | | **427,809** | 295,821 |
| Effect of exchange changes | | **3,710** | 11,254 |
| **Cash and cash equivalents at 31 December** | 53(a) | **359,383** | 427,809 |

The notes on pages 170 to 339 form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 1 General information

CITIC Limited (the "Company") was incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The address of its registered office is 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central Hong Kong.

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

The parent and the ultimate holding company of the Company is CITIC Group Corporation ("CITIC Group"). In 2023, CITIC Group transferred 5.01% of the issued shares of the Company to China CITIC Financial Asset Management Co., Ltd. (formerly known as "China Huarong Asset Management Co., Ltd."). As at 31 December 2023, the equity interests held by CITIC Group in the Company through its overseas wholly-owned subsidiaries was 53.12% (31 December 2022: 58.13%).

## 2 Material accounting policies

### (a) Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments or interpretations to HKFRSs. The Group has adopted those amendments or interpretations to the HKFRSs issued by the HKICPA that are first effective for the year ended 31 December 2023 (see Note 2(b)(ii)).

# 2 Material accounting policies (Continued)

## (b) Changes in material accounting policies

### (i) Changes in presentation currency

The Group has changed its presentation currency from Hong Kong dollars ("HK$") to Renminbi ("RMB") for the preparation of the financial statements for the year ended 31 December 2023. Since the Group mainly operates its business in the People's Republic of China ("PRC") and most of the Group's transactions are denominated and settled in RMB, the Board believes it is more appropriate to adopt RMB as its presentation currency for the Group's financial statements. Furthermore, the Board considers that the change of presentation currency enables the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. The change in presentation currency has been applied retrospectively.

### (ii) New and amended HKFRSs

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the year ended 31 December 2023:

– HKFRS 17, *Insurance contracts*

– Amendments to HKAS 8, *Definition of accounting estimates*

– Amendments to HKAS 1, *Disclosure of accounting policies*

– Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

– Amendments to HKAS 12, *International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

**HKFRS 17 *Insurance Contracts***

The Group has adopted HKFRS 17 Insurance Contracts ("HKFRS 17") replacing HKFRS 4 Insurance Contract with a date of initial application as 1 January 2023, which resulted in changes in accounting policies. The Group has adjusted the consolidated financial statements retrospectively and the amounts previously recognised in the Accounts.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (b) Changes in material accounting policies (Continued)

#### (ii) New and amended HKFRSs (Continued)

**HKFRS 17 *Insurance Contracts (Continued)***

The Group's joint venture, CITIC-Prudential Life Insurance Co., Ltd. ("CITIC-Prudential"), did not adopt HKFRS 9 Financial Instruments ("HKFRS 9"). CITIC-Prudential has adopted HKFRS 9 and HKFRS 17 starting from 1 January 2023. For HKFRS 17, CITIC-Prudential restated the comparative figures, and the Group also restated the impact for the investment in CITIC-Prudential using the equity method in previous periods. For HKFRS 9, Citic-Prudential has restated the classification and measurement, including impairment, of financial instruments which are not terminated, for recognition as at 1 January 2023 in accordance with the convergence requirements. Citic-Prudential has not restated the comparative figures of financial statements, and recognised the difference between the original carrying value of the financial instruments and the new carrying amount as determined in accordance with HKFRS 9 on 1 January 2023 in undistributed profit and investment-related reserves on 1 January 2023. The Group has also adjusted the impact for the investment in CITIC-Prudential using the equity method accordingly and does not restate the relevant comparative information in previous periods.

The impact of the adoption of HKFRS 17 by the Group on key financial indicators for the comparative period, as disclosed below:

| | Before the adoption of HKFRS 17 31 December 2022 | Impact of the adoption of HKFRS 17 | After the adoption of HKFRS 17 31 December 2022 |
|---|---|---|---|
| Total assets | 10,540,676 | 1,367 | 10,542,043 |
| Total liabilities | 9,370,366 | – | 9,307,366 |
| Total ordinary shareholders' funds | 658,742 | 1,367 | 660,109 |

**Amendments to HKAS 8, *Definition of accounting estimates***

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

**Amendments to HKAS 1, *Disclosure of accounting policies***

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

# 2 Material accounting policies (Continued)

## (b) Changes in material accounting policies (Continued)

### (ii) New and amended HKFRSs (Continued)

**Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction***

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

**Amendments to HKAS 12, *International tax reform – Pillar Two model rules***

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. They are immediately effective upon issuance and require retrospective application.

The Group has applied the temporary mandatory exception to the recognition and disclosure of deferred income tax assets and liabilities related to the Pillar Two income tax.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 2 Material accounting policies (Continued)

## (c) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022, abolishing the offsetting mechanism of mandatory provident fund ("MPF"), which will come into effect from 1 May 2025.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

This change in accounting policy upon the cessation in applying the practical expedient does not have any material impact on the Group's financial statements for the year ended 31 December 2023.

## (d) Functional currency and presentation currency

The functional currency of the Company is HK$. The functional currencies of subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into RMB for the preparation of the consolidated financial statements (see Note 2(j)). The financial statements of the Group are presented in RMB (see Note 2(b)(i)) and, unless otherwise stated, expressed in million of RMB.

## (e) Basis of measurement

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

– investment properties (see Note 2(o));

– financial assets and liabilities at fair value through profit or loss (see Note 2(k));

– financial assets at fair value through other comprehensive income (see Note 2(k)); and

– fair value hedged items (see Note 2(l)(i)).

## 2 Material accounting policies (Continued)

### (f) Use of estimates and judgement

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3.

### (g) Subsidiaries and non-controlling interests

**(i) Business combinations involving entities under common control**

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital reserve. Any cost directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 2 Material accounting policies (Continued)

## (g) Subsidiaries and non-controlling interests (Continued)

### (ii) Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets or liabilities transferred as consideration is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

For a business combination not involving entities under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised in profit or loss for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree are transferred to profit or loss in the period in which the acquisition occurs.

# 2 Material accounting policies (Continued)

## (g) Subsidiaries and non-controlling interests (Continued)

### (iii) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries which includes structured entities controlled by the Group.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When assessing whether the Group has power, only substantive rights are considered including the substantive rights held by the Group and other parties.

An investment in a subsidiary is consolidated into the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated statement of financial position and the consolidated statement of comprehensive income, respectively, based on their carrying amounts, from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are consolidated into the consolidated financial statements from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the ordinary shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the ordinary shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(k).

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 2 Material accounting policies (Continued)

## (g) Subsidiaries and non-controlling interests (Continued)

### (iii) Consolidated financial statements (Continued)

When the amount of loss for the current period attributable to the non-controlling interest of a subsidiary exceeds the non-controlling interest's portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Group, the Group makes necessary adjustments to the financial statements of the subsidiary based on the Group's own accounting period or accounting policies. Intra-group balances, transactions and cash flows, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are recognised fully in profit or loss when evidence of impairment of assets being provided.

If there is a difference between the accounting entity of the Group and the accounting entity of the Company or a subsidiary on measuring the same transaction, the transaction will be adjusted from the perspective of the Group.

Where the Group acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the non-controlling interests are adjusted and the amount of the consideration paid or received is adjusted to the reserve (capital reserve) in the consolidated statement of financial position.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss, and the Group derecognises assets, liabilities, non-controlling interests and other related items in shareholders' equity in relation to that subsidiary. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(k)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(h)).

### (iv) Investment in subsidiaries

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(v)).

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

## 2 Material accounting policies (Continued)

### (h) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to its net assets and obligations for its liabilities.

In the consolidated financial statements, An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(v)). Any acquisition-date excess of the Group's share of the fair value of the investee's identifiable net assets over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognised in other comprehensive income of the Group. The Group's interest in associate or joint venture is included in the consolidated financial statements from the date that significant influence or joint control commences until the date that significant influence or joint control ends.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the cost on initial recognition of a financial asset (see Note 2(k)).

In the Company's statement of financial position, an investment in an associate or joint venture is stated at cost less impairment losses (see Note 2(v)).

## 2 Material accounting policies (Continued)

### (i) Goodwill

Goodwill represents the excess of the consideration transferred, including the amount of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and the equity securities issued by the acquirer at the date of acquisition, over the fair value of the Group's share of the identifiable net assets acquired, when the excess is positive, otherwise it's recognised directly in profit or loss.

Impairment losses on goodwill cannot be reversed in the future.

### (j) Translation of foreign currencies

Foreign currency transactions are, on initial recognition, translated by applying the foreign exchange rates ruling at the transaction dates. Monetary items denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date, the resulting exchange differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the transaction dates. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates ruling at the dates the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

The financial statements of the Group's subsidiaries with a foreign functional currency are translated into RMB for the preparation of the Group's consolidated financial statements. The assets and liabilities in these financial statements are translated into RMB at the foreign exchange rates ruling at the reporting date. The equity items, except for "retained earnings", are translated to RMB at the foreign exchange rates at the dates on which such items arose.

Income and expenses in the profit or loss are translated into RMB at the foreign exchange rates at the transaction dates or the rates approximate to. The resulting exchange differences are presented as "Reserves" (exchange reserve) in the consolidated statement of financial position within the shareholder's equity. The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency are reported in the statement of cash flows.

Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

# 2 Material accounting policies (Continued)

## (k) Financial instruments

Financial instruments refer to a contract that forms one party's financial asset and another party's liabilities or equities. Financial assets and financial liabilities are recognised when the Group becomes a party of the financial instrument contracts.

### (i) Financial assets

#### (1) Classification and Measurement

The Group classifies its financial assets into the following categories based on their business model and the contractual cash flow characteristics:

– Financial assets at amortised cost;

– Financial assets at fair value through other comprehensive income ("FVOCI");

– Financial assets at fair value through profit or loss ("FVPL").

At initial recognition, the Group measures a financial asset at its fair value. For financial assets that are at FVPL, the transaction costs are expensed in profit or loss; for financial assets with other categories, the transaction costs are recognised in the initial carrying amounts. For trade and other receivables arising from rendering goods or services with no significant financing component, the Group measures their initial carrying amount as the cash flows that the Group is entitled and expected to receive.

*Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, and are measured at the following three categories:

– Amortised cost:

The business model the Group manages these financial assets is to collect the contractual cash flows where those cash flows' characteristics are consistent with those of the basic loans arrangement, i.e, the contractual cash flows of these financial assets at certain date represent solely payments of principal and interest based on the principal amount ("SPPI"), and that are not designated at FVPL. Interest income from these financial assets is recognised using the effective interest rate method.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (k) Financial instruments (Continued)

#### (i) Financial assets (Continued)

**(1) Classification and Measurement** (Continued)

*Debt instruments (Continued)*

– FVOCI:

The business model the Group manages these financial assets is to collect contractual cash flows and to sell the assets, and those cash flows' characteristics are consistent with those of the basic loans arrangements, i.e, the contractual cash flows of these financial assets at certain date represent solely payments of principal and interest based on the principal amount ("SPPI"), and that are not designated at FVPL. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income on the instrument's amortised cost which are recognised in profit or loss.

– FVPL:

Assets that do not meet the criteria for amortised cost or FVOCI are at FVPL. The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting the liabilities. A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met: (i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; (ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The Group subsequently measures all equity investments at FVPL, except where the Group has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. When this election is made, fair value gains and losses are recognised in other comprehensive income ("OCI") and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, are recognised in profit or loss when the Group's right to receive payments is established.

# 2 Material accounting policies (Continued)

## (k) Financial instruments (Continued)

### (i) Financial assets (Continued)

#### (2) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets at amortised cost, debt instrument at FVOCI, lease receivables and contract assets, loan commitments and financial guarantee contracts for the issuer which are not measured at fair value through profit or loss.

When calculating the probability-weighted present value of the difference between the contractual and forecasted cash flows to be received, the Group takes reasonable and supportable information such as the past events, current conditions and forecasts of future economic conditions into consideration and uses probabilities of default as the weightings. The difference is recognised as the ECL.

At each financial position date, the Group calculates the ECL of financial instruments in different stages. Stage 1 refers to financial instruments that have not had a significant increase in credit risk since initial recognition; Stage 2 refers to financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment; Stage 3 refers to financial assets for which there are objective evidence of impairment at the reporting date since initial recognition. For these assets at Stage 1, 12-month ECL are recognised and for assets at stage 2 and 3, life-time ECL are recognised. For financial assets with low credit risks as at the balance date, the Group recognises 12-month ECL based on the assumption that the credit risks have not significantly increased after initial recognition.

For financial assets in stage 1 and stage 2, interest income is calculated based on the gross carrying amount of the asset, that is, without deduction for credit allowance, and the effective interest rates. For financial assets in stage 3, interest income is calculated on the net carry amount, that is, net of credit allowances, and the effective interest rates.

The Group recognises the provision and reversal of ECL in profit or loss. For debt instrument at FVOCI, the Group makes relevant adjustments to other comprehensive income at the same time as recognising ECL in profit and loss.

For account and bills receivables and contract assets whether there is significant financing component or not, the Group recognises life-time ECL.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (k) Financial instruments (Continued)

#### (i) Financial assets (Continued)

**(3) Derecognition**

The Group derecognises a financial asset if one of the following conditions is met:

– The contractual rights to receive the cash flows from the financial asset expire;

– The financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of such financial asset;

– The financial asset has been transferred, the Group has not retained any control over the financial asset, even if the Group neither transfers nor retains substantially all the risks and rewards of ownerships of the financial asset.

For the Group's equity instruments not held for trading purposes and designated at FVOCI, when they are derecognised, the difference between the carrying amount and the consideration is recognised in retained earnings, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to the retained earnings; for other financial assets measured at FVOCI, the difference between the carrying amount and the consideration is recognised in profit and loss, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to profit and loss.

As part of its operations, the Group securitises financial assets, generally through the sale of these assets to structured entities which issue securities to investors. When the securitisation of financial assets qualifies for de-recognition, the relevant financial assets are de-recognised in their entirety and a new financial asset or liabilities is recognised regarding the interest in the unconsolidated securitisation vehicles that the Group acquired. When the securitisation of financial assets does not qualify for de-recognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability. When the securitisation of financial assets partially qualifies for de-recognition, where the Group has not retained control, it derecognises these financial assets. Otherwise, the Group continues to recognise these financial assets to the extent of its continuing involvement and recognises an associated liability.

The de-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial assets.

# 2 Material accounting policies (Continued)

## (k) Financial instruments (Continued)

### (i) Financial assets (Continued)

**(4) Modification of investment in financial assets**

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

– If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

– Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

– Significant extension of the loan term when the borrower is not in financial difficulty.

– Significant change in the interest rate.

– Change in the currency the loan is denominated in.

– Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial assets and recognises a modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (k) Financial instruments (Continued)

#### (ii) Financial liabilities

The financial liabilities are classified into those measured at amortised cost and those at fair value through profit or loss at initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group's major financial liabilities are those measured at amortised cost which are measured initially at fair value less transaction costs and are measured subsequently using the effective interest method.

Financial liabilities or a portion thereof, are derecognised when their current obligation are fully or partially expired. The difference between the carrying amount of the derecognised portion and the consideration is recognised in profit or loss.

#### (iii) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the expected credit loss model under HKFRS 9 with Note 3(b); and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15").

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

# 2 Material accounting policies (Continued)

## (k) Financial instruments (Continued)

### (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is based on the relevant government yield curve as at the financial position date plus an adequate constant credit spread. Where other pricing models are used, inputs are based on market data at the financial position date.

### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (vi) Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

– Their economic characteristics and risks are not closely related to those of the host contract;

– A separate instrument with the same terms would meet the definition of a derivative; and

– The hybrid contract is not measured at fair value through profit or loss.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (k) Financial instruments (Continued)

**(vi) Derivatives** (Continued)

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged.

### (l) Hedging

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items as well as risk management goals and strategies of various hedging transactions. When a hedge no longer meets the criteria for hedge accounting or the Group's risk management goals, the Group terminates the use of hedge accounting prospectively. Situations for the Group to terminate the use of hedge accounting include hedging instrument expires, or is sold, terminated and settled.

**(i) Fair value hedge**

A fair value hedge refers to a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item. Such changes in fair value are attributable to a particular risk and could affect profit or loss or other comprehensive income. Among them, the circumstances affecting other comprehensive income are limited to the hedge of the exposure to changes in the fair value of equity instruments designated at fair value through other comprehensive income not held for trading.

The gain or loss on the hedging instrument is recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges a non-trading equity instrument at FVOCI or a component thereof). The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss. However, if the hedged item is a non-trading equity instrument at FVOCI or a component thereof, those amounts remain in other comprehensive income.

**(ii) Cash flow hedge**

A cash flow hedge refers to a hedge of the exposure to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

# 2 Material accounting policies (Continued)

## (l) Hedging (Continued)

### (ii) Cash flow hedge (Continued)

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income as cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item or becomes a firm commitment for which fair value hedge accounting is applied, the amount that has been accumulated in the cash flow hedge reserve is removed and included directly in the initial cost or other carrying amount of the asset or the liability. In other cases, the amount that has been accumulated in the cash flow hedge reserve is reclassified to profit or loss in the same period(s) as the hedged cash flows affect profit or loss.

If the cash flow hedge reserve recognised in other comprehensive income is a loss, and all or part of the loss is not expected to be reversed in the future. The portion that is not expected to be reversed will be transferred from other comprehensive income and recognised in profit or loss.

When an entity discontinues the use of hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, the amount that has been accumulated in the cash flow hedge reserve remains there until the period that the hedged item has the impact in profit or loss; otherwise, that amount is immediately reclassified to profit or loss.

### (iii) Hedge of a net investment in a foreign operation

A hedge of net investment in a foreign operation refers to hedge of the foreign exchange exposure arising from net investment in a foreign operation. The "net investment in a foreign operation" refers to an enterprise's equity proportion in the net assets in a foreign operation.

Hedge of a net investment in a foreign operation is accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income; and the ineffective portion is recognised in profit or loss. The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge is reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (l) Hedging (Continued)

#### (iv) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group continuously evaluate whether the hedging relationship is effective from the hedge date and after.

The hedge relationship meets hedging effectiveness requirements if the hedging meets the following conditions:

– There is an economic relationship between the hedged item and the hedging instrument;

– The effect of credit risk does not dominate the value changes that result from that economic relationship; and

– The hedge ratio of the hedging relationship is equal to the ratio between the actual number of hedged items and the actual number of hedging instruments.

### (m) Financial assets held/sold under resale/repurchase agreements

Financial assets held under resale agreements are transactions that the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under the resale and repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the resale and repurchase consideration, and that between the purchase and sale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expense respectively.

# 2 Material accounting policies (Continued)

## (n) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers, for which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

For impairment of financial assets arising from margin financing and securities lending, refer to Note 2(k).

## (o) Investment properties

Investment properties are interests in land and/or buildings which are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met.

Subsequent expenditures related to investment properties are recognised in the cost of investment properties provided it is probable that the economic benefits will flow to the Group and the costs can be measured reliably; otherwise, subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Investment properties transfer to property, plant and equipment or intangible assets at the commencement of owner-occupation. The carrying amount of property, plant and equipment and intangible assets are based on the fair value of investment properties on the day of conversion. The difference between the fair value and the previous carrying amount is recognised in profit or loss for the current period. When owner-occupied properties transfer to investment properties that will be carried at fair value, if the fair value at the date of conversion is less than the previous carrying amount, the difference is recognised in profit or loss for the current period; If the fair value at the date of conversion is greater than the previous carrying amount, the difference is recognised directly in equity, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss.

Investment properties are stated in the statement of financial position at fair values which are reviewed annually. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 2 Material accounting policies (Continued)

## (p) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses (Note 2(v)).

Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any impairment losses. Cost includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads and borrowing costs capitalised (see Note 2(dd)).

Construction-in-progress represents property, plant and equipment under construction and is transferred to fixed assets when ready for its intended use.

No depreciation is made on construction-in-progress until it is ready for its intended use. Deprecation policies are set out below.

Property, plant and equipment are depreciated at rates sufficient to write off their cost, less impairment losses, if any, to their estimated residual values, over their estimated useful lives on a straight line basis as follows:

| | | |
|---|---|---|
| – | Plant and buildings | 4 – 50 years |
| – | Machinery and equipment | 2 – 33 years |
| – | Office and other equipment, vehicles and vessels and others | 2 – 33 years |

Assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

## 2 Material accounting policies (Continued)

### (q) Land use rights

Land use rights are presented under right-of-use ("ROU") assets.

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses (if any). Land use rights are amortised on a straight-line basis over the respective periods of grant, usually within 10 to 50 years.

Impairment losses on land use rights are accounted for in accordance with the accounting policies as set out in Note 2(v).

### (r) Intangible assets (other than goodwill)

Intangible assets acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and if any, impairment losses (see Note 2(v)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss over the assets' estimated useful lives. The following intangible assets are amortised from the date they are available for use as follows:

| | | |
|---|---|---|
| – | Mining assets | Over the estimated useful lives using the unit-of-production method |
| – | Franchise rights | Over the estimated useful lives of the Franchise right |
| – | Software and others | Over the estimated useful lives |

Both the period and method of amortisation are reviewed annually.

An intangible asset with an indefinite useful life shall not be amortised. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (s) Inventories

#### (i) Advanced intelligent manufacturing, advanced materials

Inventories of the advanced intelligent manufacturing and advanced materials segments are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out, specific identification or weighted average cost formula as appropriate, and comprises all costs of purchase, costs of conversion (including systematically allocated production overhead) and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised in profit or loss in the period in which the reversal occurs.

#### (ii) New-type urbanisation

Inventories in respect of property development activities under the new-type urbanisation segment are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– **Property under development**
  The cost of properties under development, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 2(dd)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– **Completed property held for sale**
  In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

## 2 Material accounting policies (Continued)

### (t) Leases

Leases are recognised as a ROU asset and a corresponding liability by the lessee at the commencement date.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

**(i) Lease liabilities**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms and collateral conditions.

# 2 Material accounting policies (Continued)

## (t) Leases (Continued)

### (i) Lease liabilities (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and the ROU asset is adjusted accordingly.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### (ii) ROU assets

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

# 2 Material accounting policies (Continued)

## (t) Leases (Continued)

### (ii) ROU assets (Continued)

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. As leassor, the Group recognises finance leases as finance lease receivables, which are measured at amortised cost. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## (u) Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "other assets".

When the Group seizes assets to compensate for the losses of loans and advances and interest receivables, the repossessed assets are initially recognised at fair value, plus any taxes paid for the seizure of the assets, litigation fees and other expenses incurred for collecting the repossessed assets are included in the carrying value of repossessed assets. Repossessed assets are measured at the lower of cost and net realisable value, the amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs.

## (v) Impairment of non-financial assets

Internal and external sources of information are reviewed at financial position date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– ROU assets;

– investments in subsidiaries, associates and joint ventures;

– goodwill; and

– intangible assets

If any such indication exists, the asset's recoverable amount is estimated.

In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 2 Material accounting policies (Continued)

### (v) Impairment of non-financial assets (Continued)

**Calculation of recoverable amount**

The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

**Recognition of impairment losses**

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

**Reversals of impairment losses**

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

An impairment loss in respect of goodwill is not reversable.

### (w) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits, etc.

**(i) Short-term employee benefits**

During the accounting period when an employee has rendered service to the Group, the Group recognises the undiscounted amount of short-term employee benefits as a liability and as an expense, unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset. Short-term employee benefits include wages, bonuses and social security contributions such as medical insurance, work-related injury insurance and maternity insurance, housing provident funds, labour union fee and staff and workers' education fee, which are all calculated based on the regulated benchmark and ratio.

## 2 Material accounting policies (Continued)

### (w) Employee benefits (Continued)

#### (ii) Defined contribution retirement schemes

Employees of the Group's subsidiaries in Hong Kong are offered the option to enroll in one of the Mandatory Provident Fund ("MPF") Master Trust Schemes under the CITIC Group MPF Scheme. The MPF Master Trust Schemes are defined contribution schemes and are administered in accordance with the terms and provisions of the respective trust deeds and are subject to the Mandatory Provident Fund Schemes Ordinance.

Employees of the Group's subsidiaries in Chinese mainland are required to participate in defined contribution retirement schemes and make contributions according to the respective regulations. Employees of the Group's subsidiaries in Chinese mainland are also eligible to participate in the enterprise annuity plan established by the Group according to the relevant requirements.

Employees of the Group's overseas subsidiaries are required to make contributions subject to the relevant regulations in the countries/jurisdiction in which the overseas subsidiaries operate.

The contributions are charged to profit and loss for the current period on an accrual basis.

#### (iii) Defined benefit plan obligations

The defined benefit plans of the Group are supplementary retirement benefits provided to eligible employees in Chinese mainland China and Hong Kong.

#### (iv) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

# 2 Material accounting policies (Continued)

## (x) Provisions and contingent liabilities

### (i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are measured at the higher of the amount initially recognised, less accumulated amount of income recognised in accordance with the Group's principles of revenue recognition where appropriate, and the amount that would be determined in accordance with Note 2(x)(ii).

### (ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## (y) Revenue recognition

The revenue of the Group mainly consists of income from customers, interest income, fee and commission income, etc.

### (i) Income from customers

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good to a customer, which is when the customer obtains control of a good, has the ability to direct the use of, and obtain substantially all of the remaining benefits from that good. If the control of the goods and services is transferred over a period of time, the Group recognises revenue by reference to the extent of progress toward completion in fulfilling its performance obligations during the entire contract period.

For the amounts of revenue recognised for goods transferred and services provided, the Group recognises any unconditional rights to consideration separately as a receivable and the rest as a contract asset, and recognises provisions for loss allowance of the receivable and the contract asset using ECL model; if the consideration received or receivable exceeds the obligation performed by the Group, a contract liability is recognised. The Group presents a net contract asset or a net contract liability under each contract.

# 2 Material accounting policies (Continued)

## (y) Revenue recognition (Continued)

### (i) Income from customers (Continued)

Contract costs include costs to fulfill a contract and of obtaining a contract. The cost incurred for providing services by the Group is recognised as the costs to fulfill a contract, and is amortised based on the progress towards completion of the service provided when recognising revenue. The incremental cost incurred by the Group to obtain contract is recognised as the costs of obtaining a contract. For costs of obtaining a contract that will be amortised within one year, the Group recognises it in profit and loss when incurred. For the costs of obtaining a contract that will be amortised for more than one year period, it is amortised in profit and loss based on same progress towards completion as recognising revenue. The Group recognises the excess of the carrying amounts of contract costs over the expected remaining consideration less any costs not yet recognised as an impairment loss. As at the financial position date, the Group presents the costs to fulfill and of obtaining a contract, in the net amount after deducting relevant asset impairment provisions, as inventories.

Specific accounting policies are as follows:

**(1) Sales of goods**

Revenue from the sale of goods is recognised when the goods are transferred to and accepted by a customer.

When volume discounts are provided to customers, the Group, based on historical experiences, estimates the volume discounts using the expected value method, and recognises revenue net of the estimated volume discounts.

When the customer has a right to return the product within a given period, the Group recognises provisions for returns using the expected value method based on historical experience, as a deduction of the revenue. The Group recognises provisions for the expected refunds to customers; meanwhile, other assets are recognised according to the carry amount of the goods expected to be returned, deducting the expected cost for taking the related goods back.

The Group offers warranties for specific products. If the duration and terms of the warranties are offered in accordance with the requirements of laws and regulations and the Group does not provide any additional services or warranties, such warranties are not recognised as separate performance obligation.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 2 Material accounting policies (Continued)

## (y) Revenue recognition (Continued)

### (i) Income from customers (Continued)

**(2) Services rendered to customers**

Revenue for construction services of the Group is recognised over the period of the contract by reference to the progress towards completion. Progress towards completion is calculated based on actual costs incurred as to the end of each period as a proportion to the total forecasted costs of the contract. As at each financial position date, the Group reassesses the progress towards completion to reflect the changes in obligation performed.

Revenue for other services provided by the Group is recognised based on the pattern of performance obligation of specific services, either over the period in which the services are rendered or at the point of service completion. For revenue recognised over the period by reference to the progress towards completion, progress towards completion is calculated based on actual costs incurred as to the end of each period as a proportion to the total forecasted costs of the contract. As at each financial position date, the Group reassesses the estimate of the progress towards completion to reflect the changes in obligation performed.

### (ii) Interest income

Interest income is recognised according to HKFRS 9, refer to Note 2(k) financial instruments for details.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, call and similar options, etc.) but does not consider future credit losses. The calculation includes all fees and interests paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

### (iii) Fee and commission income

Fee and commission income is recognised when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service according to HKFRS 15, refer to Note 2(y)(i)(2). Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate according to HKFRS 9, refer to Note 2(k). If the commitment expires without the Group making a loan or anticipating will not, the fee is recognised as revenue on expiry.

## 2 Material accounting policies (Continued)

### (z) Income tax

Income tax for the year comprises current tax and deferred tax.

The balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– taxable temporary differences arising on the initial recognition of goodwill;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Provision for withholding tax that will arise on the remittance of retained earnings is only made where there is a current intention to remit such earnings.

Deferred tax assets are recognised to the extent that their future utilisation is probable. Deferred tax arising from revaluation of investment properties is recognised on the rebuttable presumption that the recovery of the carrying amount of the properties would be through sale and calculated at the applicable tax rates.

Current tax assets and liabilities are offset, and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 2 Material accounting policies (Continued)

## (aa) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

The Group includes deposit held at call with banks with contractual obligation to use for specified purposes as a component of cash and cash equivalents.

## (bb) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity (one entity is an associate of a third entity and the Group is a joint venture of the third party);

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 2 Material accounting policies (Continued)

### (cc) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following respective conditions:

– engages in business activities from which it may earn revenues and incur expenses;

– whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and

– for which financial information regarding financial position, results of operations and cash flows are available.

Business segments are identified based on the Group's internal management requirements as well as following aspects. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of:

– the nature of products and services;

– the nature of production processes;

– the type or class of customers;

– the methods used to distribute the products or provide the services; and

– the nature of the regulatory environment

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

### (dd) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 2 Material accounting policies (Continued)

## (ee) Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Disposal groups (except for certain assets as explained below) are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out else in Note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement comprising the total of: (1) the post-tax profit or loss of the discontinued operation and; (2) the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

# 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and associated key assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## (a) Classification of financial assets

The critical judgments the Group has in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include evaluation and reporting of financial asset performance to key management personnel, risks affecting the performance of financial assets and their management methods, and the way related business management personnel receive payments.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests is only included currency time value, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

## 3 Critical accounting estimates and judgements (Continued)

### (b) Measurement of ECL

Measurement of ECL for financial assets at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 50(a).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

– Determining criteria for significant increase in credit risk;

– Choosing appropriate models and assumptions for the measurement of ECL;

– Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and

– Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 50(a).

### (c) Provision for inventories

The Group reviews the carrying amounts of inventories at each financial position date to determine whether the inventories are carried at lower of cost and net realisable value. The Group estimates the net realisable value, based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down. The change in the write-down would affect the Group's profit or loss during the year.

### (d) Impairment of non-financial assets

As described in Note 2(v), assets such as fixed assets, intangible assets, goodwill, ROU assets and interests in associates and joint ventures are reviewed at each financial position date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 3 Critical accounting estimates and judgements (Continued)

### (e) Fair value of financial instruments

For financial instruments without active market, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads, foreign currency exchange rates, etc. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at the end of each reporting period. Where market data are not available, management needs to make estimates on such unobservable market inputs based on assumptions. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

### (f) Depreciation

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful life of the respective assets using the straight-line method. The cost of ROU assets is charged as depreciation expense generally over the shorter of the asset's useful life and the lease term on a straight-line basis.

Management periodically reviews changes in technology and industry conditions, asset retirement activity, residual values to determine adjustments to estimated remaining useful lives and depreciation rates. In determining the lease term of ROU assets, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

### (g) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets, which principally relate to tax losses and deductible temporary differences, are recognised when the future taxable profit will be available against such deferred tax assets. Hence, it requires formal assessment by management regarding the future profitability to utilise the deferred tax assets. The outcome of their actual utilisation may be different.

## 3 Critical accounting estimates and judgements (Continued)

### (h) Assets acquired/liabilities assumed in business combination

Assets acquired/liabilities assumed in business combination are recognised at fair value in connection with the Group's acquisition of an entity. The fair values of the acquired assets/assumed liabilities are determined based on valuation methodologies and techniques that involved the use of a third-party valuation firm's expertise. The judgements and assumptions used in that valuation of assets and liabilities along with the assumptions on the useful lives of acquired assets have an effect on the consolidated financial statements.

### (i) De-recognition of financial assets

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitisation, financial assets sold under repurchase agreements and etc. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial de-recognition.

Where the Group enters into structured transactions by which it transferred financial asset to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following de-recognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets was transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the de-recognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the "pass through" of those cash flows to independent third parties;

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models. Significant judgement is applied in the Group's assessment with regard to the parameters and assumptions applied in the models, estimated cash flows before and after the transfers, the discount rates used based on current market interest rates, variability factors considered and the allocation of weightings in different scenarios;

- where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 3 Critical accounting estimates and judgements (Continued)

## (j) Control and consolidation

The Group makes significant judgement to assess whether or not to consolidate structured entities. When performing this assessment, the Group:

- assesses its contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities;

- performs independent analyses and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned, retention of residual income, and, if any, liquidity and other support provided to the structured entities; and

- assesses its ability to exercise its power to influence the variable returns assessed whether the Group acts as a principal or an agent through analysis of the scope of the Group's decision-making authority, remuneration entitled, other interests the Group holds, and the rights held by other parties.

The Group holds less than 50% shares and voting rights in certain subsidiaries. When assessing whether it has substantive control over these investees, the Group has taken certain factors into account including the size of the Group's shareholding relative to other shareholders, dispersion of the voting rights of the other shareholders, the Group's relationship with other investors, any history of any other shareholders collaborating to exercise their votes collectively or to out vote the Group; the group's relationship with the key management personnel of the investees, whether the Group has the right to appoint or approve the majority of the board seats and other key management personnel of the investees, whether the Group controls certain assets such as licences or trademarks that are critical to the operations of the investees, whether the Group and other shareholders' rights over the investees are substantive, and any other contractual arrangements. The Group considers factors that are applicable to a specific individual investee on an ongoing basis when determining whether it has substantive rights over the investees.

## (k) Mineralogy Pty Ltd. ("Mineralogy") disputes

Each of Sino Iron Pty Ltd. ("Sino Iron"), Korean Steel Pty Ltd. ("Korean Steel") and Balmoral Iron Pty Ltd. ("Balmoral Iron"), subsidiary companies of the Company, has entered into a Mining Right and Site Lease Agreement ("MRSLA") with Mineralogy. Among other things, those agreements, together with other project agreements, provide Sino Iron, Korean Steel and Balmoral Iron the right to develop and operate the Group's Sino Iron project in Western Australia ("Sino Iron Project") and to take and process one billion tonnes each of magnetite ore for that purpose. Before Balmoral Iron can exercise its one billion tonne mining right, it will need to submit and have approved by the State of Western Australia project proposals for its project, among other things.

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

# 3 Critical accounting estimates and judgements (Continued)

## (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

**FCD Indemnity Disputes**

Mineralogy and Mr. Palmer have commenced proceedings to pursue claims pursuant to an indemnity given by the Company under the Fortescue Coordination Deed ("FCD"). Mineralogy and Mr. Palmer allege that the CITIC Parties' failure to make certain royalty payments caused them losses for which they are indemnified pursuant to the indemnity contained in the FCD.

**(i) Queensland Nickel FCD Indemnity Claim**

On 29 June 2017, Mr. Palmer commenced a proceeding against the Company in the Supreme Court of Western Australia ("Proceeding CIV 2072/2017") claiming damages in the sum of AUD2,324,000,000 (now reduced in the sixth amended statement of claim to AUD1,800,438,000). The amount claimed relates to losses allegedly suffered by Mr. Palmer in relation to the nickel and cobalt refinery business located at Yabulu in North Queensland ("Yabulu Refinery"), which was carried on by the Queensland Nickel group of companies controlled by Mr. Palmer.

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

On 10 November 2023, Mineralogy and Mr. Palmer filed their sixth amended statement of claim. That statement of claim alleges that as the CITIC Parties did not pay to Mineralogy royalty on products produced by Sino Iron and Korean Steel ("Royalty Component B") when it was due for payment under the MRSLAs, Mineralogy did not provide funds to the manager of the Yabulu Refinery, Queensland Nickel Pty Ltd. ("QNI"), to enable it to continue managing and operating the Yabulu Refinery, and consequently, QNI was placed into administration in January 2016 and liquidation in April 2016.

Mineralogy and Mr. Palmer allege that if the CITIC Parties had paid Royalty Component B on time, Mineralogy would have provided the funds required to meet QNI's cashflow deficits at the times necessary to enable QNI to continue to manage and operate the Yabulu Refinery. Mineralogy and Mr. Palmer plead that QNI required funding of AUD91,100,000 by the quarter ending 30 September 2017.

Mineralogy and Mr. Palmer claim that the liquidation of QNI led to the diminution in value of the Yabulu Refinery, and a consequential diminution in value of the shares of its joint venture owners, QNI Metals Pty Ltd. and QNI Resources Pty Ltd. The shares in those companies are ultimately beneficially owned by Mr. Palmer. Mineralogy and Mr. Palmer claim that the CITIC Parties are liable for those losses pursuant to an indemnity provision in the FCD.

On 2 February 2024, the CITIC Parties filed their substituted defence in response to Mineralogy and Mr. Palmer's sixth amended statement of claim. The CITIC Parties plead a number of defences, including construction arguments, causation, mitigation, quantification of loss and Anshun estoppel and abuse of process.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 3 Critical accounting estimates and judgements (Continued)

### (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

**FCD Indemnity Disputes** (Continued)

**(i) Queensland Nickel FCD Indemnity Claim** (Continued)

Following the filing of Mineralogy and Mr. Palmer's sixth amended statement of claim and the CITIC Parties' substituted defence, Mineralogy and Mr. Palmer filed and served an updated reply on 5 March 2024. The reply contains allegations that certain conduct of the CITIC Parties, specifically alleged activities of the Fulcrum Group, has the effect of disentitling the CITIC Parties from obtaining relief claimed in the form of a permanent stay of the proceeding on grounds of Anshun estoppel or abuse of process ("Fulcrum Allegations").

On 25 March 2024, Mineralogy and Mr. Palmer indicated that they intend to file a minute of proposed seventh amended statement of claim. At a directions hearing on 26 March 2024, Justice Lundberg provisionally listed a hearing on 21 May 2024, at which any application for leave to amend the statement of claim and any interlocutory disputes arising from requests for discovery would be heard.

A number of interlocutory applications in this proceeding have not yet been determined, including interlocutory applications filed by Mineralogy and Mr. Palmer on 23 January 2023 to be relieved of certain discovery obligations, to strike out certain paragraphs of the CITIC Parties' further re-amended defence (which was then current but has since been replaced by the substituted defence) and to obtain discovery from the CITIC Parties of documents related to the Fulcrum Allegations made by Mineralogy and Mr. Palmer in their reply. These applications, if pressed by Mineralogy and Mr. Palmer prior to the hearing on 21 May 2024, are likely to be heard at that hearing (at least in so far as they relate to discovery).

Pursuant to orders made by Justice K Martin in September 2020, this proceeding will be heard together with Proceeding CIV 1267/2018 as described below. Orders previously made in this proceeding that damages would be determined separately and subsequently to liability have been vacated. This means that all issues will be heard and determined together in a single trial.

No trial date has been set for this proceeding.

**(ii) Palmer Petroleum FCD Indemnity Claim**

On 16 February 2018, Mineralogy commenced a proceeding against the CITIC Parties in the Supreme Court of Western Australia ("Proceeding CIV 1267/2018") in which it claims damages in the sum of AUD2,675,400,000. That amount is alleged to represent the diminution in the value of Mineralogy's shares in Palmer Petroleum Pty Ltd. (now Aspenglow Pty Ltd.) ("Palmer Petroleum") or Blaxcell Limited stemming from the inability of those companies to develop certain petroleum prospecting licences in Papua New Guinea. Mineralogy is the holder and beneficial owner of all of the shares in Palmer Petroleum and Blaxcell Limited.

On 10 November 2023, Mineralogy filed its third amended statement of claim. In that statement of claim, Mineralogy claims that as the CITIC Parties failed to pay Royalty Component B when it was due for payment under the MRSLAs, Mineralogy (on which Palmer Petroleum was allegedly completely reliant for funding) did not provide funds to Palmer Petroleum to pay for services rendered to it by a contractor, and in July 2016, Palmer Petroleum was wound up in insolvency.

# 3 Critical accounting estimates and judgements (Continued)

## (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

### FCD Indemnity Disputes (Continued)

**(ii) Palmer Petroleum FCD Indemnity Claim** (Continued)

Mineralogy claims that, if the CITIC Parties had paid Royalty Component B in accordance with their obligations, Mineralogy would have provided such of those funds to Palmer Petroleum and Palmer Petroleum would have paid for the services rendered by the contractor, discharged the contractor's statutory demand, and/or had sufficient funding to meet its working capital requirements, operate its business, and engage in the business of owning, exploring, developing and exploiting petroleum prospecting licences in Papua New Guinea. Mineralogy alleges that as a consequence of Palmer Petroleum being wound up, it ceased conducting its business and the relevant petroleum prospecting licences were cancelled.

Mineralogy pleads that Palmer Petroleum, or alternatively Blaxcell Limited, suffered a diminution in value equivalent to the sale value of oil that allegedly would have been recoverable from within the area of the relevant petroleum prospecting licences. Mineralogy claims that it suffered loss equivalent to the diminution in value of its shareholding in Palmer Petroleum, or alternatively Blaxcell Limited, and that the CITIC Parties are liable for that loss pursuant to an indemnity provision in the FCD.

On 2 February 2024, the CITIC Parties filed their substituted defence in response to Mineralogy's third amended statement of claim. The CITIC Parties plead a number of defences, including construction arguments, causation, mitigation, quantification of loss and Anshun estoppel and abuse of process.

Following the filing of Mineralogy's third amended statement of claim and the CITIC Parties' substituted defence, Mineralogy filed and served an updated reply on 8 March 2024. The reply includes the Fulcrum Allegations as described above.

On 25 March 2024, Mineralogy indicated that it intends to file a minute of proposed fourth amended statement of claim. At a directions hearing on 26 March 2024, Justice Lundberg provisionally listed a hearing on 21 May 2024, at which any application for leave to amend the statement of claim and any interlocutory disputes arising from requests for discovery would be heard.

A number of interlocutory applications in this proceeding have not yet been determined, including interlocutory applications filed by Mineralogy on 23 January 2023 to be relieved of certain discovery obligations, to strike out certain paragraphs of the CITIC Parties' re-amended defence (which was then current but has since been replaced by the substituted defence) and to obtain discovery from the CITIC Parties of documents related to the Fulcrum Allegations made by Mineralogy in its reply. These applications, if pressed by Mineralogy prior to the directions hearing on 21 May 2024,are likely to be heard at that hearing (at least in so far as they relate to discovery).

Pursuant to orders made by Justice K Martin in September 2020, this proceeding will be heard together with Proceeding CIV 2072/2017. Orders previously made in this proceeding that damages would be determined separately and subsequently to liability have been vacated. This means that all issues will be heard and determined together in a single trial.

No trial date has been set for this proceeding.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 3 Critical accounting estimates and judgements (Continued)

### (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

**Mine Continuation Proposals Disputes**

**(i) 2017 Mine Continuation Proposals Proceedings**

The continued operation of the Sino Iron Project requires it to extend beyond the footprint it currently occupies. The 2017 mine continuation proposals address that need, and include proposals to extend the constrained mine pit, and increase the storage capacity for waste rock and tailings, which are necessary by-products of the mining process. The mining tenements upon which the Sino Iron Project is currently conducted, and those into which the CITIC Parties wish to extend in order to continue operation, are all held by Mineralogy.

The CITIC Parties commenced a proceeding against Mineralogy and Mr. Palmer in the Federal Court of Australia, which was transferred to the Supreme Court of Western Australia on 10 June 2019 ("Proceeding CIV 1915/2019"). The proceeding related to the failure and refusal of Mineralogy to:

- submit the 2017 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement;
- grant further tenure which is reasonably required for the Sino Iron Project;
- take steps to secure the re-purposing of general-purpose leases for the Sino Iron Project; and
- submit a Programme of Works for the Sino Iron Project to the State of Western Australia.

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

The CITIC Parties commenced a new proceeding ("Proceeding CIV 2326/2021") on 8 December 2021, in which they sought orders for specific performance in relation to a refined tenure request addressed to Mineralogy on 29 November 2021. That tenure request was in the alternative to the tenure in respect of which relief was sought in Proceeding CIV 1915/2019. On 29 December 2021, Justice K Martin ordered that Proceeding CIV 1915/2019 and Proceeding CIV 2326/2021 be consolidated and proceed as one action ("Consolidated 2017 MCPs Proceedings").

# 3 Critical accounting estimates and judgements (Continued)

## (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

**Mine Continuation Proposals Disputes** (Continued)

**(i) 2017 Mine Continuation Proposals Proceedings** (Continued)

The primary trial in the Consolidated 2017 MCPs Proceedings occurred before Justice K Martin from 21 February 2022 to 29 April 2022. The primary trial was to determine all issues in the Consolidated 2017 MCPs Proceedings other than the quantification of any loss or damage suffered by the CITIC Parties.

On 7 March 2023, Justice K Martin delivered his reasons in the Consolidated 2017 MCPs Proceedings and on 10 March 2023 made orders consequent upon his reasons. His Honour dismissed most of the CITIC Parties' claims. However, Justice K Martin made the following key findings relevant to mine continuation:

– Mineralogy is obliged to either submit, or consent to the CITIC Parties submitting, the Programme of Works;

– Mineralogy is contractually obliged to assist, and cooperate with, the CITIC Parties, including in relation to the submission of project proposals under the State Agreement. However, the Court declined to require Mineralogy to submit the 2017 mine continuation proposals in the form before the Court, for reasons including that those proposals presumed the use of tenure outside areas which Mineralogy had previously agreed to provide;

– Mineralogy is required to honestly consider, and not unreasonably refuse, requests for additional tenure that is reasonably requested and reasonably required. His Honour found that the CITIC Parties' most recent tenure request lacked certain features required to meet that test, and so declined to order Mineralogy to grant the tenure the subject of that request. However, his Honour confirmed that an area outside the site lease areas, to the south of the current tailings storage facility, and that is held by Mineralogy, is necessary for future tailings and waste storage for the Sino Iron Project; and

– Mineralogy is not required to take steps to re-purpose the general purpose leases, for reasons including because Mineralogy had not granted the CITIC Parties tenure over all of those general purpose leases.

On 9 June 2023, after two unsuccessful applications for a stay of the relevant order made by Justice K Martin, Mineralogy submitted the Programme of Works to the State. The Programme of Works was approved on 28 July 2023. That approval allows the CITIC Parties to undertake investigative works necessary for the extension of the mine pit and the establishment of a new tailings storage facility.

At a hearing on 21 April 2023, Justice K Martin made orders deferring the CITIC Parties' Programme of Works damages claim until after the determination of the appeals referred to below. His Honour also ordered the CITIC Parties to pay Mineralogy's and Mr. Palmer's costs of the Consolidated 2017 MCPs Proceedings up to and including the 21 April 2023 hearing, except in relation to Mr. Palmer's unsuccessful application to stay the trial, for which Mr. Palmer must pay the CITIC Parties' costs.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 3 Critical accounting estimates and judgements (Continued)

### (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

**Mine Continuation Proposals Disputes** (Continued)

**(i) 2017 Mine Continuation Proposals Proceedings** (Continued)

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

**(ii) 2017 Mine Continuation Proposals Appeals**

On 31 March 2023, the CITIC Parties appealed Justice K Martin's decision in the Consolidated 2017 MCPs Proceedings ("Proceeding CACV 35/2023"). The CITIC Parties' grounds of appeal include that Justice K Martin erred for reasons including that:

– there is no requirement in the State Agreement or the project agreements for the CITIC Parties to pay additional monetary consideration for areas reasonably required for the Project, including because Mineralogy has been paid for those areas;

– Mineralogy's failure to submit the 2017 mine continuation proposals was a breach of its obligations under the State Agreement and certain project agreements;

– his Honour applied the wrong contractual standard when evaluating the CITIC Parties' tenure request, as the standard was whether the tenure was 'reasonably required', and not a higher standard;

– the 2017 mine continuation proposals and the CITIC Parties' tenure request were divisible, and not holistic global packages, and their licence request was accompanied by the required level of detail;

– Mineralogy had sufficient technical information and time to consider the CITIC Parties' tenure request, and Mineralogy's refusal to agree to the tenure request constituted a breach of the State Agreement and certain project agreements; and

– injunctive relief compelling Mineralogy to conditionally surrender and apply for the re-grant of certain general purpose leases should have been ordered.

Also on 31 March 2023, Mineralogy separately appealed Justice K Martin's decision ("Proceeding CACV 37/2023") in relation to the order that it must submit the Programme of Works. Mineralogy's grounds of appeal include that his Honour erred in failing to hold that, before Mineralogy had an obligation to submit a proposal, the CITIC Parties had to demonstrate a need to submit the proposal for the purposes of performing the MRSLAs, so that Mineralogy could make an informed assessment of whether to do so having regard to its own commercial interests.

On 1 May 2023, the Court of Appeal ordered that Proceeding CACV 35/2023 and Proceeding CACV 37/2023 be consolidated ("Consolidated 2017 MCPs Appeals").

The appeals have been listed for a hearing before the Court of Appeal from 12 to 15 August 2024 and 19 to 21 August 2024.

# 3 Critical accounting estimates and judgements (Continued)

## (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

**Mine Continuation Proposals Disputes** (Continued)

**(iii) 2023 Mine Continuation Proposals Proceedings**

On 27 November 2023, the CITIC Parties commenced a proceeding in the Supreme Court of Western Australia seeking to compel Mineralogy to submit the 2023 mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement ("Proceeding CIV 2336/2023"). The areas over which the activities the subject of the 2023 mine continuation proposals are to be carried out are a subset of the areas the subject of the 2017 mine continuation proposals, and are confined to areas over which Mineralogy has already provided access to Sino Iron and Korean Steel. The proceeding alleges that Mineralogy was obliged to consider and approve the 2023 mine continuation proposals. Approval of the 2023 mine continuation proposals will support the continued operation of the Sino Iron Project for an interim period by addressing constraints to the project's mine pit and waste and tailings storage capacity.

In this proceeding, the CITIC Parties seek relief including:

(a) declarations that Mineralogy's failure and refusal to consider, approve and submit the 2023 mine continuation proposals is in breach of the State Agreement and certain project agreements;

(b) orders for specific performance or injunctions requiring Mineralogy to join them in submitting the 2023 mine continuation proposals to the State; and

(c) damages for breach of contract.

The State of Western Australia is a party to the proceeding because it is a party to the State Agreement, but no relief is sought against it.

On 11 March 2024, Mineralogy filed its amended defence. Mineralogy's amended defence includes a pleading that, because Mineralogy asserts the CITIC Parties have breached certain project agreements, they are not entitled to the relief claimed. The alleged breaches include that:

(a) the conduct of the CITIC Parties as alleged by Mineralogy in Proceeding CIV 2072/2017 (i.e. the Fulcrum Allegations as described above) constituted acts or the contemplation of acts that adversely affected the interests of Mineralogy in the project area and represented a failure to act in good faith towards Mineralogy in relation to the performance of the MRSLAs;

(b) the CITIC Parties have not paid Mineralogy the amounts claimed in the FCD Indemnity Disputes (referred to above); and

(c) the CITIC Parties have allegedly failed to permit Mineralogy to observe all measurement, sampling and assaying procedures under the MRSLAs.

# 3 Critical accounting estimates and judgements (Continued)

## (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

### Mine Continuation Proposals Disputes (Continued)

**(iii) 2023 Mine Continuation Proposals Proceedings** (Continued)

On 23 January 2024, Mineralogy applied for a stay of this proceeding pending the outcome of the 2017 MCPs Consolidated Appeals referred to above.

On 14 February 2024, the CITIC Parties applied for orders striking out certain paragraphs of Mineralogy's defence (which was then current but has since been replaced by the amended defence) and on 15 February 2024, applied for orders expediting the hearing of this proceeding.

Mineralogy's stay application and the CITIC Parties' strike out and expedition applications were heard on 20 and 21 March 2024, and the Court's decision remains reserved.

No trial date has been set for this proceeding.

### Fulcrum Conspiracy Claim

On 5 October 2023, Mineralogy and Mr. Palmer commenced a proceeding against Helen Dillon, Chen Zeng, Sino Iron, Korean Steel and the Company ("Proceeding CIV 2137/2023") claiming that the defendants engaged in conduct for "Fulcrum Purposes", to apply commercial pressure on Mineralogy and Mr. Palmer to renegotiate certain project agreements, recoup certain additional costs of developing the Sino Iron Project from Mineralogy and seek to sterilise Mineralogy's other valuable mining tenements. On 28 November 2023, Mineralogy and Mr. Palmer filed a notice of discontinuance in Proceeding CIV 2137/2023.

On 15 December 2023, Mineralogy and Mr. Palmer commenced a proceeding against Helen Dillon, Chen Zeng, Sino Iron, Korean Steel and the Company (together, the "CITIC Defendants") as well as Allens, a law firm advising the CITIC Defendants, and FBIS International Issues Management Pty Ltd., a service provider to certain of the CITIC Defendants ("Proceeding CIV 2425/2023"). Mineralogy and Mr. Palmer claim that the defendants engaged in the Fulcrum Purposes to apply commercial pressure on Mineralogy and Mr. Palmer to achieve outcomes similar to those pleaded in Proceeding CIV 2137/2023 (see above).

# 3 Critical accounting estimates and judgements (Continued)

## (k) Mineralogy Pty Ltd. ("Mineralogy") disputes (Continued)

**Fulcrum Conspiracy Claim** (Continued)

Mineralogy and Mr. Palmer bring claims including for breach of contract and the torts of collateral abuse of process, conspiracy to injure by unlawful means and conspiracy to injure by lawful means. Unconscionable conduct under the Australian Consumer Law is also pleaded as conduct alleged to give rise to the unlawful means conspiracy. Mineralogy and Mr. Palmer also claim that, pursuant to the FCD, the Company is obliged to indemnify Mr. Palmer for the alleged loss suffered by Mr. Palmer said to be in relation to the CITIC Parties' failure to perform their obligations under the MRSLAs. Mineralogy and Mr. Palmer claim that as a consequence of the defendants' conduct, they suffered damages which are said to include costs Mineralogy and Mr. Palmer incurred in prosecuting and defending the legal processes and otherwise taking steps in respect of the Fulcrum Purposes, as well as the inability of Mr. Palmer to devote his attention and resources to "other profitable endeavours" and AUD200,000,000 on account of the inability to pursue the "Minimum Royalty Claim". Mineralogy and Mr.Palmer allege that they did not pursue the "Minimum Royalty Claim" in a previous proceeding as a consequence of the pressure exerted on them for the Fulcrum Purposes. The plaintiffs also seek exemplary damages of approximately AUD500,000,000, aggravated damages and interest on the amounts claimed.

On 17 January 2024, the CITIC Defendants and Allens each filed an application for summary judgment in their favour, to strike out Mineralogy and Mr. Palmer's statement of claim in this proceeding (which was then current but has since been replaced by the second amended statement of claim) and to temporarily stay this proceeding. Also on 17 January 2024, Allens filed an application for a permanent stay or dismissal of this proceeding.

Two days after filing an amended statement of claim on 18 February 2024, Mineralogy and Mr. Palmer applied for orders to file a further amended statement of claim, and the second amended statement of claim was filed on 20 March 2024.

The Court has programmed the filing of submissions and any further affidavits by Allens, the CITIC Defendants and Mineralogy and Mr. Palmer, should Allens wish to proceed with their permanent stay or dismissal application after Mineralogy and Mr. Palmer have filed their second amended statement of claim.

The Court has also programmed the filing of submissions and any further affidavits by the CITIC Defendants, Allens and Mineralogy and Mr. Palmer, should the CITIC Defendants and Allens wish to proceed with amended summary judgment and strike out applications after Mineralogy and Mr. Palmer have filed their second amended statement of claim.

The Allens application for a permanent stay or dismissal of this proceeding, if it proceeds, will be heard on 2 May 2024. If that application does not proceed, there will be a directions hearing on that date.

No trial date has been set for this proceeding.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 3 Critical accounting estimates and judgements (Continued)

### (l) Metallurgical Corporation of China ("MCC") claim

MCC was appointed as the EPC (engineering, procurement and construction) contractor for the processing area and related facilities at the Sino Iron Project. The fixed price contract amount was US$3.4 billion.

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

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

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

As set out in the Company's announcement dated 24 December 2013, Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron Project. An independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings of the independent audit, Sino Iron and MCC WA expect to enter into further negotiations to determine the amount of liabilities to be borne between the parties. Outcomes are not yet known as at 31 December 2023.

## 4 Taxation

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the year ended 31 December 2023 is 16.5% (2022: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Chinese Mainland for the year ended 31 December 2023 is 25% (2022: 25%).

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

# 5 Revenue

As a multi-industry conglomerate, the Group is principally engaging in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption, new-type urbanisation.

For comprehensive financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (Notes 5(a), 5(b) and 5(d)). For non-comprehensive financial services segment, revenue mainly comprises income from sales of goods and services rendered to customers (Note 5(c)).

The Group's customer base is diversified and there is no single customer with which transactions have exceeded 10% of the Group's revenue.

## (a) Net interest income

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Interest income arising from (note):** | | |
| Deposits with central banks, banks and non-bank financial institutions | **16,719** | 14,302 |
| Placements with banks and non-bank financial institutions | **8,089** | 6,346 |
| Financial assets held under resale agreements | **2,799** | 2,285 |
| Investments in financial assets | | |
| – Financial assets at amortised cost | **36,073** | 40,018 |
| – Debt investments at fair value through other comprehensive income ("FVOCI") | **22,153** | 19,598 |
| Loans and advances to customers and other parties | **244,128** | 241,057 |
| Margin financing and securities lending | **8,343** | 6,484 |
| Others | **610** | 288 |
| | **338,914** | 330,378 |
| **Interest expenses arising from:** | | |
| Borrowing from central banks | **(4,282)** | (4,974) |
| Deposits from banks and non-bank financial institutions | **(21,687)** | (23,099) |
| Placements from banks and non-bank financial institutions | **(4,717)** | (3,369) |
| Financial assets sold under repurchase agreements | **(10,625)** | (5,007) |
| Deposits from customers | **(115,452)** | (102,754) |
| Debt instruments issued | **(29,753)** | (30,430) |
| Customer brokerage deposits | **(1,675)** | (1,303) |
| Lease liabilities | **(553)** | (523) |
| Others | **(1,651)** | (1,350) |
| | **(190,395)** | (172,809) |
| **Net interest income** | **148,519** | 157,569 |

Note:

Interest income includes interest income accrued on credit-impaired financial assets of RMB715 million for the year ended 31 December 2023 (2022: RMB462 million).

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 5 Revenue (Continued)

### (b) Net fee and commission income

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Bank card fees | **16,799** | 16,480 |
| Trustee commission and fees | **8,857** | 16,057 |
| Agency fees and commission | **5,897** | 5,582 |
| Guarantee and advisory fees | **5,686** | 5,768 |
| Commission on securities brokerage | **12,163** | 9,819 |
| Commission on fund management | **7,642** | 6,137 |
| Commission on investment banking | **6,750** | 7,130 |
| Settlement and clearing fees | **2,251** | 2,136 |
| Commission on asset management | **2,340** | 2,203 |
| Commission on futures brokerage | **3,594** | 2,114 |
| Others | **1,067** | 484 |
| | **73,046** | 73,910 |
| Fee and commission expenses | **(11,456)** | (8,656) |
| Net fee and commission income | **61,590** | 65,254 |

### (c) Sales of goods and services

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Sales of goods | **372,072** | 351,297 |
| Services rendered to customers | | |
| – Revenue from construction contracts | **16,356** | 21,089 |
| – Revenue from other services | **29,152** | 29,456 |
| | **417,580** | 401,842 |

# 5 Revenue (Continued)

## (d) Other revenue

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Net trading (loss)/gain under comprehensive financial services segment (note (i)) | **(8,109)** | 20,434 |
| Net gain on financial investments under comprehensive financial services segment | **58,018** | 17,320 |
| Others | **3,234** | 1,019 |
| | **53,143** | 38,773 |

(i) Net trading (loss)/gain under comprehensive financial services segment

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Net trading (loss)/gain: | | |
| – debt securities and certificates of deposits | **844** | (756) |
| – foreign currencies | **2,981** | (977) |
| – derivatives | **(11,934)** | 22,167 |
| | **(8,109)** | 20,434 |

# 6 Costs of sales and services

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Costs of goods sold | **341,469** | 322,130 |
| Costs of services rendered | | |
| – Costs of construction contracts | **13,574** | 14,572 |
| – Costs of other services | **17,764** | 19,176 |
| | **372,807** | 355,878 |

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 7 Other net income

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Net gain on disposal/deemed disposal of subsidiaries, associates and joint ventures | **74** | 10,977 |
| Net gain/(loss) on financial investments under non-comprehensive financial services segment | **2,949** | (194) |
| Net foreign exchange gain | **535** | 444 |
| Others | **5,099** | 5,116 |
| | **8,657** | 16,343 |

# 8 Expected credit losses

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Expected credit losses (reversed from)/charged on: | | |
| – deposits and placements with banks and non- bank financial institutions | **(39)** | 2 |
| – receivables(excluding prepayments) | **4,651** | 5,023 |
| – loans and advances to customers and other parties | **49,572** | 57,097 |
| – investments in financial assets | | |
| • financial assets at amortised cost | **2,467** | 2,220 |
| • debt investments at FVOCI | **1,250** | 716 |
| – impairment provision of credit commitments and guarantees provided | **1,041** | 7,999 |
| – others | **6,673** | 5,948 |
| | **65,615** | 79,005 |

# 9 Impairment losses

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Impairment losses charged on/(reversed from): | | |
| – inventories | **3,403** | 403 |
| – interests in associates | **635** | 2,581 |
| – interests in joint ventures | **–** | 15 |
| – fixed assets (note) | **(338)** | 70 |
| – prepayments | **23** | 12 |
| – goodwill (Note 35) | **26** | 4,363 |
| – others | **846** | 140 |
| | **4,595** | 7,584 |

Note:

Iron Ore Project

The Group's Iron Ore Project comprises the Sino Iron Project in Australia and its associated marketing operations in Singapore. Whenever events or circumstances indicate impairment may have occurred, the Group tests whether assets attributable to the Group's Iron Ore Project have suffered any impairment.

The recoverable amount of the Sino Iron Project is based on the fair value less costs of disposal methodology which is based on cash flow projections that incorporate best estimates of selling prices, ore grades, exchange rates, production rates, future capital expenditure and production costs over the life of the mine. In line with normal practice in the mining industry, the cash flow projections are based on long term mine plans covering the expected life of the operation. Therefore, the projections cover periods well in excess of five years. Assumptions about selling prices, operating and capital costs, exchange rates, quantity of resources and discount rates are particularly important; the determination of the recoverable amount is relatively sensitive to changes in these important assumptions.

In accordance with the Group's accounting policy, management has identified one CGU, the Sino Iron Project. For the purposes of testing for impairment, the carrying amount of the Sino Iron Project is to be compared with its recoverable amount when indication of impairment exit. Impairment is recognised when the carrying amount of the project exceeds its recoverable amount.

As at 31 December 2023, management performed an impairment indication assessment with the consideration of the production profile of the Sino Iron Project forecast Iron ore prices, exchange rate between Australia dollar and US dollar and Interest rates of loans risk free. According to the assessment, no further impairment indication was identified and thus, no impairment test was undertaken for the Sino Iron Project as at 31 December 2023.

When an impairment test is undertaken, the fair value of CGU must be estimated for recognition and measurement or for disclosure purposes.

The disclosure is based on the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical or similar CGU (level 1);
- Inputs other than quoted prices included within level that are observable for the CGU, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the CGU that are not based on observable market data (unobservable inputs) (level 3 inputs).

The CGU's fair value hierarchy is Level 3.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 10 Net finance charges

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Finance costs | | |
| – Interest on bank and other loans | **8,969** | 4,590 |
| – Interest on debt instruments issued | **3,570** | 4,184 |
| – Interest on lease liabilities | **241** | 206 |
| | **12,780** | 8,980 |
| Less: interest expense capitalised (note) | **(926)** | (727) |
| | **11,854** | 8,253 |
| Other finance charges | **318** | 219 |
| | **12,172** | 8,472 |
| Finance income | **(1,832)** | (1,407) |
| | **10,340** | 7,065 |

Note:

Capitalisation rates applied to funds borrowed are 4.40% ~ 4.74% per annum for the year ended 31 December 2023 (2022: 1.60% ~ 4.85%).

# 11 Profit before taxation

Profit before taxation is arrived at after charging below costs and expenses in cost of sales and services and other operating expenses:

## (a) Staff costs

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Salaries and bonuses (note (i)) | **63,770** | 59,288 |
| Contributions to defined contribution retirement schemes (note (ii)) | **8,780** | 7,046 |
| Others | **13,101** | 12,302 |
| | **85,651** | 78,636 |

Notes:

(i) The increase in salaries and bonuses mainly comes from the impact of the addition of consolidated subsidiaries, including CITIC Securities Co., Ltd. ("CITIC Securities"), Shanghai Zhongte Pacific Steel Co., Ltd. ("Pacific Steel", formerly known as "Shanghai Electric Group Steel Pipe Co., Ltd."), and Nanjing Steel Group Co., Ltd. ("Nanjing Steel Group").

(ii) The Group substantially completed the transfer of the management of existing retirees to external organisations in 2011. In accordance with the government requirements, the Group is also obliged to pay for certain of such retirees' post-retirement benefits in the future. This benefit plan is accounted for as a long-term defined benefits obligation and does not have any plan assets.

The Group's obligation for this benefit plan is calculated using actuarial method and recognised as a liability. The service cost amounting to RMB44 million was recognised for the year ended 31 December 2023 (2022: RMB54 million). Actuarial assumptions mainly include discount rate and future mortality. Reasonable changes in actuarial assumptions would not have a significant impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 11 Profit before taxation (Continued)

## (b) Other items

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Amortisation | **4,097** | 2,961 |
| Depreciation | **18,962** | 17,279 |
| Lease charges | **894** | 676 |
| Tax and surcharges | **3,481** | 3,377 |
| Property management fees | **1,031** | 908 |
| Non-operating expenses | **710** | 473 |
| Professional fees (other than auditors' remuneration) | **1,758** | 1,342 |
| Auditors' remuneration | | |
| – Audit services | **187** | 181 |
| – Non-audit services | **58** | 81 |
| | **31,178** | 27,278 |

# 12 Income tax expense

## (a) Income tax expense in the income statement

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Current tax – Chinese mainland** | | |
| Provision for enterprise income tax | **15,103** | 29,654 |
| Land appreciation tax | **267** | 323 |
| | **15,370** | 29,977 |
| **Current tax – Hong Kong** | | |
| Provision for Hong Kong profits tax | **490** | 169 |
| **Current tax – Overseas** | | |
| Provision for the year | **408** | 493 |
| | **16,268** | 30,639 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **1,745** | (9,170) |
| | **18,013** | 21,469 |

The particulars of the applicable income tax rates are disclosed in Note 4.

## 12 Income tax expense (Continued)

### (b) Reconciliation between tax expense and accounting profit at applicable tax rates

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Profit before taxation | **123,287** | 127,292 |
| Less: Share of profits of | | |
| – associates | **(5,695)** | (6,494) |
| – joint ventures | **(3,708)** | (4,672) |
| | **113,884** | 116,126 |
| Notional tax on profit before taxation calculated at statutory tax rate of 16.5% | **18,791** | 19,161 |
| Effect of different tax rates in other jurisdictions | **10,236** | 11,755 |
| Tax effect of unused tax losses not recognised | **891** | 241 |
| Tax effect of non-deductible expenses | **4,882** | 6,881 |
| Tax effect of non-taxable income (note) | **(15,911)** | (15,664) |
| Others | **(876)** | (905) |
| Actual tax expense | **18,013** | 21,469 |

Note:

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

## Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 13 Benefits and interests of directors

## (a) Directors' emoluments

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking for the year ended 31 December 2023 are set out as follows:

| | For the year ended 31 December 2023 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary | | | | | | | | | |
| | Fees | Salary | Discretionary bonuses | Housing allowance | Estimated money value of other benefits | Social securities in Chinese mainland | Employer's contribution to a retirement benefit scheme | Remunerations paid or receivable in respect of accepting office as committee member | Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking | Total |
| **Name of Current Directors** | | | | | | | | | | |
| Executive Directors: | | | | | | | | | | |
| Xi Guohua (i) | - | 0.36 | 0.39 | - | - | 0.15 | 0.09 | - | - | 0.99 |
| Liu Zhengjun (i)(ii) | - | 0.32 | 0.34 | - | - | 0.15 | 0.09 | - | - | 0.90 |
| Wang Guoquan (formerly known as Wang Guoquan) (i)(ii) | - | 0.32 | 0.34 | - | - | 0.15 | 0.09 | - | - | 0.90 |
| Non-executive Directors | | | | | | | | | | |
| Yu Yang | - | - | - | - | - | - | - | - | - | - |
| Zhang Lin | - | - | - | - | - | - | - | - | - | - |
| Li Yi (formerly known as Li Ruyi) | - | - | - | - | - | - | - | - | - | - |
| Yue Xuekun (ii) | - | - | - | - | - | - | - | - | - | - |
| Yang Xiaoping | 0.34 | - | - | - | - | - | - | 0.14 | - | 0.48 |
| Mu Guoxin (ii) | - | - | - | - | - | - | - | - | - | - |
| Li Zimin (ii) | - | - | - | - | - | - | - | - | - | - |
| Independent Non-executive Directors: | | | | | | | | | | |
| Francis Siu Wai Keung | 0.34 | - | - | - | - | - | - | 0.25 | - | 0.59 |
| Xu Jinwu | 0.34 | - | - | - | - | - | - | 0.23 | - | 0.57 |
| Anthony Francis Neo | 0.34 | - | - | - | - | - | - | 0.23 | - | 0.57 |
| Gregory Lynn Curl | 0.34 | - | - | - | - | - | - | 0.05 | - | 0.39 |
| Toshikazu Tagawa | 0.34 | - | - | - | - | - | - | - | - | 0.34 |
| **Name of Former Directors** | | | | | | | | | | |
| Zhu Hexin (i)(ii) | - | 0.36 | 0.39 | - | - | 0.15 | 0.10 | - | - | 1.00 |
| Tang Jiang (iii) | - | - | - | - | - | - | - | - | - | - |
| | 2.04 | 1.36 | 1.46 | - | - | 0.60 | 0.37 | 0.90 | - | 6.73 |

Notes:

(i) The emoluments for the year ended 31 December 2023 in respect of Mr. Zhu Hexin, Mr. Xi Guohua, Mr. Liu Zhengjun and Mr. Wang Guoquan (formerly known as Wang Guoquan) have not been finalised in accordance with the regulations of the relevant local authorities.

(ii) Changes in directors during the year ended 31 December 2023:

(1) From 15 March 2023, Mr. Liu Zhengjun and Mr. Wang Guoquan (formerly known as Wang Guoquan) serve as the executive directors of the Company. From 9 January 2023, Mr. Yue Xuekun serves as the non-executive directors of the Company. From 26 October 2023, Mr. Mu Guoxin serves as the non-executive directors of the Company. From 29 December 2023, Mr. Li Zimin serves as the non-executive director of the Company.

(2) From 13 December 2023, Mr. Zhu Hexin resigned as the executive director of the Company.

(iii) On 26 March 2023, Mr. Tang Jiang passed away.

# 13 Benefits and interests of directors (Continued)

## (a) Directors' emoluments (Continued)

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking for the year ended 31 December 2022 are set out as follows:

| | For the year ended 31 December 2022 (Restated) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary | | | | | | | | Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking | |
| | Fees | Salary | Discretionary bonuses | Housing allowance | Estimated money value of other benefits | Social securities in Chinese mainland | Employer's contribution to a retirement benefit scheme | Remunerations paid or receivable in respect of accepting office as committee member | | Total |
| Name of Current Directors | | | | | | | | | | |
| Executive Directors: | | | | | | | | | | |
| Zhu Hexin [(i)] | – | 0.38 | 0.50 | – | – | 0.15 | 0.07 | – | – | 1.10 |
| Xi Guohua [(i)] | – | 0.38 | 0.50 | – | – | 0.15 | 0.07 | – | – | 1.10 |
| Non-executive Directors | | | | | | | | | | |
| Yu Yang | – | – | – | – | – | – | – | – | – | – |
| Zhang Lin [(ii)] | – | – | – | – | – | – | – | – | – | – |
| Li Yi (formerly known as Li Ruyi) [(ii)] | – | – | – | – | – | – | – | – | – | – |
| Yang Xiaoping | 0.33 | – | – | – | – | – | – | 0.13 | – | 0.46 |
| Tang Jiang [(ii)(iii)] | – | – | – | – | – | – | – | – | – | – |
| Independent Non-executive Directors: | | | | | | | | | | |
| Francis Siu Wai Keung | 0.33 | – | – | – | – | – | – | 0.24 | – | 0.57 |
| Xu Jinwu | 0.33 | – | – | – | – | – | – | 0.21 | – | 0.54 |
| Anthony Francis Neo | 0.33 | – | – | – | – | – | – | 0.21 | – | 0.54 |
| Gregory Lynn Curl | 0.33 | – | – | – | – | – | – | 0.04 | – | 0.37 |
| Toshikazu Tagawa | 0.33 | – | – | – | – | – | – | – | – | 0.33 |
| Name of Former Directors | | | | | | | | | | |
| Li Qingping [(i)(ii)] | – | 0.19 | 0.16 | – | 0.03 | 0.11 | 0.06 | – | – | 0.55 |
| Song Kangle [(ii)] | – | – | – | – | – | – | – | – | – | – |
| Peng Yanxiang [(ii)] | – | – | – | – | – | – | – | – | – | – |
| | 1.98 | 0.95 | 1.16 | – | 0.03 | 0.41 | 0.20 | 0.83 | – | 5.56 |

Notes:

(i) The emoluments for the year ended 31 December 2022 in respect of Mr. Zhu Hexin, Mr. Xi Guohua, and Ms. Li Qingping is restated based on the final results confirmed by the national authority.

(ii) Changes in directors during the year ended 31 December 2022:

(1) From 4 January 2022, Mr. Zhang Lin and Mr. Tang Jiang serve as the non-executive directors of the Company. From 30 November 2022, Ms. Li Yi (formerly known as Li Ruyi) serves as the non-executive director of the Company.

(2) From 21 October 2022, Ms. Li Qingping resigned as the executive director of the Company. From 30 November 2022, Mr. Song Kangle and Mr. Peng Yanxiang resigned as the non-executive directors of the Company.

(iii) On 26 March 2023, Mr. Tang Jiang passed away.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 13 Benefits and interests of directors (Continued)

### (b) Other benefits and interests

For the year ended 31 December 2023, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2022: None). No consideration was provided to or receivable by third parties for making available directors' services (2022: None). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2022: None).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year ended 31 December 2023 (2022: None).

## 14 Individuals with highest emoluments

For the year ended 31 December 2023, none of the five highest paid individuals are directors (2022: None) whose emoluments are disclosed in Note 13. The aggregate of the emoluments in respect of these five individuals (2022: five) are as follows:

| | **For the year ended 31 December** | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Salaries and other emoluments | **14.12** | 19.63 |
| Discretionary bonuses | **57.38** | 39.76 |
| Retirement scheme contributions | **1.39** | 1.25 |
| | **72.89** | 60.64 |

The emoluments of the five individuals (2022: five) with the highest emoluments are within the following bands:

| | **For the year ended 31 December** | |
|---|---|---|
| | **2023 Number of individuals** | *2022* Number of individuals |
| RMB9,500,001- RMB10,000,000 | **–** | 2 |
| RMB11,000,001- RMB11,500,000 | **–** | 1 |
| RMB12,000,001- RMB12,500,000 | **–** | 1 |
| RMB12,500,001- RMB13,000,000 | **–** | – |
| RMB13,000,001- RMB13,500,000 | **1** | – |
| RMB14,000,001- RMB14,500,000 | **2** | – |
| RMB15,000,001- RMB15,500,000 | **1** | – |
| RMB15,500,001- RMB16,000,000 | **1** | – |
| RMB17,500,001- RMB18,000,000 | **–** | 1 |
| | **5** | 5 |

## 15 Dividends

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| 2022 Final dividend paid: HK$0.451 (2021 Final: HK$0.456) per share | **11,988** | 11,328 |
| 2023 Interim dividend paid: RMB0.18 (2022 Interim: HK$0.20) per share | **5,236** | 5,082 |
| 2023 Final dividend proposed: RMB0.335 (2022 Final:HK$0.451) per share | **9,745** | 11,988 |

## 16 Earnings per share

Basic earnings per share for the year ended 31 December 2023 is calculated by dividing profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares.

Diluted earnings per share for the year ended 31 December 2023 is calculated by dividing adjusted profit attributable to the ordinary shareholders of the Company based on assuming conversion of all potentially dilutive shares by the adjusted weighted average number of ordinary shares.

In 2019, China CITIC Bank Corporation Limited ("CITIC Bank"), a subsidiary of the Group, issued convertible bonds, the specific terms of which are disclosed in Note 45(f). The Group has subscribed 65.97% of the convertible bonds, the convertible bonds issued by CITIC Bank has no dilutive effect on earnings per share of the Company.

In 2022, CITIC Pacific Special Steel Group Co., Ltd. ("CITIC Special Steel"), a subsidiary of the Group, issued convertible bonds, the specific terms of which are disclosed in Note 45(f). The convertible bonds issued by CITIC Special Steel has a dilutive effect on profit attributable to ordinary shareholders of the Company, the calculation results of which are listed as below:

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Profit attributable to ordinary shareholders of the Company | **57,594** | 64,931 |
| Less: impact on profit attributable to ordinary shareholders of the Company assuming above convertible bonds converted | **(95)** | (115) |
| Profit attributable to ordinary shareholders of the Company (adjusted) | **57,499** | 64,816 |
| Weighted average number of ordinary shares (in million) | **29,090** | 29,090 |
| Basic earnings per share (RMB) | **1.98** | 2.23 |
| Diluted earnings per share (RMB) | **1.98** | 2.23 |

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*For the year ended 31 December 2023*

## 17 Other comprehensive gain/(loss)

### Components of other comprehensive gain/(loss)

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Fair value gains/(loss) on financial assets at FVOCI | **7,203** | (2,644) |
| Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year | **(732)** | (7,707) |
| Tax effect | **(1,328)** | 1,940 |
| | **5,143** | (8,411) |
| Change of loss allowance on debt instruments at FVOCI | **(70)** | 441 |
| Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year | **–** | – |
| Tax effect | **10** | (28) |
| | **(60)** | 413 |
| (Loss)/gains arising from cash flow hedge | **(194)** | 1,326 |
| Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year | **(17)** | (140) |
| Tax effect | **–** | (93) |
| | **(211)** | 1,093 |
| Share of other comprehensive loss of associates and joint ventures | **(2,776)** | (2,854) |
| Exchange differences on translation of financial statements and others | **1,132** | 4,267 |
| **Items that will not be reclassified subsequently to profit or loss:** | | |
| Reclassification of owner-occupied property as investment property: revaluation (loss)/gain | **(2)** | 23 |
| Less: Tax effect | **–** | – |
| | **(2)** | 23 |
| Fair value changes on investments in equity instruments designated at FVOCI | **(187)** | 225 |
| Less: Tax effect | **49** | (5) |
| | **(138)** | 220 |
| | **3,088** | (5,249) |

# 18 Segment reporting

The Group has presented five reportable operating segments which are comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance is regularly reviewed by the board of directors to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial position, financial performance and cash flows is available. The details of these five reportable segments are as follows:

– Comprehensive financial services: this segment includes banking, securities, trust, insurance and asset management services.

– Advanced intelligent manufacturing: this segment includes manufacturing of heavy machineries, specialised robotics, aluminium wheels, aluminium casting parts and other products.

– Advanced materials: this segment includes exploration, processing and trading of resources and energy products, including iron ore, copper and crude oil, as well as manufacturing of special steels.

– New consumption: this segment includes motor, food and consumer products business, telecommunication services, publication services, modern agriculture, and others.

– New-type urbanisation: this segment includes development, sale and holding of properties, contracting and design services, infrastructure services, environmental services, commercial aviation services and others.

## (a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources among segments, the board of directors monitors the results, assets and liabilities, revenue and expenses attributable to each reportable segment on the following bases:

Segment assets are those assets that are attributable to a segment, and segment liabilities are those liabilities that are attributable to a segment.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "profit for the year". To arrive at segment results, the Group's profit is further adjusted for items not specifically attributed to individual segments, such as share of results of associates and joint ventures.

Inter-segment pricing is based on similar terms as those available to other external parties.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 18 Segment reporting (Continued)

### (a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

| | For the year ended 31 December 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Comprehensive financial services | Advanced intelligent manufacturing | Advanced materials | New consumption | New-type urbanisation | Operation management | Elimination | Total |
| Revenue from external customers | 268,048 | 50,434 | 267,513 | 51,422 | 43,367 | 48 | – | 680,832 |
| Inter-segment revenue | 2,200 | 218 | 187 | 122 | 914 | 94 | (3,735) | – |
| **Reportable segment revenue** | 270,248 | 50,652 | 267,700 | 51,544 | 44,281 | 142 | (3,735) | 680,832 |
| **Disaggregation of revenue:** | | | | | | | | |
| – Net interest income (Note 5(a)) | 150,583 | – | – | – | – | 91 | (2,155) | 148,519 |
| – Net fee and commission income (Note 5(b)) | 61,700 | – | – | – | – | 4 | (114) | 61,590 |
| – Sales of goods (Note 5(c)) | 4,740 | 49,794 | 266,087 | 37,751 | 14,100 | – | (400) | 372,072 |
| – Services rendered to customers-construction contracts (Note 5(c)) | – | 797 | – | – | 16,053 | – | (494) | 16,356 |
| – Services rendered to customers-others (Note 5(c)) | – | 61 | 1,613 | 13,793 | 14,128 | 47 | (490) | 29,152 |
| – Other revenue (Note 5(d)) | 53,225 | – | – | – | – | – | (82) | 53,143 |
| Share of profits/(losses) of associates, net of tax | 1,561 | 61 | 1,213 | 368 | 2,606 | (114) | – | 5,695 |
| Share of profits of joint ventures, net of tax | 1,372 | 27 | 855 | 36 | 1,377 | 41 | – | 3,708 |
| Finance income (Note 10) | – | 58 | 1,274 | 105 | 1,156 | 700 | (1,461) | 1,832 |
| Finance costs (Note 10) | – | (304) | (3,198) | (636) | (1,840) | (9,205) | 3,011 | (12,172) |
| Depreciation and amortisation (Note 11(b)) | (9,900) | (1,270) | (7,969) | (1,931) | (1,914) | (75) | – | (23,059) |
| Expected credit losses (Note 8) | (61,135) | (469) | (98) | 12 | (4,073) | 148 | – | (65,615) |
| Impairment losses (Note 9) | (286) | (456) | 776 | (216) | (3,803) | (610) | – | (4,595) |
| **Profit/(loss) before taxation** | 108,186 | 1,903 | 17,035 | 2,012 | 2,471 | (7,548) | (772) | 123,287 |
| Income tax (Note 12) | (13,757) | (169) | (2,163) | (374) | (451) | (1,071) | (28) | (18,013) |
| Profit/(loss) for the year | 94,429 | 1,734 | 14,872 | 1,638 | 2,020 | (8,619) | (800) | 105,274 |
| Attributable to: | | | | | | | | |
| – Ordinary shareholders of the Company | 50,496 | 827 | 12,731 | 1,032 | 2,163 | (8,618) | (1,037) | 57,594 |
| – Non-controlling interests | 43,933 | 907 | 2,141 | 606 | (143) | (1) | 237 | 47,680 |

# 18 Segment reporting (Continued)

## (a) Segment results, assets and liabilities (Continued)

| | As at 31 December 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Comprehensive financial services | Advanced intelligent manufacturing | Advanced materials | New consumption | New-type urbanisation | Operation management | Elimination | Total |
| **Reportable segment assets** | 10,609,132 | 60,415 | 363,781 | 55,704 | 338,424 | 46,281 | (142,817) | 11,330,920 |
| Including: | | | | | | | | |
| Interests in associates (Note 32) | 27,306 | 1,116 | 22,950 | 9,645 | 47,833 | 941 | – | 109,791 |
| Interests in joint ventures (Note 33) | 13,412 | 553 | 7,732 | 1,809 | 31,827 | 1,454 | – | 56,787 |
| **Reportable segment liabilities** | 9,503,628 | 40,137 | 187,807 | 25,452 | 140,810 | 222,535 | (126,231) | 9,994,138 |
| Including: | | | | | | | | |
| Bank and other loans (Note 44) (note) | 10,344 | 6,018 | 90,205 | 6,608 | 54,245 | 125,712 | (58,000) | 235,132 |
| Debt instruments issued (Note 45) (note) | 1,133,946 | – | 5,259 | 3,184 | – | 74,009 | (2,818) | 1,213,580 |

Note:

The amount is the principal excluding interest accrued.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 18 Segment reporting (Continued)

### (a) Segment results, assets and liabilities (Continued)

| | For the year ended 31 December 2022 (Restated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Comprehensive financial services | Advanced intelligent manufacturing | Advanced materials | New consumption | New-type urbanisation | Operation management | Elimination | Total |
| Revenue from external customers | 266,604 | 51,599 | 242,577 | 53,037 | 49,593 | 28 | – | 663,438 |
| Inter-segment revenue | 1,853 | 217 | 585 | 113 | 1,338 | 121 | (4,227) | – |
| **Reportable segment revenue** | 268,457 | 51,816 | 243,162 | 53,150 | 50,931 | 149 | (4,227) | 663,438 |
| **Disaggregation of revenue:** | | | | | | | | |
| – Net interest income (Note 5(a)) | 159,304 | – | – | – | – | 115 | (1,850) | 157,569 |
| – Net fee and commission income (Note 5(b)) | 65,300 | – | – | – | – | 4 | (50) | 65,254 |
| – Sales of goods (Note 5(c)) | 5,010 | 50,609 | 241,493 | 40,089 | 14,953 | – | (857) | 351,297 |
| – Services rendered to customers-construction contracts (Note 5(c)) | – | 444 | – | – | 21,388 | – | (743) | 21,089 |
| – Services rendered to customers-others (Note 5(c)) | – | 763 | 1,669 | 13,061 | 14,590 | 27 | (654) | 29,456 |
| – Other revenue (Note 5(d)) | 38,843 | – | – | – | – | 3 | (73) | 38,773 |
| Share of profits/(losses) of associates, net of tax | 2,708 | (6) | 1,338 | (93) | 2,514 | 33 | – | 6,494 |
| Share of profits/(losses) of joint ventures, net of tax | 1,257 | 52 | 911 | (9) | 2,415 | 46 | – | 4,672 |
| Finance income (Note 10) | – | 199 | 528 | 70 | 1,096 | 266 | (752) | 1,407 |
| Finance costs (Note 10) | – | (367) | (1,906) | (467) | (1,465) | (6,114) | 1,847 | (8,472) |
| Depreciation and amortisation (Note 11(b)) | (8,633) | (1,326) | (6,555) | (1,997) | (1,649) | (80) | – | (20,240) |
| Expected credit losses (Note 8) | (72,974) | (136) | (100) | (20) | (5,804) | 29 | – | (79,005) |
| Impairment losses (Note 9) | (255) | (203) | (371) | (584) | (6,132) | (39) | – | (7,584) |
| **Profit before taxation** | 104,119 | 1,340 | 17,291 | 1,668 | 1,290 | 2,460 | (876) | 127,292 |
| Income tax (Note 12) | (16,855) | (158) | (2,827) | (554) | (437) | (524) | (114) | (21,469) |
| **Profit for the year** | 87,264 | 1,182 | 14,464 | 1,114 | 853 | 1,936 | (990) | 105,823 |
| Attributable to: | | | | | | | | |
| – Ordinary shareholders of the Company | 48,068 | 531 | 13,004 | 533 | 1,846 | 1,939 | (990) | 64,931 |
| – Non-controlling interests | 39,196 | 651 | 1,460 | 581 | (993) | (3) | – | 40,892 |

# 18 Segment reporting (Continued)

## (a) Segment results, assets and liabilities (Continued)

| | As at 31 December 2022 (Restated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Comprehensive financial services | Advanced intelligent manufacturing | Advanced materials | New consumption | New-type urbanisation | Operation management | Elimination | Total |
| **Reportable segment assets** | 9,969,800 | 58,955 | 234,215 | 55,397 | 336,976 | 51,174 | (164,474) | 10,542,043 |
| Including: | | | | | | | | |
| Interests in associates (Note 32) | 26,798 | 846 | 22,895 | 6,899 | 46,007 | 1,019 | – | 104,464 |
| Interests in joint ventures (Note 33) | 15,316 | 526 | 7,236 | 1,745 | 34,155 | 1,486 | – | 60,464 |
| **Reportable segment liabilities** | 8,924,511 | 39,907 | 105,363 | 24,715 | 157,427 | 203,277 | (147,834) | 9,307,366 |
| Including: | | | | | | | | |
| Bank and other loans (Note 44) (note) | 12,716 | 12,840 | 41,813 | 5,670 | 50,270 | 94,793 | (62,014) | 156,088 |
| Debt instruments issued (Note 45) (note) | 1,081,892 | – | 5,011 | 3,129 | – | 86,878 | (1,831) | 1,175,079 |

Note:

The amount is the principal excluding interest accrued.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 18 Segment reporting (Continued)

### (b) Geographical information

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

| | **Revenue from external customers For the year ended 31 December** | | **Reportable segment assets As at 31 December** | |
|---|---|---|---|---|
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| Chinese mainland | **587,536** | 576,850 | **10,315,696** | 9,636,931 |
| Hong Kong, Macau and Taiwan | **44,246** | 39,874 | **638,695** | 591,800 |
| Overseas | **49,050** | 46,714 | **376,529** | 313,312 |
| | **680,832** | 663,438 | **11,330,920** | 10,542,043 |

## 19 Cash and deposits

| | **As at 31 December** | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Cash | **4,504** | 5,604 |
| Bank deposits | **114,860** | 109,936 |
| Balances with central banks (note (i)): | | |
| – Statutory deposit reserve funds (note (ii)) | **357,686** | 367,350 |
| – Surplus deposit reserve funds (note (iii)) | **52,473** | 104,315 |
| – Fiscal deposits (note (iv)) | **356** | 298 |
| – Foreign exchange reserves (note (v)) | **2,926** | 1,693 |
| Deposits with banks and non-bank financial institutions | **90,423** | 86,207 |
| | **623,228** | 675,403 |
| Accrued interest | **1,966** | 2,022 |
| | **625,194** | 677,425 |
| Less: allowance for impairment losses on deposits with banks and non-bank financial institutions (Note 48) | **(59)** | (98) |
| | **625,135** | 677,327 |

## 19 Cash and deposits (Continued)

Notes:

(i) The balances with central banks represent deposits placed with central banks by CITIC Bank and CITIC Finance Company Limited ("CITIC Finance").

(ii) CITIC Bank and CITIC Finance place statutory deposit reserve funds with the People's Bank of China and overseas central banks where they have operations. The statutory deposit reserve funds are not available for use in their daily business.

As at 31 December 2023, the statutory deposit reserve funds placed by CITIC Bank with the People's Bank of China was calculated at 7% (31 December 2022: 7.5%) of eligible RMB deposits for domestic branches of CITIC Bank and at 7% (31 December 2022: 7.5%) of eligible RMB deposits from overseas financial institutions respectively. In addition, CITIC Bank was also required to deposit an amount equivalent to 4% (31 December 2022: 6%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve funds.

As at 31 December 2023, the statutory RMB deposit reserve rate applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited in Chinese mainland, a subsidiary of CITIC Bank, according to the corresponding regulations of the People's Bank of China, was at 5% (31 December 2022: 5%).

The amounts of statutory deposit reserve funds placed with the central banks of overseas countries are determined by respective jurisdictions. The statutory deposit reserve funds are interest bearing except for the foreign currency reserve funds deposits placed with the People's Bank of China.

As at 31 December 2023, the statutory deposit reserve funds placed by CITIC Finance with the People's Bank of China was calculated at 5% (31 December 2022: 5%) of eligible RMB deposits from the customers of CITIC Finance. CITIC Finance is also required to deposit an amount equivalent to 6% (31 December 2022: 6%) of its foreign currency deposits from the customers as statutory deposit reserve funds.

(iii) The surplus deposit reserve funds are maintained with the People's Bank of China for the purposes of clearing.

(iv) Fiscal deposits placed with the People's Bank of China are not available for use in the Group's daily operations, and are non-interest bearing (unless otherwise stipulated by the local People's Bank of China).

(v) The foreign exchange reserve is maintained by CITIC Bank with the People's Bank of China in accordance with the related notice issued by the People's Bank of China. The reserve is required to be maintained on a monthly basis at 20% of the total contract amount of customers driven forward transactions in the previous month. Such foreign exchange reserve is non-interest bearing and will be maintained for in 12 months according to the notice.

(vi) In addition to the statutory deposit reserve funds, fiscal deposits and foreign exchange reserves, RMB17,357 million (31 December 2022: RMB8,840 million) included in cash and deposits as at 31 December 2023 were restricted in use, mainly including guaranteed pledged bank deposits, guaranteed deposits and risk reserve.

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## 20 Cash held on behalf of customers

CITIC Securities, the Group's subsidiary, maintains segregated deposit accounts with banks and authorised institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as customer brokerage deposits (Note 40). In Chinese mainland, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission. In Hong Kong, the "Securities and Futures (Client Money) Rules" together with the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by relevant authorities.

## 21 Placements with banks and non-bank financial institutions

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Banks | **88,447** | 56,517 |
| Non-bank financial institutions | **148,150** | 159,939 |
| | **236,597** | 216,456 |
| Accrued interest | **1,288** | 1,038 |
| | **237,885** | 217,494 |
| Less: allowance for impairment losses (Note 48) | **(143)** | (140) |
| | **237,742** | 217,354 |
| Analysed by remaining maturity: | | |
| – Within 1 month | **70,820** | 43,800 |
| – Between 1 month and 1 year | **164,277** | 130,906 |
| – Over 1 year | **1,500** | 41,750 |
| | **236,597** | 216,456 |
| Accrued interest | **1,288** | 1,038 |
| | **237,885** | 217,494 |
| Less: allowance for impairment losses (Note 48) | **(143)** | (140) |
| | **237,742** | 217,354 |

## 22 Derivative financial instruments

The Group's subsidiaries under the financial services act as an intermediary to offer derivative products including forwards, swaps and option transactions. These derivative positions are managed through entering back-to-back deals with external parties to ensure the remaining exposures are within acceptable risk levels. Meanwhile, derivatives are also used for proprietary trading purposes to manage its own asset and liability and structural positions. Derivatives, except for those which are designated as hedging instruments, are held for trading. Derivatives classified as held for trading are for trading and customer initiated transactions purpose, and those for risk management purposes but do not meet the criteria for hedge accounting.

Subsidiaries under non-financial services of the Group enter into forward and swap contracts to hedge their exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

The following tables and notes provide an analysis of the nominal amounts of derivatives and the corresponding fair values as at the financial position date. The nominal amounts of the derivatives provide a basis for comparison with fair values of derivatives recognised on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the derivatives and, therefore, do not indicate the Group's exposure to credit or market risks.

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **2023** | | | 2022 | | |
| | **Nominal amount** | **Assets** | **Liabilities** | Nominal amount (Restated) | Assets (Restated) | Liabilities (Restated) |
| **Hedging instruments** | | | | | | |
| Fair value hedge | | | | | | |
| – Interest rate derivatives | **5,216** | **168** | **–** | 600 | 9 | – |
| – Currency derivatives | **2,001** | **179** | **–** | 1,976 | 176 | – |
| Cash flow hedge | | | | | | |
| – Interest rate derivatives | **4,009** | **141** | **34** | 13,026 | 272 | 92 |
| – Currency derivatives | **112** | **3** | **13** | 213 | 5 | 9 |
| – Other derivatives | **46** | **46** | **–** | 92 | 92 | – |
| **Non-hedging instruments** | | | | | | |
| – Interest rate derivatives | **6,882,563** | **24,618** | **24,058** | 4,932,627 | 22,730 | 21,351 |
| – Currency derivatives | **3,422,469** | **31,967** | **29,095** | 3,329,629 | 33,752 | 33,657 |
| – Equity derivatives | **681,454** | **18,337** | **16,413** | 507,788 | 19,696 | 11,611 |
| – Precious metals derivatives | **79,567** | **621** | **1,279** | 35,523 | 250 | 598 |
| – Credit derivatives | **14,167** | **37** | **47** | 12,110 | 79 | 152 |
| – Other derivatives | **794,594** | **1,445** | **2,816** | 855,985 | 3,806 | 4,923 |
| | **11,886,198** | **77,562** | **73,755** | 9,689,569 | 80,867 | 72,393 |

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## 22 Derivative financial instruments (Continued)

### (a) Nominal amount analysed by remaining maturity

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Within 3 months | **4,014,043** | 3,402,581 |
| Between 3 months and 1 year | **4,607,586** | 3,191,979 |
| Between 1 year and 5 years | **3,028,705** | 2,549,186 |
| Over 5 years | **235,864** | 545,823 |
| | **11,886,198** | 9,689,569 |

### (b) Credit risk weighted amounts

The credit risk weighted amounts are solely in connection with the derivatives held by CITIC Bank, and have been computed in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" promulgated by the former China Banking and Insurance Regulatory Commission in the year of 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments including those customer-driven back-to-back transactions. As at 31 December 2023, the credit risk weighted amount for counterparty was RMB28,225 million (31 December 2022: RMB24,579 million).

## 23 Trade and other receivables

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Account and bills receivables (note (a)) | **92,408** | 68,993 |
| Advanced payments and settlement accounts (note (b)) | **25,743** | 22,477 |
| Accounts due from brokers | **24,488** | 26,731 |
| Prepayments, deposits and other receivables (note (c)) | **130,432** | 107,005 |
| | **273,071** | 225,206 |
| Less: allowance for impairment losses (Note 48) | **(18,619)** | (13,814) |
| | **254,452** | 211,392 |

As at 31 December 2023, the amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is RMB2,008 million (31 December 2022: RMB2,845 million). The remaining trade and other receivables are expected to be recovered or recognised as expense within one year.

# 23 Trade and other receivables (Continued)

## (a) Account and bills receivables

### (i) Account and bills receivables at amortised cost by overdue analysis

As at 31 December 2023, the analysis of account and bills receivables at amortised cost of the Group based on the days overdue is as follows:

| | **As at 31 December 2023** | | |
|---|---|---|---|
| | **Expected credit loss rate** | **Gross carrying amount** | **Loss allowance provision** |
| Current | **2%** | **56,405** | **(1,322)** |
| Up to 3 months overdue | **8%** | **4,575** | **(367)** |
| 3 months to 1 year overdue | **8%** | **2,827** | **(214)** |
| Over 1 year overdue | **59%** | **15,797** | **(9,275)** |
| | | **79,604** | **(11,178)** |

| | As at 31 December 2022 (Restated) | | |
|---|---|---|---|
| | Expected credit loss rate | Gross carrying amount | Loss allowance provision |
| Current | | | |
| Up to 3 months overdue | 2% | 43,490 | (915) |
| 3 months to 1 year overdue | 3% | 1,871 | (62) |
| Over 1 year overdue | 5% | 3,181 | (151) |
| | 55% | 15,644 | (8,582) |
| | | 64,186 | (9,710) |

Note:

Each business unit has its own defined credit policy that is specific to the respective business environment and market practice.

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# 23 Trade and other receivables (Continued)

## (a) Account and bills receivables (Continued)

### (ii) Account and bills receivables at amortised cost by ageing analysis

As at 31 December, the ageing analysis of account and bills receivables at amortised cost of the Group based on invoice date is as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Within 1 year | **56,085** | 43,764 |
| Over 1 year | **23,519** | 20,422 |
| | **79,604** | 64,186 |
| Less: allowance for impairment losses (Note 48) | **(11,178)** | (9,710) |
| | **68,426** | 54,476 |

**(iii) As at 31 December 2023, the carrying amount of bills receivables at FVOCI was RMB12,804 million (31 December 2022: RMB4,807 million).**

**(iv) The movements in the allowance for impairment losses on trade and other receivables during the years ended 31 December 2023 and 2022 are disclosed in Note 48.**

## (b) Advanced payments and settlement accounts

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Advanced payments and settlement accounts | **25,743** | 22,477 |
| Less: allowance for impairment losses (Note 48) | **(204)** | (206) |
| | **25,539** | 22,271 |

## (c) Prepayments, deposits and other receivables

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Prepayments, deposits and other receivables | **130,432** | 107,005 |
| Less: allowance for impairment losses (Note 48) | **(7,237)** | (3,898) |
| | **123,195** | 103,107 |

## 24 Contract assets and contract liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Contract assets | **24,509** | 20,774 |
| Less: Allowance for impairment losses (note(a)) | **(197)** | (46) |
| Total contract assets | **24,312** | 20,728 |
| Advances from contracts with customers | **31,482** | 29,596 |
| Total contract liabilities | **31,482** | 29,596 |

### (a) Assessment of allowance for impairment losses of contract

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Expected credit loss rate (note) | **0.80%** | 0.22% |
| Gross carrying amount | **24,509** | 20,774 |
| Loss allowance provision | **(197)** | (46) |

Note:

The ECL rate here is the average rate of loss allowance provision divided by gross carrying amount.

### (b) Revenue recognised during the year that related to carried-forward contract liabilities

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Revenue from contracts with customers | **17,444** | 16,716 |

### (c) Revenue to be recognised in relating to unsatisfied performance obligations

As at 31 December 2023, transaction price allocated to unsatisfied contracts of the Group amounted at RMB88,129 million (31 December 2022: RMB82,853 million), of which RMB52,685 million is expected to be recognised as revenue in the next year (31 December 2022: RMB26,920 million) and the remaining RMB35,444 million is expected to be recognised after more than one year (31 December 2022: RMB55,932 million).

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*For the year ended 31 December 2023*

# 25 Inventories

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Raw materials | **16,623** | 10,417 |
| Work-in-progress | **11,855** | 8,034 |
| Finished goods | **37,060** | 27,936 |
| Properties: | | |
| – Properties under development | **38,721** | 49,209 |
| – Properties held-for-sale | **21,616** | 3,942 |
| – Others | **5,865** | 5,893 |
| Others | **3,402** | 3,619 |
| | **135,142** | 109,050 |

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Carrying amount of inventories sold | **372,794** | 321,646 |
| Write-down of inventories (Note 48) | **4,033** | 750 |
| Reversal of write-down of inventories (Note 48) | **(630)** | (347) |
| | **376,197** | 322,049 |

As at 31 December 2023, the Group’s inventories included an amount of RMB35,322 million expected to be recovered after more than one year (31 December 2022: RMB50,635 million).

## 26 Financial assets held under resale agreements

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Analysed by counterparties: | | |
| – Banks | **54,937** | 15,259 |
| – Non-bank financial institutions | **54,644** | 2,903 |
| – Others | **54,481** | 27,451 |
| | **164,062** | 45,613 |
| Accrued interest | **150** | 100 |
| | **164,212** | 45,713 |
| Less: allowance for impairment losses (Note 48) | **771** | – |
| | **164,983** | 45,713 |

Analysed by types of collateral:

As at 31 December 2023, the collateral of the Group's financial assets held under resale agreements are securities or others (31 December 2022: securities or others).

Analysed by remaining maturity:

As at 31 December 2023, the Group's financial assets held under resale agreements will expire between 0 year and 5 years (31 December 2022: between 0 year and 5 years).

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*For the year ended 31 December 2023*

# 27 Loans and advances to customers and other parties

## (a) Loans and advances to customers and other parties analysed by nature

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Loans and advances to customers and other parties at amortised cost** | | |
| Corporate loans | | |
| – Loans | **2,578,201** | 2,419,077 |
| – Discounted bills | **1,784** | 3,704 |
| – Finance lease receivables | **46,818** | 46,566 |
| | **2,626,803** | 2,469,347 |
| Personal loans | | |
| – Residential mortgages | **1,003,320** | 975,807 |
| – Credit cards | **521,260** | 511,101 |
| – Business loans | **459,113** | 378,819 |
| – Personal consumption | **309,256** | 260,436 |
| – Finance lease receivables | **1,591** | 370 |
| | **2,294,540** | 2,126,533 |
| | **4,921,343** | 4,595,880 |
| Accrued interest | **20,188** | 17,385 |
| | **4,941,531** | 4,613,265 |
| Less: allowance for impairment losses (Note 48) | **(139,679)** | (137,495) |
| Carrying amount of loans and advances to customers and other parties at amortised cost | **4,801,852** | 4,475,770 |
| **Loans and advances to customers and other parties at fair value through Profit and loss (“FVPL”)** | | |
| Corporate loans | | |
| – Loans | **5,558** | 3,881 |
| **Loans and advances to customers and other parties at FVOCI** | | |
| Corporate loans | | |
| – Loans | **58,064** | 54,851 |
| – Discounted bills | **514,666** | 508,232 |
| Carrying amount of loans and advances to customers and other parties at FVOCI | **572,730** | 563,083 |
| **Total carrying amount of loans and advances** | **5,380,140** | 5,042,734 |
| Allowance for impairment losses on loans and advances to customers and other parties at FVOCI (Note 48) | **(656)** | (629) |

# 27 Loans and advances to customers and other parties (Continued)

## (b) Assessment method of allowance for impairment losses

| | As at 31 December 2023 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3 (note)** | **Total** |
| Loans and advances at amortised cost | **4,753,741** | **96,222** | **71,380** | **4,921,343** |
| Accrued interest | **19,120** | **411** | **657** | **20,188** |
| Less: allowance for impairment losses | **(64,268)** | **(27,217)** | **(48,194)** | **(139,679)** |
| Carrying amount of loans and advances at amortised cost | **4,708,593** | **69,416** | **23,843** | **4,801,852** |
| Carrying amount of loans and advances at FVOCI | **572,273** | **345** | **112** | **572,730** |
| Total carrying amount of loans and advances for which allowance for impairment losses is recognised | **5,280,866** | **69,761** | **23,955** | **5,374,582** |
| Allowance for impairment losses of loans and advances at FVOCI | **(586)** | **–** | **(70)** | **(656)** |

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | Stage 1 (Restated) | Stage 2 (Restated) | Stage 3 (note) (Restated) | Total (Restated) |
| Loans and advances at amortised cost | 4,426,303 | 89,433 | 80,144 | 4,595,880 |
| Accrued interest | 14,547 | 2,125 | 713 | 17,385 |
| Less: allowance for impairment losses | (61,602) | (22,648) | (53,245) | (137,495) |
| Carrying amount of loans and advances at amortised cost | 4,379,248 | 68,910 | 27,612 | 4,475,770 |
| Carrying amount of loans and advances at FVOCI | 562,208 | 720 | 155 | 563,083 |
| Total carrying amount of loans and advances for which allowance for impairment losses is recognised | 4,941,456 | 69,630 | 27,767 | 5,038,853 |
| Allowance for impairment losses of loans and advances at FVOCI | (523) | (27) | (79) | (629) |

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## 27 Loans and advances to customers and other parties (Continued)

### (b) Assessment method of allowance for impairment losses (Continued)

Notes:

Loans and advances at stage 3 are credit-impaired, details are as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Secured portion | **34,988** | 43,326 |
| Unsecured portion | **37,161** | 37,686 |
| Total loans and advances that are credit-impaired | **72,149** | 81,012 |
| Allowance for impairment losses | **(48,264)** | (53,324) |

As at 31 December 2023, the maximum exposure covered by fair value of pledge and collateral held against these loans and advances amounted to RMB34,094 million (31 December 2022: RMB42,542 million).

### (c) Overdue loans by overdue period

| | **As at 31 December 2023** | | | | |
|---|---|---|---|---|---|
| | **Overdue within 3 months** | **Overdue between 3 months and 1 year** | **Overdue between 1 year and 3 years** | **Overdue over 3 years** | **Total** |
| Unsecured loans | **20,105** | **11,922** | **2,091** | **246** | **34,364** |
| Guaranteed loans | **1,558** | **4,243** | **2,600** | **1,018** | **9,419** |
| Secured loans | | | | | |
| – Loans secured by collateral | **15,564** | **12,520** | **10,618** | **1,053** | **39,755** |
| – Pledged loans | **3,790** | **1,084** | **2,387** | **137** | **7,398** |
| | **41,017** | **29,769** | **17,696** | **2,454** | **90,936** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Overdue within 3 months (Restated) | Overdue between 3 months and 1 year (Restated) | Overdue between 1 year and 3 years (Restated) | Overdue over 3 years (Restated) | Total (Restated) |
| Unsecured loans | 17,097 | 9,365 | 1,696 | 280 | 28,438 |
| Guaranteed loans | 2,892 | 2,341 | 2,365 | 1,989 | 9,587 |
| Secured loans | | | | | |
| – Loans secured by collateral | 12,441 | 13,046 | 7,091 | 2,337 | 34,915 |
| – Pledged loans | 2,751 | 6,601 | 2,189 | 763 | 12,304 |
| | 35,181 | 31,353 | 13,341 | 5,369 | 85,244 |

Overdue loans represent loans of which the principal or interest are overdue one day or more.

# 28 Margin accounts

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Margin accounts | **118,137** | 106,976 |
| Less: allowance for impairment losses | **609** | – |
| Total | **118,746** | 106,976 |

Margin accounts are funds that the Group lends to the customers for margin financing business.

As at 31 December 2023, the Group received collateral with fair value amounted to RMB444,292 million (31 December 2022: RMB431,795 million) in connection with its margin financing business.

# 29 Investments in financial assets

## (a) Analysed by types

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Financial assets at amortised cost** | | |
| Debt securities | **869,969** | 873,627 |
| Investment management products managed by non-bank financial institutions | **22,908** | 39,628 |
| Trust investment plans | **194,110** | 226,257 |
| Certificates of deposit and certificates of interbank deposit | **1,064** | 3,923 |
| Investments in creditor's rights on assets | **1,900** | 1,900 |
| Others | **2,087** | 336 |
| | **1,092,038** | 1,145,671 |
| Accrued interest | **12,623** | 10,495 |
| | **1,104,661** | 1,156,166 |
| Less: allowance for impairment losses (Note 48) | **(28,622)** | (31,570) |
| | **1,076,039** | 1,124,596 |
| **Financial assets at FVPL** | | |
| Debt securities | **312,247** | 242,970 |
| Investment management products managed by non-bank financial institutions | **12,706** | 19,149 |
| Trust investment plans | **11,432** | 6,315 |
| Certificates of deposit and certificates of interbank deposit | **99,972** | 48,083 |
| Wealth management products | **6,161** | 3,022 |
| Investment funds | **553,540** | 555,883 |
| Equity investment | **258,178** | 224,831 |
| Others | **37,879** | 35,633 |
| | **1,292,115** | 1,135,886 |

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## 29 Investments in financial assets (Continued)

### (a) Analysed by types (Continued)

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Debt investments at FVOCI (note (i))** | | |
| Debt securities | **934,693** | 822,379 |
| Certificates of deposit and certificates of interbank deposit | **25,872** | 44,525 |
| | **960,565** | 866,904 |
| Accrued interest | **7,238** | 6,463 |
| | **967,803** | 873,367 |
| **Equity investments at FVOCI (note (i))** | | |
| Equity investment | **20,183** | 8,997 |
| Others | **227** | 350 |
| | **20,410** | 9,347 |
| | **3,356,367** | 3,143,196 |
| Allowance for impairment losses on debt investments at FVOCI (Note 48) | **(3,284)** | (3,069) |

Note:

(i) Financial assets measured at FVOCI.

| | As at 31 December 2023 | | |
|---|---|---|---|
| | **Equity instruments** | **Debt instruments** | **Total** |
| Cost/amortised cost | **20,630** | **960,959** | **981,589** |
| Accumulative fair value change in other comprehensive income | **(220)** | **(394)** | **(614)** |
| Accrued interest | **–** | **7,238** | **7,238** |
| Carrying amount | **20,410** | **967,803** | **988,213** |
| Allowance for impairment losses (Note 48) | **Not applicable** | **(3,284)** | **(3,284)** |

| | As at 31 December 2022 | | |
|---|---|---|---|
| | Equity instruments (Restated) | Debt instruments (Restated) | Total (Restated) |
| Cost/amortised cost | 9,452 | 873,432 | 882,884 |
| Accumulative fair value change in other comprehensive income | (105) | (6,528) | (6,633) |
| Accrued interest | – | 6,463 | 6,463 |
| Carrying amount | 9,347 | 873,367 | 882,714 |
| Allowance for impairment losses (Note 48) | Not applicable | (3,069) | (3,069) |

## 29 Investments in financial assets (Continued)

### (b) Analysed by counterparties

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Issued by: | | |
| – Government | **1,526,497** | 1,162,046 |
| – Policy banks | **75,992** | 109,549 |
| – Banks and non-bank financial institutions | **1,351,070** | 1,490,147 |
| – Corporates | **380,959** | 362,987 |
| – Public entities | **2,064** | 1,593 |
| | **3,336,582** | 3,126,322 |
| Accrued interest | **19,785** | 16,874 |
| | **3,356,367** | 3,143,196 |
| – Listed in Hong Kong | **91,807** | 101,516 |
| – Listed outside Hong Kong | **2,778,478** | 2,534,409 |
| – Unlisted | **466,297** | 490,397 |
| | **3,336,582** | 3,126,322 |
| Accrued interest | **19,785** | 16,874 |
| | **3,356,367** | 3,143,196 |

Bonds traded in China's inter-bank bond market are "listed outside Hong Kong".

### (c) Analysed by assessment method of allowance for impairment losses

| | As at 31 December 2023 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Gross carrying amount of investments in financial assets at amortised cost | **1,036,744** | **6,081** | **49,213** | **1,092,038** |
| Accrued interest | **12,061** | **488** | **74** | **12,623** |
| Less: allowance for impairment losses | **(3,384)** | **(1,405)** | **(23,833)** | **(28,622)** |
| Carrying amount of investments in financial assets at amortised cost | **1,045,421** | **5,164** | **25,454** | **1,076,039** |
| Gross carrying amount of debt investments in financial assets at FVOCI | **958,971** | **664** | **930** | **960,565** |
| Accrued interest | **7,104** | **4** | **130** | **7,238** |
| Carrying amount of debt investments in financial assets at FVOCI | **966,075** | **668** | **1,060** | **967,803** |
| Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised | **2,011,496** | **5,832** | **26,514** | **2,043,842** |
| Allowance for impairment losses on debt investments in financial assets at FVOCI | **(2,221)** | **(234)** | **(829)** | **(3,284)** |

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# 29 Investments in financial assets (Continued)

## (c) Analysed by assessment method of allowance for impairment losses (Continued)

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | Stage 1 (Restated) | Stage 2 (Restated) | Stage 3 (Restated) | Total (Restated) |
| Gross carrying amount of investments in financial assets at amortised cost | 1,083,385 | 5,159 | 57,127 | 1,145,671 |
| Accrued interest | 10,237 | 138 | 120 | 10,495 |
| Less: allowance for impairment losses | (3,517) | (1,434) | (26,619) | (31,570) |
| Carrying amount of investments in financial assets at amortised cost | 1,090,105 | 3,863 | 30,628 | 1,124,596 |
| Gross carrying amount of debt investments in financial assets at FVOCI | 865,688 | 136 | 1,080 | 866,904 |
| Accrued interest | 6,440 | – | 23 | 6,463 |
| Carrying amount of debt investments in financial assets at FVOCI | 872,128 | 136 | 1,103 | 873,367 |
| Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised | 1,962,233 | 3,999 | 31,731 | 1,997,963 |
| Allowance for impairment losses on debt investments in financial assets at FVOCI | (1,555) | (98) | (1,416) | (3,069) |

# 30 Refundable deposits

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Trading deposits | **58,682** | 52,895 |
| Performance deposits | **3,048** | 15,083 |
| Credit deposits | **452** | 1,180 |
| | **62,182** | 69,158 |

# 31 Subsidiaries

The particulars of the principal subsidiaries are set out in Note 61.

The following table lists out the information relating to CITIC Bank, CITIC Securities, CITIC Heavy Industries Co., Limited ("CITIC Heavy Industries"), CITIC Telecom International Holdings Limited ("CITIC Telecom International") and CITIC Resources Holdings Limited ("CITIC Resources"), which are listed subsidiaries of the Group and have material non-controlling interests. The summarised financial information below is before elimination of inter-group transactions and balances:

| | As at 31 December | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CITIC Bank | | CITIC Securities | | CITIC Heavy Industries | | CITIC Telecom International | | CITIC Resources | |
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| **Listed in:** | **Hong Kong and Shanghai** | | **Hong Kong and Shanghai** | | **Shanghai** | | **Hong Kong** | | **Hong Kong** | |
| Non-controlling interests percentage | **34.07%** | 34.03% | **80.76%** | 81.55% | **32.73%** | 32.73% | **42.45%** | 42.27% | **40.50%** | 40.50% |
| **Total assets** | **9,052,484** | 8,547,543 | **1,456,211** | 1,311,382 | **18,351** | 19,506 | **15,735** | 16,241 | **10,534** | 11,112 |
| Mainly including: | | | | | | | | | | |
| Cash and deposits | **497,517** | 556,215 | **109,773** | 112,402 | **1,202** | 1,632 | **1,564** | 1,774 | **1,345** | 1,903 |
| Cash held on behalf of customers | **–** | – | **239,019** | 245,723 | **–** | – | **–** | – | **–** | – |
| Placements with banks and non-bank financial institutions | **237,742** | 218,164 | **–** | – | **–** | – | **–** | – | **–** | – |
| Derivative financial instruments | **44,675** | 44,383 | **32,754** | 36,389 | **–** | – | **–** | – | **66** | 92 |
| Financial assets held under resale agreements | **104,773** | 13,730 | **62,209** | 31,483 | **–** | – | **–** | – | **–** | – |
| Loans and advances to customers and other parties | **5,383,750** | 5,038,967 | **–** | – | **–** | – | **–** | – | **–** | – |
| Margin accounts | **–** | – | **118,746** | 106,976 | **–** | – | **–** | – | **–** | – |
| Investments in financial assets | **2,592,906** | 2,502,869 | **715,744** | 601,200 | **505** | 508 | **–** | – | **–** | – |
| Fixed assets | **38,309** | 34,430 | **9,532** | 9,071 | **3,945** | 4,215 | **1,802** | 2,075 | **3,614** | 3,217 |
| Right-of-use assets | **10,643** | 10,824 | **15,699** | 9,597 | **55** | 20 | **411** | 535 | **44** | 68 |

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## 31 Subsidiaries (Continued)

| | As at 31 December | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CITIC Bank | | CITIC Securities | | CITIC Heavy Industries | | CITIC Telecom International | | CITIC Resources | |
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| **Total liabilities** | **(8,317,809)** | (7,861,713) | **(1,181,983)** | (1,052,793) | **(10,113)** | (11,663) | **(5,890)** | (6,887) | **(3,428)** | (4,175) |
| Mainly including: | | | | | | | | | | |
| Borrowing from central banks | **(273,226)** | (119,422) | **–** | – | **–** | – | **–** | – | **–** | – |
| Deposits from banks and non-bank financial institutions | **(927,887)** | (1,143,776) | **–** | – | **–** | – | **–** | – | **–** | – |
| Placements from banks and non-bank financial institutions | **(86,327)** | (70,741) | **(53,623)** | (29,581) | **–** | – | **–** | – | **–** | – |
| Customer brokerage deposits | **–** | – | **(283,821)** | (279,402) | **–** | – | **–** | – | **–** | – |
| Trade and other payables | **–** | – | **(198,061)** | (205,287) | **(3,181)** | (2,608) | **(834)** | (1,074) | **(220)** | (95) |
| Derivative financial instruments | **(41,850)** | (44,265) | **(32,006)** | (28,123) | **–** | – | **–** | – | **–** | – |
| Financial assets sold under repurchase agreements | **(463,018)** | (256,194) | **(283,346)** | (214,283) | **–** | – | **–** | – | **–** | – |
| Deposits from customers | **(5,467,657)** | (5,157,864) | **–** | – | **–** | – | **–** | – | **–** | – |
| Bank and other loans | **–** | – | **(7,957)** | (10,073) | **(2,266)** | (3,834) | **(319)** | (847) | **(1,622)** | (2,307) |
| Lease liabilities | **(10,245)** | (10,272) | **(2,429)** | (1,972) | **(58)** | (21) | **(308)** | (406) | **(37)** | (55) |
| **Net assets** | **734,675** | 685,830 | **274,228** | 258,589 | **8,238** | 7,843 | **9,845** | 9,354 | **7,106** | 6,937 |
| Equity attributable to | | | | | | | | | | |
| – Ordinary shareholders of subsidiaries | **602,281** | 550,477 | **268,867** | 253,335 | **8,017** | 7,635 | **9,747** | 9,266 | **7,034** | 6,919 |
| – Non-controlling interests in subsidiaries | **132,394** | 135,353 | **5,361** | 5,254 | **221** | 208 | **98** | 88 | **72** | 18 |
| Carrying amount of non-controlling interests | **337,591** | 322,680 | **225,723** | 214,388 | **2,845** | 2,707 | **4,236** | 4,005 | **2,921** | 2,820 |

# 31 Subsidiaries (Continued)

| | For the year ended 31 December | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CITIC Bank | | CITIC Securities | | CITIC Heavy Industries | | CITIC Telecom International | | CITIC Resources | |
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| **Revenue** | **205,570** | **211,109** | **60,068** | **49,640** | **9,557** | **8,827** | **8,994** | **8,692** | **3,445** | 5,043 |
| Profit/(loss) for the year | **68,062** | **62,950** | **20,379** | **16,954** | **394** | **165** | **1,127** | **1,052** | **557** | 1,204 |
| Total comprehensive income for the year | **73,637** | **59,249** | **21,455** | **18,090** | **419** | **178** | **1,152** | **979** | **493** | 1,028 |
| Profit attributable to non-controlling interests | **23,878** | **25,139** | **16,976** | **14,018** | **136** | **68** | **489** | **461** | **262** | 520 |
| Dividends paid to non-controlling interests | **10,871** | **10,292** | **6,935** | **7,355** | **16** | **35** | **354** | **317** | **–** | – |
| Net cash (used in)/generated from operating activities | **(918)** | **195,066** | **(34,133)** | **(13,736)** | **1,200** | **1,213** | **1,694** | **2,340** | **1,040** | 1,851 |
| Net cash generated from/ (used in) investing activities | **1,887** | **(115,873)** | **(18,198)** | **(6,363)** | **(40)** | **(165)** | **(141)** | **(572)** | **74** | (740) |
| Net cash (used in)/generated from financing activities | **(63,102)** | **(32,539)** | **48,281** | **(58,297)** | **(1,692)** | **(1,494)** | **(1,711)** | **(1,889)** | **(1,304)** | (1,338) |

# 32 Interests in associates

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Carrying value | **118,049** | 112,387 |
| Less: allowance for impairment losses (Note 48) | **(8,258)** | (7,923) |
| | **109,791** | 104,464 |

Note:

As at 13 April 2022, CITIC Securities has been included in the scope of the consolidation financial statements, and CITIC Securities was an material associate before the combination date.

The particulars of the principal associates are set out in Note 61.

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 32 Interests in associates (Continued)

Summarised financial information of the material associates are disclosed below:

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | China Overseas Land & Investment Limited | | CSC Financial Co., Ltd. | | Ivanhoe Mines Ltd. | |
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| Listed in: | **Hong Kong** | | **Hong Kong, Shanghai** | | **Canada** | |
| **Gross amount of the associates** | | | | | | |
| Total assets | **945,892** | **935,254** | **522,752** | **509,206** | **44,285** | **36,487** |
| Total liabilities | **(530,692)** | **(540,156)** | **(425,226)** | **(415,910)** | **(10,538)** | **(8,313)** |
| Net assets | **415,200** | **395,098** | **97,526** | **93,296** | **33,747** | **28,174** |
| Equity attributable to: | | | | | | |
| – Associates' shareholders | **395,306** | **376,479** | **97,478** | **93,252** | **34,191** | **28,443** |
| – Non-controlling interests in associates | **19,894** | **18,619** | **48** | **44** | **(444)** | **(269)** |
| | **415,200** | **395,098** | **97,526** | **93,296** | **33,747** | **28,174** |

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | China Overseas Land & Investment Limited | | CSC Financial Co., Ltd. | | Ivanhoe Mines Ltd. | |
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| Revenue | **202,524** | **180,322** | **33,979** | **36,471** | **–** | **–** |
| Profit for the year | **26,602** | **24,132** | **7,047** | **7,530** | **2,247** | **2,732** |
| Other comprehensive (loss)/income for the year | **(284)** | **(1,473)** | **271** | **(104)** | **432** | **2,201** |
| Total comprehensive income for the year | **26,318** | **22,659** | **7,318** | **7,426** | **2,679** | **4,933** |
| Dividends received from associates | **740** | **1,093** | **196** | **291** | **–** | **–** |
| **Reconciled to the Group's interests in associates** | | | | | | |
| Gross amounts of net assets of associates attributable to the associates' shareholders | **395,306** | **376,479** | **97,478** | **93,252** | **34,191** | **28,443** |
| Group's effective interest | **10.01%** | **10.01%** | **9.47%** | **9.47%** | **24.81%** | **25.86%** |
| Group's share of net assets of associates | **39,570** | **37,686** | **9,231** | **8,831** | **8,483** | **7,355** |
| Goodwill and others | **1,266** | **1,266** | **3,805** | **3,786** | **(157)** | **(151)** |
| Impairment of interests in associates | **(3,539)** | **(3,539)** | **–** | **–** | **–** | **–** |
| Carrying amounts in the consolidated statement of financial position | **37,297** | **35,413** | **13,036** | **12,617** | **8,326** | **7,204** |
| Quoted fair value | **13,661** | **20,160** | **11,257** | **11,238** | **21,710** | **17,071** |

## 32 Interests in associates (Continued)

Note:

Aggregate information of associates that are not individually material:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Aggregate carrying amount of individually immaterial associates in the consolidated statement of financial position | **51,132** | 49,230 |
| Aggregate amount of the Group's share of those immaterial associates: | | |
| Profit for the year | **2,091** | 3,073 |
| Other comprehensive loss for the year | **(32)** | (68) |
| Total comprehensive income for the year | **2,059** | 3,005 |

## 33 Interests in joint ventures

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Carrying value | **58,305** | 61,806 |
| Less: allowance for impairment losses (Note 48) | **(1,518)** | (1,342) |
| | **56,787** | 60,464 |

The particulars of the principal joint ventures are set out in Note 61.

Summarised financial information of the material joint ventures are disclosed below:

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **CITIC-Prudential Life Insurance Co., Ltd.** | | **China Shipbuilding Properties Co., Ltd.** | | **Shanghai Ruibo Real Properties Co., Ltd.** | |
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| **Gross amount of the joint ventures** | | | | | | |
| Total assets | 236,287 | 208,757 | 16,260 | 14,049 | 33,221 | 29,771 |
| Total liabilities | (225,093) | (192,319) | (8,819) | (6,781) | (24,223) | (21,256) |
| Net assets | 11,194 | 16,438 | 7,441 | 7,268 | 8,998 | 8,515 |
| Equity attributable to: | | | | | | |
| – Joint ventures' shareholders | 10,577 | 15,856 | 7,441 | 7,268 | 8,998 | 8,515 |
| – Non-controlling interests in joint ventures | 617 | 582 | – | – | – | – |
| | 11,194 | 16,438 | 7,441 | 7,268 | 8,998 | 8,515 |

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*For the year ended 31 December 2023*

# 33 Interests in joint ventures (Continued)

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | CITIC-Prudential Life Insurance Co., Ltd. | | China Shipbuilding Properties Co., Ltd. | | Shanghai Ruibo Real Properties Co., Ltd. | |
| | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) | **2023** | 2022 (Restated) |
| Revenue | **11,952** | 9,722 | **533** | 3,452 | **3,662** | 63 |
| Net profit | **1,132** | 1,304 | **168** | 1,000 | **435** | 2,336 |
| Other comprehensive income for the year | **(6,238)** | (5,282) | **–** | – | **–** | – |
| Total comprehensive income for the year | **(5,106)** | (3,978) | **168** | 1,000 | **435** | 2,336 |
| Dividends received from joint ventures | **626** | – | **–** | – | **–** | – |
| **Reconciled to the Group's interests in joint ventures** | | | | | | |
| Gross amounts of net assets of joint ventures attributable to joint ventures' shareholders | **10,577** | 15,856 | **7,441** | 7,268 | **8,998** | 8,515 |
| Group's effective interest | **50.00%** | 50.00% | **50.00%** | 50.00% | **50.00%** | 50.00% |
| Group's share of net assets of joint ventures | **5,289** | 7,928 | **3,721** | 3,634 | **4,499** | 4,258 |
| Goodwill and others | **1,156** | 1,138 | **874** | 811 | **253** | 265 |
| Carrying amount in the consolidated statement of financial position | **6,445** | 9,066 | **4,595** | 4,445 | **4,752** | 4,523 |

Aggregate information of joint ventures that are not individually material:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Aggregate carrying amount of individually immaterial joint ventures in the consolidated statement of financial position | **40,995** | 42,430 |
| Aggregate amount of the Group's share of individually immaterial joint ventures | | |
| Profit for the year | **2,763** | 2,412 |
| Other comprehensive loss for the year | **(586)** | (44) |
| Total comprehensive income for the year | **2,177** | 2,368 |

# 34 Fixed assets

| | Property, plant and equipment | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Plant and buildings | Machinery and equipment | Construction in progress | Office and other equipment | Vehicles and vessels | Others | Total | Investment properties |
| **Cost or valuation:** | | | | | | | | |
| At 1 January 2023 (restated) | 94,467 | 149,277 | 19,662 | 20,409 | 13,881 | 9,584 | 307,280 | 35,407 |
| Exchange adjustments | 369 | 1,626 | (252) | 59 | 57 | 121 | 1,980 | 185 |
| Business combinations | 9,661 | 30,714 | 5,870 | 659 | 482 | 5 | 47,391 | 220 |
| Additions | 563 | 7,055 | 7,690 | 7,846 | 662 | 1,049 | 24,865 | 693 |
| Disposals | (1,676) | (1,632) | (790) | (1,120) | (909) | (999) | (7,126) | (341) |
| Transfers | 2,654 | 5,023 | (12,134) | 648 | 574 | 1,089 | (2,146) | 2,146 |
| Changes in fair value of investment properties | – | – | – | – | – | – | – | (157) |
| At 31 December 2023 | 106,038 | 192,063 | 20,046 | 28,501 | 14,747 | 10,849 | 372,244 | 38,153 |
| **Accumulated depreciation, amortisation and impairment losses:** | | | | | | | | |
| At 1 January 2023 (restated) | (27,378) | (95,486) | (537) | (12,248) | (6,135) | (5,693) | (147,477) | – |
| Exchange adjustments | (197) | (1,021) | – | (38) | (27) | (77) | (1,360) | – |
| Charge for the year | (3,549) | (7,695) | – | (2,988) | (837) | (1,692) | (16,761) | – |
| Disposals | 883 | 1,239 | 20 | 855 | 629 | 109 | 3,735 | – |
| Impairments (losses)/reversals (Note 48) | (3) | 432 | (20) | (3) | (63) | (5) | 338 | – |
| At 31 December 2023 | (30,244) | (102,531) | (537) | (14,422) | (6,433) | (7,358) | (161,525) | – |
| **Net book value:** | | | | | | | | |
| At 31 December 2023 | 75,794 | 89,532 | 19,509 | 14,079 | 8,314 | 3,491 | 210,719 | 38,153 |
| **Represented by:** | | | | | | | | |
| Cost | 106,038 | 192,063 | 20,046 | 28,501 | 14,747 | 10,849 | 372,244 | – |
| Valuation | – | – | – | – | – | – | – | 38,153 |
| | 106,038 | 192,063 | 20,046 | 28,501 | 14,747 | 10,849 | 372,244 | 38,153 |

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*For the year ended 31 December 2023*

## 34 Fixed assets (Continued)

| | Property, plant and equipment | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Plant and buildings | Machinery and equipment | Construction in progress | Office and other equipment | Vehicles and vessels | Others | Total | Investment properties |
| **Cost or valuation:** | | | | | | | | |
| At 1 January 2022 (restated) | 79,987 | 140,943 | 22,356 | 18,758 | 11,182 | 7,197 | 280,423 | 32,709 |
| Exchange adjustments | 1,445 | 5,762 | 214 | 6 | 795 | 616 | 8,838 | 967 |
| Business combinations | 5,482 | 80 | 1,301 | 460 | 2,182 | 41 | 9,546 | 1,478 |
| Additions | 1,075 | 1,222 | 9,220 | 2,811 | 481 | 1,233 | 16,042 | 1,180 |
| Disposals | (838) | (1,853) | (1,007) | (2,252) | (764) | (959) | (7,673) | (171) |
| Transfers | 7,316 | 3,123 | (12,422) | 626 | 5 | 1,456 | 104 | (104) |
| Changes in fair value of investment properties | – | – | – | – | – | – | – | (652) |
| At 31 December 2022 (restated) | 94,467 | 149,277 | 19,662 | 20,409 | 13,881 | 9,584 | 307,280 | 35,407 |
| **Accumulated depreciation, amortisation and impairment losses:** | | | | | | | | |
| At 1 January 2022 (restated) | (24,990) | (87,318) | (601) | (12,086) | (5,875) | (4,588) | (135,458) | – |
| Exchange adjustments | (686) | (4,153) | (35) | (51) | (290) | (294) | (5,509) | – |
| Charge for the year | (2,422) | (5,752) | – | (2,220) | (497) | (1,128) | (12,019) | – |
| Disposals | 732 | 1,761 | 121 | 2,110 | 527 | 328 | 5,579 | – |
| Impairment losses (Note 48) | (12) | (24) | (22) | (1) | – | (11) | (70) | – |
| At 31 December 2022 (restated) | (27,378) | (95,486) | (537) | (12,248) | (6,135) | (5,693) | (147,477) | – |
| **Net book value:** | | | | | | | | |
| At 31 December 2022 (restated) | 67,089 | 53,791 | 19,125 | 8,161 | 7,746 | 3,891 | 159,803 | 35,407 |
| **Represented by:** | | | | | | | | |
| Cost | 94,467 | 149,277 | 19,662 | 20,409 | 13,881 | 9,584 | 307,280 | – |
| Valuation | – | – | – | – | – | – | – | 35,407 |
| | 94,467 | 149,277 | 19,662 | 20,409 | 13,881 | 9,584 | 307,280 | 35,407 |

## 34 Fixed assets (Continued)

As at 31 December 2023, the Group was in the process of applying the ownership certificates in respect of certain premises of RMB955 million (31 December 2022: RMB743 million). The Group anticipates that there would be no significant issues and costs in completing such procedures.

### (a) Fair value measurement of investment properties

#### (i) Property valuation

Investment properties were revalued by the following independent professionally qualified valuers. Management of the Group had discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each financial position date.

| Properties located in | Valuers in 2023 |
|---|---|
| Chinese mainland and Hong Kong | China Enterprise Appraisals Consultation Co., Ltd. |
| | Knight Frank Petty Limited |
| | China United Assets Appraisal Group |
| | Jones Lang LaSalle Corporate Appraisal and Advisory Limited |
| | Pan-China Assets Appraisal Co.,Ltd. |
| | ZhongHe Appraisal Co., Ltd. |
| | Centaline Surveyors Limited |
| | Prudential Surveyors (Hong Kong) Limited |
| | Martin Reynolds AAPI MRICS |
| | Savills |
| Overseas | Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited |

| Properties located in | Valuers in 2022 |
|---|---|
| Chinese mainland and Hong Kong | China Enterprise Appraisals Consultation Co., Ltd. |
| | Centaline Surveyors Limited |
| | Prudential Surveyors (Hong Kong) Limited |
| | Knight Frank Petty Limited |
| | China United Assets Appraisal Group |
| | Jones Lang LaSalle Corporate Appraisal and Advisory Limited |
| | Martin Reynolds AAPI MRICS |
| | Savills |
| Overseas | Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited |

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# 34 Fixed assets (Continued)

## (a) Fair value measurement of investment properties (Continued)

### (ii) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the financial position dates on a recurring basis, categorised into the three-level hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

Level 3 valuations: Fair value measured using significant unobservable inputs.

| | Level 3<br>For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| **Recurring fair value measurement** | | |
| Investment properties – Chinese mainland | | |
| At 1 January | **23,815** | 21,973 |
| Exchange adjustments | **5** | 16 |
| Business combinations | **219** | 1,329 |
| Additions | **355** | 1,151 |
| Disposals | **(301)** | (28) |
| Transfers | **2,098** | (104) |
| Changes in fair value of investment properties | **(237)** | (522) |
| At 31 December | **25,954** | 23,815 |

# 34 Fixed assets (Continued)

## (a) Fair value measurement of investment properties (Continued)

### (ii) Fair value hierarchy (Continued)

| | Level 3 For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Recurring fair value measurement (Continued)** | | |
| Investment properties – Hong Kong | | |
| At 1 January | **11,094** | 10,329 |
| Exchange adjustments | **162** | 946 |
| Additions | **338** | 29 |
| Disposals | **(10)** | (139) |
| Transfers | **48** | – |
| Change in fair value of investment properties | **74** | (71) |
| At 31 December | **11,706** | 11,094 |
| Investment properties – Overseas | | |
| At 1 January | **498** | 407 |
| Exchange adjustments | **18** | 5 |
| Business combinations | **1** | 149 |
| Disposals | **(30)** | (4) |
| Change in fair value of investment properties | **6** | (59) |
| At 31 December | **493** | 498 |

The Group's policy is to recognise transfers between levels of fair value hierarchy at the financial position date in which they occur. During the year ended 31 December 2023, there were no Level 1 and Level 2 fair value hierarchy (2022: Nil) and no transfers into or out of Level 3 (2022: Nil).

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# 34 Fixed assets (Continued)

## (a) Fair value measurement of investment properties (Continued)

### (iii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of investment properties located in Chinese mainland is determined by using income capitalisation approach and depreciated replacement cost approach under the circumstances.

The income capitalisation approach is the sum of the term value and the reversionary value by discounting the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit market rent at the capitalisation rate after the existing lease period.

Depreciated replacement cost values a property by taking into account of its current cost of replacement or reproduction, less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. The fair value measurement is based on an estimate of the market value for the existing use of the land, plus the depreciated replacement cost.

The fair value of certain of investment properties located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

The fair value of certain other investment properties located in Hong Kong is determined by using income capitalisation approach and with reference to sales evidence as available in the market.

## 35 Goodwill

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Cost:** | | |
| At 1 January | **31,757** | 19,349 |
| Additions | **282** | 11,447 |
| Disposals | **–** | (22) |
| Exchange differences and others | **197** | 983 |
| At 31 December | **32,236** | 31,757 |
| **Accumulated impairment losses:** | | |
| At 1 January | **(6,134)** | (1,697) |
| Additions (Note 48) | **(26)** | (4,363) |
| Disposals | **–** | 22 |
| Exchange differences and others | **–** | (96) |
| At 31 December | **(6,160)** | (6,134) |
| **Net book value:** | | |
| At 31 December | **26,076** | 25,623 |

Goodwill is allocated to the Group's cash-generating units identified in segments as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Comprehensive financial services | **12,783** | 12,729 |
| Advanced intelligent manufacturing | **981** | 996 |
| Advanced materials | **512** | 206 |
| New consumption | **11,190** | 11,046 |
| New-type urbanisation | **610** | 646 |
| | **26,076** | 25,623 |

In conducting goodwill impairment test, the carrying value of goodwill is allocated to the cash-generating units or groups of cash-generating units which are expected to benefit from the synergies of the business combination. The recoverable amount of the cash-generating units or groups of cash-generating units is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The corresponding impairment loss of the cash-generating units or groups of cash-generating units will not be recognised if either the fair value less costs to sell or the present value of the future cash flows expected to be derived from the asset is higher than the carrying value.

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## 35 Goodwill (Continued)

For the comprehensive financial service segment, the Group included CITIC Securities in the consolidation scope, generating goodwill of RMB11,430 million. As at 31 December 2023, the Group allocated such goodwill to CITIC Securities for impairment test, and evaluated whether it was impaired based on the present value of the expected future cash flows. The management determined the growth rate based on historical experience and forecasts of market development. The growth rate of the forecast period was determined according to the budget approved by management, and growth rate of 2% for the stable period was used after the forecast period. The Group adopted 15.13%, which could reflect the overall risks of CITIC Securities, as the pre-tax discount rate. As the calculation showed, the goodwill arising from consolidation of CITIC Securities had not been impaired.

Among the total book value of the Group's goodwill, an amount of RMB8,806 million was from acquisition of subsidiaries by CITIC Telecom International. The recoverable amounts of the groups of cash-generating units are determined based on value-in-use calculations which is higher than the carrying amount. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. For the subsequent two years of the model, data from the financial budgets is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions. Cash flows after the first five-year period are extrapolated generally using expected annual long-term growth rates, in order to calculate the terminal value. Key assumptions used for the value-in-use calculations are as follows:

| | **2023** | 2022 |
|---|---|---|
| Telecom Services revenue growth rates | **-8.2%~2.4%** | 0.1%~7.3% |
| Long-term growth rates | **3.0%** | 3.0% |
| Pre-tax discount rates | **10.7%~12.5%** | 10.5%~13.4% |

The average services revenue growth rates and long-term growth rates used for the respective groups of cash-generating units are based on past performance and management's expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the respective groups of cash-generating units. Any adverse change in the key assumptions could reduce the recoverable amount below carrying amount.

For the new-type urbanisation segment, RMB4,801 million in the original carrying amount of the Group's goodwill was generated from acquisition of a subsidiary of CITIC Environment Investment Group Co., Ltd. ("CITIC Environment"), and an impairment loss of RMB4,323 million was provided in 2022. As at 31 December 2023, management evaluated whether it was impaired based on the present value of the expected future cash flows. As the calculation showed, there is no further impairment on the goodwill in 2023.

# 36 Income tax in the statement of financial position

## (a) Current income tax in the statement of financial position represents:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Income tax payable | **9,234** | 15,727 |

## (b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the years ended 31 December 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

| | Tax losses | Accrued expenses | Impairment loss on assets other than fixed assets and intangible assets | Fair value changes of financial instruments | Fixed assets and intangible assets | Others | Total |
|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | |
| At 1 January 2022 (restated) | 11,816 | 4,166 | 48,427 | 571 | 2,815 | 2,283 | 70,078 |
| Charged to profit or loss | (161) | 66 | 5,758 | 3,132 | (424) | 1,209 | 9,580 |
| Charged to other comprehensive income | – | (71) | 9 | 9 | – | 47 | (6) |
| Business combinations | – | 4,679 | 2,952 | 571 | 9 | 354 | 8,565 |
| Exchange adjustments and others | 1,011 | 75 | 62 | 11 | 189 | (156) | 1,192 |
| At 31 December 2022 (restated) | 12,666 | 8,915 | 57,208 | 4,294 | 2,589 | 3,737 | 89,409 |
| At 1 January 2023 (restated) | 12,666 | 8,915 | 57,208 | 4,294 | 2,589 | 3,737 | 89,409 |
| Charged to profit or loss | 155 | 1,940 | (166) | (2,416) | (560) | (439) | (1,486) |
| Charged to other comprehensive income | – | 12 | (4) | 49 | 7 | 190 | 254 |
| Business combinations | 637 | 202 | 32 | – | – | 600 | 1,471 |
| Exchange adjustments and others | 180 | (5) | 55 | 9 | 10 | (16) | 233 |
| At 31 December 2023 | 13,638 | 11,064 | 57,125 | 1,936 | 2,046 | 4,072 | 89,881 |

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# 36 Income tax in the statement of financial position (Continued)

## (b) Deferred tax assets/(liabilities) recognised: (Continued)

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the years ended 31 December 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

| | Fair value changes of financial instruments | Temporary differences on fixed assets and intangible assets | Revaluation of investment properties | Others | Total |
|---|---|---|---|---|---|
| **Deferred tax liabilities** | | | | | |
| At 1 January 2022 (restated) | (3,005) | (1,520) | (3,853) | (5,978) | (14,356) |
| Charged to profit or loss | (597) | (219) | 121 | 285 | (410) |
| Charged to other comprehensive income | 2,431 | – | – | 61 | 2,492 |
| Business combinations | (3,098) | (1,637) | – | (1,336) | (6,071) |
| Exchange adjustments and others | (6) | (89) | (9) | (283) | (387) |
| At 31 December 2022 (restated) | (4,275) | (3,465) | (3,741) | (7,251) | (18,732) |
| At 1 January 2023 (restated) | (4,275) | (3,465) | (3,741) | (7,251) | (18,732) |
| Charged to profit or loss | (148) | (184) | 180 | (107) | (259) |
| Charged to other comprehensive income | (1,833) | (5) | (1) | (316) | (2,155) |
| Business combinations | – | (586) | (659) | (1,196) | (2,441) |
| Exchange adjustments and others | 237 | 5 | (103) | 147 | 286 |
| At 31 December 2023 | (6,019) | (4,235) | (4,324) | (8,723) | (23,301) |

As at 31 December 2023, the deferred tax assets/liabilities offset by the Group were RMB6,554 million (31 December 2022: RMB579 million).

## (c) Deductible temporary difference and tax losses not recognised as deferred tax assets

The Group has not recognised any deferred tax assets in respect of the following items:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Deductible temporary differences | **10,683** | 1,686 |
| Tax losses | **28,923** | 20,908 |
| | **39,606** | 22,594 |

It is not probable that future taxable profits against which the above deductible temporary differences and tax losses can be utilised by the Group. As at 31 December 2023, tax losses amounting to RMB22,239 million (31 December 2022: RMB7,279 million) that can be carried forward against future taxable income are expiring within 5 years.

## 37 Deposits from banks and non-bank financial institutions

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Banks | **275,313** | 317,494 |
| Non-bank financial institutions | **614,494** | 781,503 |
| | **889,807** | 1,098,997 |
| Accrued interest | **3,758** | 4,102 |
| | **893,565** | 1,103,099 |
| Analysed by remaining maturity: | | |
| – On demand | **478,396** | 581,640 |
| – Within 3 months | **273,634** | 193,374 |
| – Between 3 months and 1 year | **137,777** | 323,983 |
| | **889,807** | 1,098,997 |
| Accrued interest | **3,758** | 4,102 |
| | **893,565** | 1,103,099 |

## 38 Placements from banks and non-bank financial institutions

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Banks | **139,455** | 102,736 |
| Non-bank financial institutions | **10,650** | 5,717 |
| | **150,105** | 108,453 |
| Accrued interest | **388** | 283 |
| | **150,493** | 108,736 |
| Analysed by remaining maturity: | | |
| – Within 3 months | **99,872** | 71,881 |
| – Between 3 months and 1 year | **47,005** | 35,918 |
| – Over 1 year | **3,228** | 654 |
| | **150,105** | 108,453 |
| Accrued interest | **388** | 283 |
| | **150,493** | 108,736 |

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## 39 Financial liabilities at fair value through profit or loss

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Not designated** | | |
| Debt instruments | **7,302** | 7,903 |
| Stocks | **10,050** | 9,226 |
| Non-controlling interests in consolidated structured entities and others | **1,158** | 1,306 |
| | **18,510** | 18,435 |
| **Financial liabilities designated as at fair value through profit or loss** | | |
| Stocks | **47** | – |
| Beneficiary certificates and structured notes | **64,280** | 65,484 |
| Non-controlling interests in consolidated structured entities and others | **5,715** | 10,926 |
| | **70,042** | 76,410 |
| | **88,552** | 94,845 |

As at 31 December 2023 and 31 December 2022, there were no significant changes in the fair value of financial liabilities designated as at fair value through profit or loss due to the changes in credit risks of the Group.

## 40 Customer brokerage deposits

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Customer brokerage deposits | **282,534** | 279,001 |

Customer brokerage deposits represent the amount received from and repayable to customers arising from the ordinary course of the Group's securities brokerage activities.

## 41 Trade and other payables

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Financial liabilities** | | |
| Trade and bills payable | **113,124** | 90,278 |
| Settlement accounts | **32,535** | 30,585 |
| Client deposits payables | **134,850** | 134,917 |
| Dividend payables | **1,411** | 498 |
| Other payables | **104,119** | 116,327 |
| | **386,039** | 372,605 |
| **Non-financial liabilities** | | |
| Advances | **308** | 212 |
| Other taxes payables | **5,601** | 7,131 |
| | **5,909** | 7,343 |
| | **391,948** | 379,948 |

## 41 Trade and other payables (Continued)

At the financial position date, the ageing analysis of the Group's trade and bills payable based on the invoice date is as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Within 1 year | **93,670** | 74,496 |
| Between 1 and 2 years | **4,997** | 4,849 |
| Between 2 and 3 years | **2,629** | 1,187 |
| Over 3 years | **11,828** | 9,746 |
| | **113,124** | 90,278 |

## 42 Financial assets sold under repurchase agreements

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| By counterparties | | |
| The People's Bank of China | **391,152** | 217,858 |
| Banks | **194,182** | 104,805 |
| Non-bank financial institutions | **37,939** | 27,693 |
| Others | **121,105** | 119,564 |
| | **744,378** | 469,920 |
| Accrued interest | **193** | 557 |
| | **744,571** | 470,477 |
| By types of collateral | | |
| Debt securities | **553,472** | 308,493 |
| Discounted bills | **93,212** | 69,354 |
| Stock | **31,624** | 30,520 |
| Precious metals | **19,197** | 14,954 |
| Others | **46,873** | 46,599 |
| | **744,378** | 469,920 |
| Accrued interest | **193** | 557 |
| | **744,571** | 470,477 |

The Group did not derecognise financial assets transferred as collateral in connection with repurchase agreements. As at 31 December 2023, legal title of these collateral pledged has not been transferred to counterparties (31 December 2022: Nil).

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# 43 Deposits from customers

## (a) Types of deposits from customers

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Demand deposits** | | |
| Corporate customers | **2,149,823** | 1,931,755 |
| Personal customers | **340,432** | 349,013 |
| | **2,490,255** | 2,280,768 |
| **Time and call deposits** | | |
| Corporate customers | **1,755,882** | 1,854,108 |
| Personal customers | **1,125,384** | 942,803 |
| | **2,881,266** | 2,796,911 |
| Outward remittance and remittance payables | **19,022** | 14,420 |
| Accrued interest | **69,450** | 58,673 |
| | **5,459,993** | 5,150,772 |

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

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Bank acceptances | **407,634** | 348,926 |
| Letters of credit | **23,736** | 25,132 |
| Guarantees | **21,005** | 17,091 |
| Others | **38,651** | 55,709 |
| | **491,026** | 446,858 |

# 44 Bank and other loans

## (a) Types of loans

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Bank loans** | | |
| Unsecured loans | **153,804** | 108,069 |
| Loan pledged with assets (note (d)) | **42,996** | 17,154 |
| | **196,800** | 125,223 |
| **Other loans** | | |
| Unsecured loans | **36,091** | 30,262 |
| Loan pledged with assets (note (d)) | **2,241** | 603 |
| | **38,332** | 30,865 |
| | **235,132** | 156,088 |
| Accrued interest | **638** | 621 |
| | **235,770** | 156,709 |

## (b) Maturity of loans

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Bank loans** | | |
| – Within 1 year or on demand | **54,033** | 51,434 |
| – Between 1 and 2 years | **60,670** | 19,717 |
| – Between 2 and 5 years | **49,774** | 34,628 |
| – Over 5 years | **32,323** | 19,444 |
| | **196,800** | 125,223 |
| **Other loans** | | |
| – Within 1 year or on demand | **2,803** | 7,688 |
| – Between 1 and 2 years | **1,373** | 17,865 |
| – Between 2 and 5 years | **34,113** | 5,257 |
| – Over 5 years | **43** | 55 |
| | **38,332** | 30,865 |
| | **235,132** | 156,088 |
| Accrued interest | **638** | 621 |
| | **235,770** | 156,709 |

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# 44 Bank and other loans (Continued)

## (c) Bank and other loans are denominated in the following currencies

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| RMB | **88,766** | 48,687 |
| US$ | **55,247** | 41,875 |
| HK$ | **76,150** | 61,554 |
| Other currencies | **14,969** | 3,972 |
| | **235,132** | 156,088 |
| Accrued interest | **638** | 621 |
| | **235,770** | 156,709 |

(d) As at 31 December 2023, the Group's bank and other loans of RMB45,236 million (31 December 2022: RMB15,165 million) are pledged with cash and deposits, trade and other receivables, inventories, financial assets held for trading, fixed assets, right of use assets and intangible assets with an aggregate carrying amount of RMB88,451 million (31 December 2022: RMB71,503 million).

(e) The Group's banking facilities are subject to the fulfilment of covenants relating to balance sheet ratios or ownership of a minimum shareholding in certain entities of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 50(b). As at 31 December 2023, none of the covenants relating to drawn down facilities have been breached (31 December 2022: Nil).

# 45 Debt instruments issued

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Corporate bonds issued (note (a)) | **233,290** | 202,077 |
| Notes issued (note (b)) | **151,813** | 128,709 |
| Subordinated bonds issued (note (c)) | **82,569** | 98,926 |
| Certificates of deposit issued (note (d)) | **1,418** | 1,035 |
| Certificates of interbank deposit issued (note (e)) | **705,273** | 720,080 |
| Convertible corporate bonds (note (f)) | **17,670** | 18,212 |
| Beneficiary certificates (note (g)) | **21,547** | 6,040 |
| | **1,213,580** | 1,175,079 |
| Accrued interest | **7,527** | 7,061 |
| | **1,221,107** | 1,182,140 |
| Analysed by remaining maturity | | |
| – Within 1 year or on demand | **828,068** | 832,239 |
| – Between 1 and 2 years | **121,781** | 61,436 |
| – Between 2 and 5 years | **136,498** | 128,629 |
| – Over 5 years | **127,233** | 152,775 |
| | **1,213,580** | 1,175,079 |
| Accrued interest | **7,527** | 7,061 |
| | **1,221,107** | 1,182,140 |

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued for the year ended 31 December 2023 (2022: Nil).

Notes:

**(a) Corporate bonds issued**

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| The Company (note (i)) | **43,401** | 54,407 |
| CITIC Corporation Limited (“CITIC Corporation”) (note (ii)) | **27,790** | 30,639 |
| CITIC Securities (note (iii)) | **158,415** | 113,502 |
| CITIC Telecom International (note (iv)) | **3,184** | 3,129 |
| CITIC Pacific Limited’s (“CITIC Pacific”) subsidiaries (note (v)) | **500** | 400 |
| | **233,290** | 202,077 |

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## 45 Debt instruments issued (Continued)

Notes: (Continued)

(a) **Corporate bonds issued** (Continued)

(i) ***Details of corporate bonds issued by the Company***

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| US$ Notes 6.1 | US$ | 110 | 2014-07-18 | 2024-01-18 | 4.70% |
| HK$ Notes 2 | HK$ | 420 | 2014-07-25 | 2024-07-25 | 4.35% |
| US$ Notes 6.2 | US$ | 90 | 2014-10-29 | 2024-01-18 | 4.70% |
| US$ Notes 7 | US$ | 280 | 2015-04-14 | 2035-04-14 | 4.60% |
| US$ Notes 8 | US$ | 150 | 2016-02-04 | 2041-02-04 | 4.88% |
| US$ Notes 9 | US$ | 350 | 2016-02-04 | 2036-02-04 | 4.75% |
| US$ Notes 10 | US$ | 90 | 2016-04-25 | 2036-04-25 | 4.65% |
| US$ Notes 11 | US$ | 210 | 2016-04-25 | 2046-04-25 | 4.85% |
| US$ Notes 13 | US$ | 750 | 2016-06-14 | 2026-06-14 | 3.70% |
| US$ Notes 14 | US$ | 200 | 2016-09-07 | 2031-09-07 | 3.98% |
| US$ Notes 15 | US$ | 250 | 2016-09-07 | 2046-09-07 | 4.49% |
| US$ Notes 16 | US$ | 750 | 2017-02-28 | 2027-02-28 | 3.88% |
| US$ Notes 19 | US$ | 500 | 2018-01-11 | 2028-01-11 | 4.00% |
| US$ Notes 20 | US$ | 75 | 2018-03-13 | 2038-03-13 | 4.85% |
| US$ Notes 21 | US$ | 200 | 2018-04-18 | 2048-04-18 | 5.07% |
| US$ Notes 22 | US$ | 300 | 2020-02-25 | 2025-02-25 | 2.45% |
| US$ Notes 23 | US$ | 700 | 2020-02-25 | 2030-02-25 | 2.85% |
| US$ Notes 24 | US$ | 700 | 2022-02-17 | 2027-02-17 | 2.88% |
| US$ Notes 25 | US$ | 300 | 2022-02-17 | 2032-02-17 | 3.50% |
| US$ Notes 26 | US$ | 100 | 2022-08-02 | 2027-02-17 | 2.88% |

# 45 Debt instruments issued (Continued)

Notes: (Continued)

**(a) Corporate bonds issued** (Continued)

***(i) Details of corporate bonds issued by the Company*** (Continued)

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| US$ Notes 4.1 | US$ | 750 | 2012-10-17 | 2023-01-17 | 6.80% |
| US$ Notes 4.2 | US$ | 250 | 2012-12-11 | 2023-01-17 | 6.80% |
| US$ Notes 4.3 | US$ | 400 | 2014-07-18 | 2023-01-17 | 6.80% |
| US$ Notes 6.1 | US$ | 110 | 2014-07-18 | 2024-01-18 | 4.70% |
| HK$ Notes 2 | HK$ | 420 | 2014-07-25 | 2024-07-25 | 4.35% |
| US$ Notes 6.2 | US$ | 90 | 2014-10-29 | 2024-01-18 | 4.70% |
| US$ Notes 7 | US$ | 280 | 2015-04-14 | 2035-04-14 | 4.60% |
| US$ Notes 8 | US$ | 150 | 2016-02-04 | 2041-02-04 | 4.88% |
| US$ Notes 9 | US$ | 350 | 2016-02-04 | 2036-02-04 | 4.75% |
| US$ Notes 10 | US$ | 90 | 2016-04-25 | 2036-04-25 | 4.65% |
| US$ Notes 11 | US$ | 210 | 2016-04-25 | 2046-04-25 | 4.85% |
| US$ Notes 13 | US$ | 750 | 2016-06-14 | 2026-06-14 | 3.70% |
| US$ Notes 14 | US$ | 200 | 2016-09-07 | 2031-09-07 | 3.98% |
| US$ Notes 15 | US$ | 250 | 2016-09-07 | 2046-09-07 | 4.49% |
| US$ Notes 16 | US$ | 750 | 2017-02-28 | 2027-02-28 | 3.88% |
| US$ Notes 18 | US$ | 250 | 2018-01-11 | 2023-07-11 | 3.50% |
| US$ Notes 19 | US$ | 500 | 2018-01-11 | 2028-01-11 | 4.00% |
| US$ Notes 20 | US$ | 75 | 2018-03-13 | 2038-03-13 | 4.85% |
| US$ Notes 21 | US$ | 200 | 2018-04-18 | 2048-04-18 | 5.07% |
| US$ Notes 22 | US$ | 300 | 2020-02-25 | 2025-02-25 | 2.45% |
| US$ Notes 23 | US$ | 700 | 2020-02-25 | 2030-02-25 | 2.85% |
| US$ Notes 24 | US$ | 700 | 2022-02-17 | 2027-02-17 | 2.88% |
| US$ Notes 25 | US$ | 300 | 2022-02-17 | 2032-02-17 | 3.50% |
| US$ Notes 26 | US$ | 100 | 2022-08-02 | 2027-02-17 | 2.88% |

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# 45 Debt instruments issued (Continued)

Notes: (Continued)

**(a) Corporate bonds issued** (Continued)

***(ii) Details of corporate bonds issued by CITIC Corporation***

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | **Denominated currency** | **Face value in denominated currency million** | **Issue date** | **Maturity date** | **Interest rate per annum** |
| 05 CITIC bond-2 | **RMB** | **4,000** | **2005-12-07** | **2025-12-06** | **4.60%** |
| 19 CITIC bond-2 | **RMB** | **1,500** | **2019-02-25** | **2024-02-25** | **3.85%** |
| 19 CITIC bond-3 | **RMB** | **2,000** | **2019-03-19** | **2029-03-19** | **4.59%** |
| 19 CITIC bond-4 | **RMB** | **2,000** | **2019-04-22** | **2029-04-22** | **4.71%** |
| 19 CITIC bond-5 | **RMB** | **1,800** | **2019-07-17** | **2034-07-17** | **4.60%** |
| 19 CITIC bond-6 | **RMB** | **700** | **2019-07-17** | **2029-07-17** | **4.46%** |
| 19 CITIC bond-7 | **RMB** | **500** | **2019-08-14** | **2029-08-14** | **4.38%** |
| 19 CITIC bond-8 | **RMB** | **2,000** | **2019-08-14** | **2039-08-14** | **4.58%** |
| 19 CITIC bond-9 | **RMB** | **1,000** | **2019-11-05** | **2039-11-05** | **4.65%** |
| 20 CITIC bond-2 | **RMB** | **2,000** | **2020-02-26** | **2030-02-26** | **3.88%** |
| 20 CITIC bond-3 | **RMB** | **1,000** | **2020-03-23** | **2030-03-23** | **4.00%** |
| 20 CITIC bond-4 | **RMB** | **600** | **2020-03-23** | **2040-03-23** | **4.30%** |
| 20 CITIC bond-5 | **RMB** | **1,000** | **2020-04-21** | **2030-04-21** | **3.87%** |
| 20 CITIC bond-6 | **RMB** | **1,500** | **2020-04-21** | **2040-04-21** | **4.16%** |
| 20 CITIC bond-8 | **RMB** | **1,900** | **2020-05-11** | **2040-05-11** | **4.20%** |
| 21 CITIC bond-1 | **RMB** | **1,000** | **2021-11-02** | **2026-11-02** | **3.49%** |
| 21 CITIC bond-2 | **RMB** | **2,000** | **2021-11-02** | **2031-11-02** | **3.79%** |
| 23 CITIC bond-1 | **RMB** | **1,200** | **2023-10-23** | **2028-10-23** | **3.16%** |
| 23 CITIC bond-2 | **RMB** | **800** | **2023-10-23** | **2043-10-23** | **3.35%** |
| 23 CITIC bond-3 | **RMB** | **2,000** | **2023-11-02** | **2028-11-02** | **3.19%** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| 03 CITIC bond-2 | RMB | 6,000 | 2003-12-10 | 2023-12-09 | 5.10% |
| 05 CITIC bond-2 | RMB | 4,000 | 2005-12-07 | 2025-12-06 | 4.60% |
| 19 CITIC bond-2 | RMB | 1,500 | 2019-02-25 | 2024-02-25 | 3.85% |
| 19 CITIC bond-3 | RMB | 2,000 | 2019-03-19 | 2029-03-19 | 4.59% |
| 19 CITIC bond-4 | RMB | 2,000 | 2019-04-22 | 2029-04-22 | 4.71% |
| 19 CITIC bond-5 | RMB | 1,800 | 2019-07-17 | 2034-07-17 | 4.60% |
| 19 CITIC bond-6 | RMB | 700 | 2019-07-17 | 2029-07-17 | 4.46% |
| 19 CITIC bond-7 | RMB | 500 | 2019-08-14 | 2029-08-14 | 4.38% |
| 19 CITIC bond-8 | RMB | 2,000 | 2019-08-14 | 2039-08-14 | 4.58% |
| 19 CITIC bond-9 | RMB | 1,000 | 2019-11-05 | 2039-11-05 | 4.65% |
| 20 CITIC bond-2 | RMB | 2,000 | 2020-02-26 | 2030-02-26 | 3.88% |
| 20 CITIC bond-3 | RMB | 1,000 | 2020-03-23 | 2030-03-23 | 4.00% |
| 20 CITIC bond-4 | RMB | 600 | 2020-03-23 | 2040-03-23 | 4.30% |
| 20 CITIC bond-5 | RMB | 1,000 | 2020-04-21 | 2030-04-21 | 3.87% |
| 20 CITIC bond-6 | RMB | 1,500 | 2020-04-21 | 2040-04-21 | 4.16% |
| 20 CITIC bond-8 | RMB | 1,900 | 2020-05-11 | 2040-05-11 | 4.20% |
| 21 CITIC bond-1 | RMB | 1,000 | 2021-11-02 | 2026-11-02 | 3.49% |
| 21 CITIC bond-2 | RMB | 2,000 | 2021-11-02 | 2031-11-02 | 3.79% |

# 45 Debt instruments issued (Continued)

Notes: (Continued)

**(a) Corporate bonds issued** (Continued)

***(iii) Details of corporate bonds issued by CITIC Securities***

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| 15 CITIC 02 | RMB | 2,500 | 2015-06-24 | 2025-06-25 | 5.10% |
| 19 CS G2 | RMB | 1,000 | 2019-09-05 | 2024-09-10 | 3.78% |
| 20 CS G2 | RMB | 2,000 | 2020-02-19 | 2025-02-21 | 3.31% |
| 20 CS G4 | RMB | 2,000 | 2020-03-06 | 2025-03-10 | 3.20% |
| 20 CS G7 | RMB | 1,000 | 2020-04-09 | 2025-04-14 | 3.10% |
| 20 CS 20 | RMB | 800 | 2020-09-08 | 2030-09-11 | 4.20% |
| 20 CS 24 | RMB | 900 | 2020-10-23 | 2030-10-28 | 4.27% |
| 21 CS 02 | RMB | 4,600 | 2021-01-20 | 2024-01-25 | 3.56% |
| 21 CS 03 | RMB | 3,200 | 2021-01-20 | 2031-01-25 | 4.10% |
| 21 CS 04 | RMB | 1,500 | 2021-02-24 | 2024-03-01 | 3.60% |
| 21 CS 05 | RMB | 3,000 | 2021-02-24 | 2031-03-01 | 4.10% |
| 21 CS 06 | RMB | 2,500 | 2021-03-16 | 2031-03-19 | 4.10% |
| 21 CS 07 | RMB | 1,400 | 2021-04-08 | 2031-04-13 | 4.04% |
| 21 CS 08 | RMB | 1,000 | 2021-06-08 | 2026-06-11 | 3.70% |
| 21 CS 09 | RMB | 2,500 | 2021-06-08 | 2031-06-11 | 4.03% |
| 21 CS 10 | RMB | 1,500 | 2021-07-06 | 2026-07-09 | 3.62% |
| 21 CS 11 | RMB | 1,500 | 2021-07-06 | 2031-07-09 | 3.92% |
| 21 CS 12 | RMB | 3,000 | 2021-08-18 | 2024-08-23 | 3.01% |
| 21 CS 13 | RMB | 1,000 | 2021-08-18 | 2026-08-23 | 3.34% |
| 21 CS 14 | RMB | 4,500 | 2021-09-13 | 2024-09-16 | 3.08% |
| 21 CS 16 | RMB | 2,200 | 2021-09-23 | 2024-09-27 | 3.09% |
| 21 CS 17 | RMB | 1,800 | 2021-09-23 | 2026-09-28 | 3.47% |
| 21 CS 18 | RMB | 2,500 | 2021-10-14 | 2024-10-19 | 3.25% |
| 21 CS 19 | RMB | 2,000 | 2021-10-14 | 2026-10-19 | 3.59% |
| 21 CS 20 | RMB | 3,000 | 2021-11-19 | 2024-11-24 | 3.07% |
| 21 CS 21 | RMB | 3,000 | 2021-12-09 | 2024-12-14 | 2.97% |
| 22 CS 01 | RMB | 500 | 2022-02-11 | 2027-01-29 | 3.20% |
| 22 CS 02 | RMB | 1,000 | 2022-02-11 | 2032-02-06 | 3.69% |
| 22 CS 03 | RMB | 1,000 | 2022-03-08 | 2025-03-11 | 3.03% |
| 22 CS 04 | RMB | 500 | 2022-03-08 | 2027-03-11 | 3.40% |
| 22 CS 05 | RMB | 3,000 | 2022-08-19 | 2025-08-24 | 2.50% |
| 23 CS 10 | RMB | 2,000 | 2023-05-25 | 2026-05-30 | 2.89% |
| 23 CS 11 | RMB | 500 | 2023-06-08 | 2025-06-13 | 2.64% |
| 23 CS 12 | RMB | 2,500 | 2023-06-08 | 2026-06-13 | 2.80% |
| 23 CS G1 | RMB | 3,000 | 2023-02-03 | 2025-02-08 | 2.95% |
| 23 CS G2 | RMB | 1,500 | 2023-02-16 | 2025-02-21 | 2.89% |
| 23 CS G3 | RMB | 3,000 | 2023-02-16 | 2026-02-21 | 3.06% |
| 23 CS G4 | RMB | 2,000 | 2023-03-08 | 2025-03-13 | 3.01% |
| 23 CS G5 | RMB | 2,000 | 2023-03-08 | 2028-03-13 | 3.32% |
| 23 CS G6 | RMB | 2,000 | 2023-04-14 | 2025-04-19 | 2.87% |
| 23 CS G7 | RMB | 2,500 | 2023-04-14 | 2028-04-19 | 3.17% |
| 23 CS G8 | RMB | 3,500 | 2023-05-10 | 2024-05-15 | 2.53% |
| 23 CS G9 | RMB | 3,500 | 2023-05-10 | 2026-05-15 | 2.90% |

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 45 Debt instruments issued (Continued)

Notes: (Continued)

(a) **Corporate bonds issued** (Continued)

(iii) ***Details of corporate bonds issued by CITIC Securities*** (Continued)

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| 23 CS 13 | RMB | 2,000 | 2023-07-04 | 2025-07-07 | 2.64% |
| 23 CS 14 | RMB | 500 | 2023-07-04 | 2026-07-07 | 2.75% |
| 23 CS 15 | RMB | 2,500 | 2023-08-09 | 2025-08-14 | 2.54% |
| 23 CS 16 | RMB | 2,000 | 2023-08-09 | 2026-08-14 | 2.72% |
| 23 CS 17 | RMB | 1,000 | 2023-08-25 | 2025-08-30 | 2.53% |
| 23 CS 18 | RMB | 2,000 | 2023-08-25 | 2026-08-30 | 2.70% |
| 23 CS 20 | RMB | 2,500 | 2023-09-07 | 2026-09-12 | 2.93% |
| 23 CS 21 | RMB | 1,800 | 2023-09-15 | 2026-09-20 | 2.86% |
| 23 CS 22 | RMB | 2,200 | 2023-09-15 | 2028-09-20 | 3.10% |
| 23 CS 23 | RMB | 1,300 | 2023-10-16 | 2025-10-19 | 2.80% |
| 23 CS 24 | RMB | 2,700 | 2023-10-16 | 2026-10-19 | 2.90% |
| 23 CS 25 | RMB | 2,500 | 2023-11-02 | 2025-11-07 | 2.78% |
| 23 CS 26 | RMB | 3,500 | 2023-11-02 | 2028-11-07 | 3.10% |
| 23 CS 28 | RMB | 2,500 | 2023-11-16 | 2026-11-21 | 2.87% |
| 23 CS 29 | RMB | 1,000 | 2023-12-15 | 2025-12-20 | 2.80% |
| 23 CS 30 | RMB | 4,000 | 2023-12-15 | 2026-12-20 | 2.90% |
| 23 CS S7 | RMB | 3,000 | 2023-05-25 | 2024-05-24 | 2.47% |
| 23 CS S8 | RMB | 4,000 | 2023-08-16 | 2024-02-21 | 2.12% |
| 23 CS S9 | RMB | 5,000 | 2023-09-06 | 2024-09-11 | 2.45% |
| 23 CS S10 | RMB | 4,000 | 2023-09-13 | 2024-09-18 | 2.52% |
| 23 CS S11 | RMB | 4,000 | 2023-09-22 | 2024-06-27 | 2.53% |
| 23 CS S12 | RMB | 6,000 | 2023-10-26 | 2024-10-31 | 2.72% |
| 23 CS S13 | RMB | 3,000 | 2023-11-08 | 2024-11-13 | 2.70% |
| 23 CS S14 | RMB | 4,000 | 2023-11-22 | 2024-05-29 | 2.64% |
| CITICSCSI16 | US$ | 7 | 2023-07-25 | 2024-07-24 | 5.40% |
| CITICSCSI17 | US$ | 44 | 2023-07-27 | 2024-01-29 | 0.00% |
| CITICSCSI20 | US$ | 10 | 2023-08-16 | 2024-02-16 | 0.00% |
| CITICSCSI24 | US$ | 6 | 2023-09-13 | 2024-03-13 | 0.00% |
| CITICSCSI25 | US$ | 15 | 2023-10-31 | 2024-01-31 | 0.00% |
| CITICSCSI26 | US$ | 5 | 2023-11-20 | 2024-02-20 | 0.00% |
| CITICSCSI27 | RMB | 20 | 2023-11-07 | 2024-02-07 | 0.00% |
| CITICSCSI28 | US$ | 6 | 2023-12-08 | 2024-06-07 | 0.00% |
| CITICSCSI29 | US$ | 6 | 2023-12-12 | 2024-03-12 | 0.00% |
| CITICSCSI30 | US$ | 5 | 2023-12-21 | 2024-03-21 | 5.75% |
| CITICSCSI31 | US$ | 21 | 2023-12-22 | 2024-12-20 | 5.62% |
| CITICSCSI32 | US$ | 5 | 2023-12-29 | 2024-06-28 | 0.00% |
| CITICSCSI33 | US$ | 5 | 2023-12-29 | 2024-12-27 | 0.00% |
| CITICSMTNECP59 | US$ | 20 | 2023-10-19 | 2024-01-24 | 0.00% |
| CITICSMTNECP60 | US$ | 100 | 2023-12-20 | 2024-03-13 | 0.00% |

# 45 Debt instruments issued (Continued)

Notes: (Continued)

**(a) Corporate bonds issued** (Continued)

***(iii) Details of corporate bonds issued by CITIC Securities*** (Continued)

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| 13 CITIC 02 | RMB | 12,000 | 2013-06-07 | 2023-06-07 | 5.05% |
| 15 CITIC 02 | RMB | 2,500 | 2015-06-25 | 2025-06-25 | 5.10% |
| 18 CS G2 | RMB | 600 | 2018-06-15 | 2023-06-15 | 4.90% |
| 19 CS G2 | RMB | 1,000 | 2019-09-10 | 2024-09-10 | 3.78% |
| 20 CS G1 | RMB | 3,000 | 2020-02-21 | 2023-02-21 | 3.02% |
| 20 CS G2 | RMB | 2,000 | 2020-02-21 | 2025-02-21 | 3.31% |
| 20 CS G3 | RMB | 2,200 | 2020-03-10 | 2023-03-10 | 2.95% |
| 20 CS G4 | RMB | 2,000 | 2020-03-10 | 2025-03-10 | 3.20% |
| 20 CS G6 | RMB | 3,300 | 2020-04-14 | 2023-04-14 | 2.54% |
| 20 CS G7 | RMB | 1,000 | 2020-04-14 | 2025-04-14 | 3.10% |
| 20 CS 09 | RMB | 4,500 | 2020-06-02 | 2023-06-02 | 2.70% |
| 20 CS 11 | RMB | 2,000 | 2020-06-19 | 2023-06-19 | 3.10% |
| 20 CS 13 | RMB | 3,000 | 2020-07-14 | 2023-07-14 | 3.58% |
| 20 CS 15 | RMB | 7,500 | 2020-07-28 | 2023-07-28 | 3.49% |
| 20 CS 16 | RMB | 5,200 | 2020-08-07 | 2023-08-07 | 3.55% |
| 20 CS 18 | RMB | 2,800 | 2020-08-24 | 2023-08-24 | 3.48% |
| 20 CS 20 | RMB | 800 | 2020-09-11 | 2030-09-11 | 4.20% |
| 20 CS 24 | RMB | 900 | 2020-10-28 | 2030-10-28 | 4.27% |
| 21 CS 02 | RMB | 4,600 | 2021-01-25 | 2024-01-25 | 3.56% |
| 21 CS 03 | RMB | 3,200 | 2021-01-25 | 2031-01-25 | 4.10% |
| 21 CS 04 | RMB | 1,500 | 2021-03-01 | 2024-03-01 | 3.60% |
| 21 CS 05 | RMB | 3,000 | 2021-03-01 | 2031-03-01 | 4.10% |
| 21 CS 06 | RMB | 2,500 | 2021-03-19 | 2031-03-19 | 4.10% |
| 21 CS 07 | RMB | 1,400 | 2021-04-13 | 2031-04-13 | 4.04% |
| 21 CS 08 | RMB | 1,000 | 2021-06-11 | 2026-06-11 | 3.70% |
| 21 CS 09 | RMB | 2,500 | 2021-06-11 | 2031-06-11 | 4.03% |
| 21 CS 10 | RMB | 1,500 | 2021-07-09 | 2026-07-09 | 3.62% |
| 21 CS 11 | RMB | 1,500 | 2021-07-09 | 2031-07-09 | 3.92% |
| 21 CS 12 | RMB | 3,000 | 2021-08-23 | 2024-08-23 | 3.01% |
| 21 CS 13 | RMB | 1,000 | 2021-08-23 | 2026-08-23 | 3.34% |
| 21 CS 14 | RMB | 4,500 | 2021-09-16 | 2024-09-16 | 3.08% |
| 21 CS 16 | RMB | 2,200 | 2021-09-28 | 2024-09-27 | 3.09% |
| 21 CS 17 | RMB | 1,800 | 2021-09-28 | 2026-09-28 | 3.47% |
| 21 CS 18 | RMB | 2,500 | 2021-10-19 | 2024-10-19 | 3.25% |
| 21 CS 19 | RMB | 2,000 | 2021-10-19 | 2026-10-19 | 3.59% |
| 21 CS 20 | RMB | 3,000 | 2021-11-24 | 2024-11-24 | 3.07% |
| 21 CS 21 | RMB | 3,000 | 2021-12-14 | 2024-12-14 | 2.97% |
| 22 CS 01 | RMB | 500 | 2022-02-16 | 2027-01-29 | 3.20% |
| 22 CS 02 | RMB | 1,000 | 2022-02-16 | 2032-02-06 | 3.69% |
| 22 CS 03 | RMB | 1,000 | 2022-03-11 | 2025-03-11 | 3.03% |
| 22 CS 04 | RMB | 500 | 2022-03-11 | 2027-03-11 | 3.40% |
| 22 CS 05 | RMB | 3,000 | 2022-08-24 | 2025-08-24 | 2.50% |
| CITICSCSI03 | US$ | 26 | 2022-12-20 | 2023-03-20 | 0.00% |
| CITICSCSI01 | US$ | 100 | 2022-11-25 | 2023-02-25 | 0.00% |
| CITICSMTNECP55 | US$ | 60 | 2022-11-11 | 2023-11-10 | 0.00% |
| CITICSMTNECP54 | US$ | 20 | 2022-10-21 | 2023-01-26 | 0.00% |
| CITICSMTNECP53 | US$ | 120 | 2022-09-22 | 2023-09-21 | 4.15% |
| CITICSCSI02 | US$ | 50 | 2022-09-22 | 2023-03-22 | 3.90% |
| CITICSMTNECP52 | US$ | 20 | 2022-09-14 | 2023-03-16 | 0.00% |
| CITICSMTNECP51 | US$ | 120 | 2022-08-16 | 2023-08-15 | 0.00% |
| CITICSMTNECP50 | US$ | 50 | 2022-08-08 | 2023-08-07 | 0.00% |
| CITICSMTNECP49 | US$ | 50 | 2022-08-01 | 2023-07-31 | 0.00% |
| CITICSMTNECP47 | US$ | 40 | 2022-07-27 | 2023-07-26 | 0.00% |
| CITICSMTNECP48 | US$ | 30 | 2022-07-06 | 2023-07-05 | 0.00% |
| CITICSMTNECP44 | US$ | 30 | 2022-05-27 | 2023-05-22 | 2.82% |
| CITICSMTNECP46 | US$ | 50 | 2022-05-27 | 2023-02-27 | 0.00% |
| CITICSMTNECP41 | US$ | 80 | 2022-01-28 | 2023-01-28 | 0.00% |

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 45 Debt instruments issued (Continued)

Notes: (Continued)

**(a) Corporate bonds issued** (Continued)

***(iv) Details of corporate bonds issued by CITIC Telecom International***

| | **As at 31 December 2023** | | | | |
|---|---|---|---|---|---|
| | **Denominated currency** | **Face value in denominated currency million** | **Issue date** | **Maturity date** | **Interest rate per annum** |
| Guaranteed bonds | **US$** | **450** | **2013-03-05** | **2025-03-05** | **6.10%** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| Guaranteed bonds | US$ | 450 | 2013-03-05 | 2025-03-05 | 6.10% |

***(v) Details of corporate bonds issued by CITIC Pacific's subsidiaries***

| | **As at 31 December 2023** | | | | |
|---|---|---|---|---|---|
| | **Denominated currency** | **Face value in denominated currency million** | **Issue date** | **Maturity date** | **Interest rate per annum** |
| 22 NNISUC 01 | **RMB** | **200** | **2022-03-14** | **2025-03-14** | **5.20%** |
| 23 NNISUC SCP001 | **RMB** | **300** | **2023-08-28** | **2024-05-24** | **2.90%** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| 22 JLEPC SCP004 | RMB | 200 | 2022-06-16 | 2023-03-10 | 2.50% |
| 22 JLEPC SCP005 | RMB | 200 | 2022-08-29 | 2023-04-19 | 1.90% |

**(b) Notes issued**

| | **As at 31 December** | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| CITIC Bank (note (i)) | **138,311** | 116,344 |
| CITIC Securities (note (ii)) | **12,886** | 11,630 |
| CITIC Trust Co., Ltd. ("CITIC Trust") (note (iii)) | **616** | 735 |
| | **151,813** | 128,709 |

# 45 Debt instruments issued (Continued)

Notes: (Continued)

**(b) Notes issued** (Continued)

***(i) Details of notes issued by CITIC Bank***

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| Financial bonds | **US$** | **200** | **2021-02-02** | **2024-02-02** | **0.88%** |
| Financial bonds | **US$** | **350** | **2021-02-02** | **2026-02-02** | **1.25%** |
| Financial bonds | **RMB** | **20,000** | **2021-06-10** | **2024-06-10** | **3.19%** |
| Financial bonds | **US$** | **500** | **2021-11-17** | **2024-11-17** | **1.75%** |
| Financial bonds | **RMB** | **30,000** | **2022-04-28** | **2025-04-28** | **2.80%** |
| Financial bonds | **RMB** | **30,000** | **2022-08-05** | **2025-08-05** | **2.50%** |
| Financial bonds | **RMB** | **30,000** | **2023-04-13** | **2026-04-13** | **2.77%** |
| Financial bonds | **RMB** | **10,000** | **2023-03-27** | **2026-03-27** | **2.79%** |
| Financial bonds | **RMB** | **10,000** | **2023-05-16** | **2026-05-16** | **2.68%** |
| Financial bonds | **RMB** | **1,800** | **2023-04-26** | **2024-04-26** | **3.90%** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| Financial bonds | RMB | 30,000 | 2020-03-18 | 2023-03-18 | 2.75% |
| Financial bonds | US$ | 200 | 2021-02-02 | 2024-02-02 | 0.88% |
| Financial bonds | US$ | 350 | 2021-02-02 | 2026-02-02 | 1.25% |
| Financial bonds | RMB | 20,000 | 2021-06-10 | 2024-06-10 | 3.19% |
| Financial bonds | US$ | 500 | 2021-11-17 | 2024-11-17 | 1.75% |
| Financial bonds | RMB | 30,000 | 2022-04-28 | 2025-04-28 | 2.80% |
| Financial bonds | RMB | 30,000 | 2022-08-05 | 2025-08-05 | 2.50% |

***(ii) Details of notes issued by CITIC Securities***

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| CITIC SEC N2410 | **US$** | **200** | **2019-10-17** | **2024-10-24** | **2.88%** |
| CITIC SEC N2506 | **US$** | **500** | **2020-05-27** | **2025-06-03** | **2.00%** |
| CITIC SEC N2504 | **US$** | **300** | **2022-04-21** | **2025-04-21** | **3.38%** |
| CITIC SEC N2405 | **US$** | **175** | **2022-12-07** | **2024-05-14** | **5.15%** |
| CITICISIN2502 | **US$** | **200** | **2023-02-14** | **2025-02-21** | **5.00%** |
| CITICISIN2606 | **RMB** | **700** | **2023-06-14** | **2026-06-23** | **2.90%** |
| CITICISIN2607 | **RMB** | **2,500** | **2023-07-13** | **2026-07-13** | **3.10%** |

# 45 Debt instruments issued (Continued)

Notes: (Continued)

**(b) Notes issued** (Continued)

***(ii) Details of notes issued by CITIC Securities*** (Continued)

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| CITIC SEC N2306 | US$ | 500 | 2020-06-03 | 2023-06-03 | 1.75% |
| CITIC SEC N2506 | US$ | 500 | 2020-06-03 | 2025-06-03 | 2.00% |
| CITIC SEC N2410 | US$ | 200 | 2019-10-24 | 2024-10-24 | 2.88% |
| CITIC SEC N2405 | US$ | 175 | 2022-12-14 | 2024-05-14 | 5.15% |
| CITIC SEC N2504 | US$ | 300 | 2022-04-21 | 2025-04-21 | 3.38% |

***(iii) Details of notes issued by CITIC Trust***

| | **As at 31 December 2023** | | | | |
|---|---|---|---|---|---|
| | **Denominated currency** | **Face value in denominated currency million** | **Issue date** | **Maturity date** | **Interest rate per annum** |
| Participation notes (note (i)) | **US$** | **5** | **2018-01-22** | **2025-01-22** | **Non fixed interest rate** |
| Participation notes | **US$** | **1.54** | **2021-06-25** | **No fixed maturity date** | **Non fixed interest rate** |
| Participation notes (note (ii)) | **US$** | **270** | **2022-03-30** | **2025-03-30** | **Fixed interest rate** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
| Participation notes (note (i)) | US$ | 5 | 2018-01-22 | 2025-01-22 | Non fixed interest rate |
| Participation notes | US$ | 1.54 | 2021-06-25 | No fixed maturity date | Non fixed interest rate |
| Participation notes (note (ii)) | US$ | 270 | 2022-03-30 | 2025-03-30 | Fixed interest rate |

Notes:

(i) As at 31 December 2023, the portion held within the Group amounted to US$4.92 million (As at 31 December 2022: US$4.80 million).

(ii) As at 31 December 2023, the portion held within the Group amounted to US$185 million (As at 31 December 2022: US$110 million).

# 45 Debt instruments issued (Continued)

Notes: (Continued)

**(c) Subordinated bonds issued**

The balance represents the subordinated debts issued by CITIC Bank, CITIC Bank International Limited ("CBI"), a subsidiary of CITIC Bank, and CITIC Securities. The carrying amount of subordinated debts is as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Fixed rate notes maturing | | |
| – In February 2029 (i) | **3,543** | 3,444 |
| – In December 2033 (ii) | **3,543** | – |
| Fixed rate bonds maturing | | |
| – In March 2023 (iii) | **–** | 1,999 |
| – In February 2024 (iv) | **3,000** | 2,997 |
| – In November 2024 (ix) | **998** | – |
| – In July 2025 (v) | **492** | 499 |
| – In November 2026 (x) | **998** | – |
| – In September 2028 (vi) | **–** | 29,993 |
| – In October 2028 (vii) | **–** | 20,000 |
| – In August 2030 (viii) | **39,995** | 39,994 |
| – In December 2033 (xi) | **21,500** | – |
| – In December 2038 (xii) | **8,500** | – |
| | **82,569** | 98,926 |

| | | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|---|
| | | **Denominated currency** | **Face value in denominated currency million** | **Issue date** | **Maturity date** | **Interest rate per annum** |
| (i) | Subordinated Notes | **US$** | **500** | **2019-02-28** | **2029-02-28** | **4.63%** |
| (ii) | Subordinated Notes (note(i)) | **US$** | **500** | **2023-12-05** | **2033-12-05** | **6.00%** |
| (iv) | 21 CS C1 | **RMB** | **3,000** | **2021-02-03** | **2024-02-08** | **3.97%** |
| (v) | 22 CS C1 | **RMB** | **500** | **2022-07-22** | **2025-07-22** | **3.00%** |
| (ix) | 23 CS C1 (note(ii)) | **RMB** | **1,000** | **2023-11-09** | **2024-11-14** | **2.75%** |
| (x) | 23 CS C2 (note(ii)) | **RMB** | **1,000** | **2023-11-09** | **2026-11-14** | **3.10%** |
| (viii) | Subordinated Fixed Rate Bonds | **RMB** | **40,000** | **2020-08-14** | **2030-08-14** | **3.87%** |
| (xi) | Subordinated Fixed Rate Bonds (note(i)) | **RMB** | **21,500** | **2023-12-19** | **2033-12-19** | **3.19%** |
| (xii) | Subordinated Fixed Rate Bonds (note(i)) | **RMB** | **8,500** | **2023-12-19** | **2038-12-19** | **3.25%** |

Notes:

(i) Subordinated fixed rate bonds are issued by CITIC Bank, a subsidiary of the Group.

(ii) Subordinated fixed rate bonds are issued by CITIC Security, a subsidiary of the Group.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 45 Debt instruments issued (Continued)

Notes: (Continued)

**(c) Subordinated bonds issued** (Continued)

| | | Denominated currency | Face value in denominated currency million | Issue date | Maturity date | Interest rate per annum |
|---|---|---|---|---|---|---|
| | | As at 31 December 2022 | | | | |
| (i) | Subordinated Notes | US$ | 500 | 2019-02-28 | 2029-02-28 | 4.63% |
| (iii) | 20 CS C1 | RMB | 2,000 | 2020-03-24 | 2023-03-24 | 3.32% |
| (iv) | 21 CS C1 | RMB | 3,000 | 2021-02-03 | 2024-02-08 | 3.97% |
| (v) | 22 CS C1 | RMB | 500 | 2022-07-22 | 2025-07-22 | 3.03% |
| (vi) | Subordinated Fixed Rate Bonds (note) | RMB | 30,000 | 2018-09-13 | 2028-09-13 | 4.96% |
| (vii) | Subordinated Fixed Rate Bonds (note) | RMB | 20,000 | 2018-10-22 | 2028-10-22 | 4.80% |
| (viii) | Subordinated Fixed Rate Bonds | RMB | 40,000 | 2020-08-14 | 2030-08-14 | 3.87% |

Note:

The subordinated fixed rate bonds are issued by CITIC Bank and redeemed in 2023 before maturity.

**(d) Certificates of deposit issued**

These certificates of deposit were issued by CBI with interest rate of 5.85%~5.90% per annum (31 December 2022: 2.76%~5.37%).

**(e) Certificates of interbank deposit issued**

As at 31 December 2023, CITIC Bank issued certain certificates of interbank deposit with a total value of RMB705,273 million (31 December 2022: RMB720,080 million). The yield ranges from 2.16% to 2.75% per annum (31 December 2022: 1.65% to 2.68% per annum). The original expiry terms are between one month to one year (31 December 2022: between three month to one year).

**(f) Convertible corporate bonds**

As approved by the relevant regulatory authorities in China, CITIC Bank made a public offering of RMB40,000 million A-share convertible corporate bonds (the "convertible bonds") on 4 March 2019. CITIC Corporation, as its parent company, has subscribed RMB26,388 million, 65.97% of the total corporate bonds, which is the same percentage of the Group's interest in CITIC Bank's common shares, and it was transferred to CITIC Financial Holdings Co., Ltd. at nil consideration on 22 June 2022. The convertible bonds of CITIC Bank have a term of six years from 4 March 2019 to 3 March 2025, at coupon rates of 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year. The conversion of these convertible bonds begins on the first trading day (8 March 2019) after six months upon the completion date of the offering until the maturity date (from 11 September 2019 to 3 March 2025). As at 31 December 2023, convertible bonds (including accrued interest) were recorded as debt instruments issued of RMB13,728 million and non-controlling interests of RMB1,051 million, respectively.

As approved by the relevant regulatory authorities in China, CITIC Pacific Special Steel Group Co., Ltd. made a public offering of RMB5,000 million A-share convertible corporate bonds (the "convertible bonds") on 25 February 2022. The convertible bonds of CITIC Pacific Special Steel Group Co., Ltd. have a term of 6 years from 25 February 2022 to 24 February 2028, at coupon rates of 0.2% for the first year, 0.4% for the second year, 0.9% for the third year, 1.3% for the fourth year, 1.6% for the fifth year and 2.0% for the sixth year. The conversion of these convertible bonds begins on the first trading day (3 March 2022) after six months upon the completion date of the offering until the maturity date (from 5 September 2022 to 24 February 2028). As at 31 December 2023, convertible bonds were recorded as debt instruments issued of RMB4,776 million and non-controlling interests of RMB693 million, respectively.

**(g) Beneficiary certificates**

The beneficiary certificates vouchers are issued by CITIC Securities. As at 31 December 2023, the balance of the outstanding beneficiary certificates issued by CITIC Securities with original maturity within one year (including accrued interest) amounted to RMB21,425 million, with coupon rates ranging from 1.99% to 4.00% per annum (31 December 2022: RMB6,027 million, with coupon rates ranging from 1.60% to 4.00% per annum) and the balance of the outstanding beneficiary certificates issued by CITIC Securities with original maturity greater than one year (including accrued interest) amounted to RMB250 million, with coupon rates ranging from 2.50% to 2.80% per annum (31 December 2022: RMB28 million, with coupon rates ranging from 2.00% to 3.40% per annum).

# 46 Provisions

| | Environmental restoration expenditures | Others | Total |
|---|---|---|---|
| **Provisions (excluding impairment loss of credit commitments and guarantees provided)** | | | |
| At 1 January 2022 (Restated) | 1,743 | 4,129 | 5,872 |
| Exchange differences | 22 | 9 | 31 |
| Business combinations | – | 889 | 889 |
| (Reversal)/charge for the year | (70) | 162 | 92 |
| Payments made during the year | – | (903) | (903) |
| At 31 December 2022 (Restated) | 1,695 | 4,286 | 5,981 |
| At 1 January 2023 (Restated) | 1,695 | 4,286 | 5,981 |
| Exchange differences | 35 | (2) | 33 |
| Reversal for the year | (190) | (575) | (765) |
| Payments made during the year | – | (1,615) | (1,615) |
| At 31 December 2023 | 1,540 | 2,094 | 3,634 |

| **Impairment loss of credit commitments and guarantees provided** | **Total** |
|---|---|
| At 1 January 2022 (Restated) | 14,489 |
| Exchange differences | 54 |
| Decreases | (3,114) |
| At 31 December 2022 (Restated) | 11,429 |
| At 1 January 2023 (Restated) | 11,429 |
| Exchange differences | 27 |
| Additions | 1,040 |
| At 31 December 2023 | 12,496 |
| Total | |
| At 31 December 2022 (Restated) | 17,410 |
| At 31 December 2023 | 16,130 |

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*For the year ended 31 December 2023*

# 47 Share capital and reserves

## (a) Share capital

As at 31 December 2023, the number of ordinary shares in issue of the Company was 29,090,262,630 (31 December 2022: 29,090,262,630).

## (b) Nature and purpose of reserves

**(i) Capital reserve**

Considerations paid to acquire subsidiaries under common control, for instance, in 2014, a total consideration of RMB226,996 million paid by the Company to acquire the shares of CITIC Corporation, are debited against the capital reserve in the Group's consolidated financial statements. In addition, gains or losses from transactions with non-controlling interests are directly debited or credited to the capital reserve in the Group's consolidated financial statements.

**(ii) Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedge pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedge in Note 2(l)(ii).

**(iii) Investment related reserves**

The investment related reserves comprise the cumulative net change in the fair value of investments in financial assets at FVOCI until the financial assets are derecognised and share of other comprehensive income of associates and joint ventures, and are dealt with in accordance with the accounting policies set out in Note 2(k)(i) and Note 2(h), respectively.

**(iv) General reserve**

Pursuant to the relevant notices issued by regulatory bodies, certain subsidiaries under comprehensive financial services segment in Chinese mainland are required to set aside a general reserve to cover potential losses.

**(v) Exchange reserve**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(j).

## (c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's stability and growth, so that it can continue to provide returns for shareholders.

The Group actively and regularly reviews and manages its capital structure, with reference to such financial ratios like debt (total of debt instruments issued and bank and other loans) to total equity ratio, to maintain a balance between the higher shareholders' returns that might be possible with of borrowings obtained and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Certain subsidiaries under comprehensive financial services segment are subject to capital adequacy requirements imposed by the external regulators. There was no non-compliance of capital requirements as at 31 December 2023 (31 December 2022: Nil).

# 48 Movement of allowances for impairment losses

| | For the year ended 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | At 1 January (Restated) | Charge/ (reversal) | Write-offs/ transfer out | Exchange differences and others (note(i)) | At 31 December |
| **Allowances for expected credit losses** | | | | | |
| Deposits and placements with banks and non-bank financial institutions (Note 19 and 21) | **238** | **(39)** | **–** | **3** | **202** |
| Receivables (excluding prepayments) (Note 23) | **13,737** | **4,651** | **(38)** | **169** | **18,519** |
| Loans and advances to customers and other parties (Note 27) | **137,711** | **49,572** | **(61,894)** | **14,266** | **139,655** |
| Investments in financial assets (Note 29) | | | | | |
| – Financial assets at amortised cost | **31,532** | **2,467** | **(5,501)** | **86** | **28,584** |
| – Debt investments at FVOCI | **3,069** | **1,250** | **(1,488)** | **453** | **3,284** |
| Credit commitments and guarantees provided (Note 46) | **11,429** | **1,041** | **(1)** | **27** | **12,496** |
| Others (note(ii)) | **7,356** | **6,673** | **(5,105)** | **486** | **9,410** |
| | **205,072** | **65,615** | **(74,027)** | **15,490** | **212,150** |
| **Allowances for impairment losses** | | | | | |
| Inventories (Note 25) | **6,514** | **3,403** | **(214)** | **339** | **10,042** |
| Interests in associates (Note 32) | **7,923** | **635** | **(431)** | **131** | **8,258** |
| Interests in joint ventures (Note 33) | **1,342** | **–** | **–** | **176** | **1,518** |
| Fixed assets (Note 34) | **42,521** | **(338)** | **(33)** | **898** | **43,048** |
| Intangible assets | **14,927** | **–** | **(7)** | **214** | **15,134** |
| Prepayments (Note 23) | **77** | **23** | **–** | **–** | **100** |
| Goodwill (Note 35) | **6,134** | **26** | **–** | **–** | **6,160** |
| Other assets | **1,933** | **846** | **(539)** | **101** | **2,341** |
| | **81,371** | **4,595** | **(1,224)** | **1,859** | **86,601** |
| | **286,443** | **70,210** | **(75,251)** | **17,349** | **298,751** |

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*For the year ended 31 December 2023*

## 48 Movement of allowances for impairment losses (Continued)

| | For the year ended 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | At 1 January (Restated) | Charge (Restated) | Write-offs/ transfer out (Restated) | Exchange differences and others (Restated) (note(i)) | At 31 December (Restated) |
| **Allowances for expected credit losses** | | | | | |
| Deposits and placements with banks and non-bank financial institutions (Note 19 and 21) | 235 | 2 | – | 1 | 238 |
| Receivables (excluding prepayments) (Note 23) | 10,447 | 5,023 | (2,293) | 560 | 13,737 |
| Loans and advances to customers and other parties (Note 27) | 126,645 | 57,097 | (58,033) | 12,002 | 137,711 |
| Investments in financial assets (Note 29) | | | | | |
| – Financial assets at amortised cost | 29,949 | 2,220 | (2,581) | 1,944 | 31,532 |
| – Debt investments at FVOCI | 2,387 | 716 | (138) | 104 | 3,069 |
| Credit commitments and guarantees provided (Note 46) | 14,489 | 7,999 | (11,113) | 54 | 11,429 |
| Others (note(ii)) | 4,316 | 5,948 | (4,354) | 1,446 | 7,356 |
| | 188,468 | 79,005 | (78,512) | 16,111 | 205,072 |
| **Allowances for impairment losses** | | | | | |
| Inventories (Note 25) | 6,040 | 403 | (353) | 424 | 6,514 |
| Interests in associates (Note 32) | 4,969 | 2,581 | (40) | 413 | 7,923 |
| Interests in joint ventures (Note 33) | 1,217 | 15 | – | 110 | 1,342 |
| Fixed assets (Note 34) | 39,632 | 70 | (289) | 3,108 | 42,521 |
| Intangible assets | 13,710 | – | – | 1,217 | 14,927 |
| Prepayments (Note 23) | 64 | 12 | – | 1 | 77 |
| Goodwill (Note 35) | 1,697 | 4,363 | (22) | 96 | 6,134 |
| Other assets | 1,836 | 140 | (233) | 190 | 1,933 |
| | 69,165 | 7,584 | (937) | 5,559 | 81,371 |
| | 257,633 | 86,589 | (79,449) | 21,670 | 286,443 |

Notes:

(i) Others include recovery of loans written off.

(ii) Movement of allowances for accrued interest of loans and advances to customers and other parties, investments in financial assets are included in others.

# 49 Contingent liabilities and commitments

## (a) Credit commitments

Credit commitments in connection with the Group take the form of loan commitments, credit card commitments, guarantees, letters of credit and acceptances.

Loan commitments represent the undrawn amount of approved loans with signed contracts. Credit card commitments represent the credit card overdraft limits authorised by the Group. Guarantees and letters of credit represent guarantee provided by the Group to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category as at the financial position date are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognised as at the financial position date if counterparties failed to perform as contracted.

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Contractual amount | | |
| Loan commitments | | |
| With an original maturity of within 1 year | **13,995** | 16,319 |
| With an original maturity of 1 year or above | **32,773** | 41,642 |
| | **46,768** | 57,961 |
| Credit card commitments | **779,947** | 704,268 |
| Acceptances | **866,662** | 795,833 |
| Letters of credit | **256,241** | 270,837 |
| Guarantees | **237,037** | 186,617 |
| | **2,186,655** | 2,015,516 |

## (b) Credit commitments analysed by credit risk weighted amount

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Credit risk weighted amount on credit commitments | **602,231** | 541,153 |

Notes:

(i) The above credit risk weighted amount is solely in connection with the credit commitments held by CITIC Bank under the comprehensive financial services segment of the Group.

(ii) The credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the former China Banking and Insurance Regulatory Commission and depends on the status of counterparties and the maturity characteristics. The risk weighting used is ranging from 0% to 150%.

# Notes to the Consolidated Financial Statements

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## 49 Contingent liabilities and commitments (Continued)

### (c) Redemption commitment for treasury bonds

As an underwriting agent of PRC treasury bonds, CITIC Bank has the responsibility to buy back those bonds sold by it, should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the treasury bond holders are calculated in accordance with relevant rules of the Ministry of Finance and the People's Bank of China. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of treasury bonds underwritten and sold by CITIC Bank, but not yet matured at the financial position date:

| | **As at 31 December** | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Redemption commitment for treasury bonds | **2,735** | 2,904 |

The original terms of the above treasury bonds range from one to five years. The Group believes that the amount of treasury bonds accepted in advance before the maturity date is insignificant. The Ministry of Finance will not timely pay the treasury bonds which are accepted in advance, but will pay the principal and interest according to the issuance agreement when the treasury bonds mature.

### (d) Guarantees provided

Except for guarantees that have been recognised as liabilities, the guarantees issued by the Group at the financial position date are as follows:

| | **As at 31 December** | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Related parties (note) | **7,344** | 6,969 |
| Third parties | **3,600** | 3,200 |
| | **10,944** | 10,169 |

# 49 Contingent liabilities and commitments (Continued)

## (d) Guarantees provided (Continued)

As at balance date, the counter guarantees issued to the Group by related parties and third parties mentioned above are as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Related parties (note) | **1,114** | 1,000 |
| Third parties | **155** | – |
| | **1,269** | 1,000 |

Note:

As at 31 December 2023, the guarantees provided to related parties by the Group include guarantees provided to former subsidiaries of the Group that were disposed to China Overseas Land & Investment Limited ("China Overseas") in 2016, amounting to RMB1,000 million (31 December 2022: RMB1,000 million). China Overseas has provided counter guarantees to the Group.

The relationship and transaction with related parties are disclosed in Note 51.

## (e) Outstanding litigation and disputes

The Group is involved in a number of current and pending legal proceedings. The Group provided for liabilities arising from those legal proceedings in which the outflow of economic benefit is probable and can be reliably estimated in the consolidated statement of financial position. The Group believes that these accruals are reasonable and adequate.

(i) There are a number of disputes with Mineralogy, and their details are disclosed in Note 3(k).

(ii) There are some issues in dispute with MCC, and their details are disclosed in Note 3(l).

## (f) Capital commitments

As at the financial position date, the Group had the following capital commitments not provided for in these consolidated financial statements:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Contracted for | **15,201** | 22,345 |

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# 50 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the business of the Group. The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly updates and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with policies and procedures.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

## (a) Credit risk

**Credit risk management**

Credit risk refers to the risk of loss caused by default of debtor or counterparty. Credit risk also occurs when the Group makes unauthorised or inappropriate loans and advances to customers, financial commitments or investments. The credit risk exposures of the Group mainly arise from the Group's loans and advances to customers, bonds, interbank business, receivables, lease receivables, other debt investments, off-balance sheet items such as credit commitments, financing businesses including margin financing and securities lending, and also stock-pledged repo.

The Group has standardised management on the entire credit business process including loan application, and its investigation approval and granting of loan, and monitoring of non-performing loans. Through strictly standardising the credit business process, strengthening the whole process management of pre-loan investigation, credit rating and credit granting, examination and approval, loan review and post-loan monitoring, improving the risk of slow-release of collateral, accelerating the liquidation and disposal of non-performing loans, and promoting the upgrading and transformation of credit management system, the credit risk management level of the Group has been comprehensively improved.

In addition to the credit risk to the Group caused by credit assets, for treasury business, the Group manages the credit risk for treasury business through prudently selecting peers and other financial institutions with comparable credit levels as counterparties, balancing credit risk with returns on investment, comprehensively considering internal and external credit rating information, granting credit hierarchy, and using credit management system to review and adjust credit commitments on a timely basis, etc. In addition, the Group provides off-balance sheet commitment and guarantee business to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

The Group's credit risk of securities financing transactions mainly arises from the provision of false information by customers, failure to repay liabilities at required time limit, violation of contractual agreements on size and structure of positions, violation of regulatory requirements on transactions and involvement of legal disputes on assets provided as collateral. The Company primarily adopts the risk education, credit collection, credit granting, daily marking-to-market, customer risk alert, mandatory liquidation, judicial recourse and other methods to control those credit risks.

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

**Credit risk management** (Continued)

The Group is also confronted with credit risk resulting from receivables that arising from sale of goods and rendering of services within the non-comprehensive financial services segments. The relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available.

**Measurement of ECL**

The Group adopts the "ECL model" on its debt instruments which are classified as financial assets measured at amortised cost and at FVOCI, margin accounts, credit commitments and financial guarantees in accordance with the provisions of HKFRS 9.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade and other receivables and contract assets, regardless of whether there is significant financing component or not. For other financial assets that are included in the measurement of ECL, the Group evaluates whether the credit risks of related financial assets have increased significantly since initial recognition. The "three-stage" impairment model is used to measure their loss allowances respectively to recognise ECL and their movements:

Stage 1: Financial instruments with no significant increase in credit risk since its initial recognition will be classified as "stage 1" and the Group continuously monitors their credit risk. The loss allowances of financial instruments in stage 1 are measured based on the ECL in the next 12 months, which represents the proportion of the ECL in the lifetime due to possible default events in the next 12 months.

Stage 2: If there is a significant increase in credit risk since initial recognition, the Group transfers the related financial instruments to stage 2, but it will not be considered as credit-impaired instruments. The ECL of financial instruments in stage 2 is measured based on the lifetime ECL.

Stage 3: If a financial asset has shown signs of credit impairment from initial recognition, it will be moved to Stage 3. The expected credit losses of financial assets in Stage 3 are measured based on the lifetime expected credit losses.

Purchased or originated credit-impaired financial assets refers to financial assets that are credit-impaired at the initial recognition. Loss allowances on these assets are the lifetime ECL.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 50 Financial risk management and fair values (Continued)

### (a) Credit risk (Continued)

**Measurement of ECL** (Continued)

The Group estimates the ECL in accordance with HKFRS 9, and the key judgments and assumptions adopted by the Group are as follows:

**(1) Significant increase in credit risk**

On each financial position date, the Group evaluates whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. When one or more on quantitative or qualitative threshold, or upper limit are triggered, the credit risk of financial instruments would be considered as increased significantly.

By setting quantitative and qualitative threshold, and upper limit, the Group determines whether the credit risk of financial instruments has increased significantly since initial recognition. The judgment mainly includes the number of overdue days, the absolute level and relative level of the change of default probability, the change of credit risk classification and other conditions indicating significant changes in credit risk.

**(2) Definition of default and credit-impaired assets**

When credit impairment occurred, the Group defines that the financial asset is in default. In general, a financial asset that is overdue for more than 90 days is considered to be in default.

When one or more events that adversely affect the expected future cash flow of a financial asset occurs, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information:

– The issuer or borrower/debtor is in significant financial difficulties;

– The borrower/debtor is in breach of financial covenant(s) such as default or overdue in repayment of interests or principal etc.;

– The creditor gives the debtor concession that would not be offered otherwise, considering economic or contractual factors relating to the debtor's financial difficulties;

– It is becoming probably that the borrower/debtor will enter bankruptcy or other debt restructuring;

– An active market for that financial asset has disappeared because of financial difficulties from issuer or borrower/debtor;

– Financing financial assets are subject to mandatory liquidation measures and the collateral value is no longer sufficient for financing amounts;

– Violation grade for bond issuers or bonds in the latest external rating;

– Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The Group's default definition has been consistently applied to the modeling of default probability, default risk exposure and default loss rate in the Group's expected credit loss calculation process.

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

**Measurement of ECL** (Continued)

**(3) Inputs for measurement of ECL**

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred or whether an asset is considered to be credit-impaired. Related definitions are as follows:

– The probability of default ("PD") represents the likelihood of a borrower/debtor defaulting on its financial obligations, either over the next 12 months or over the remaining lifetime of the obligation.

– Loss given default ("LGD") represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis.

– Exposure at default ("EAD") is based on the amounts that the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime of the obligation.

The Group regularly monitors and reviews the assumptions related to the calculation of expected credit losses, including the PD and the change in the value of collateral over time.

The Group categorises exposures with similar risk characteristics and estimates the PD, LGD, EAD by the exposures respectively. During the year of 2023, based on data accumulation, the Group optimised and updated relevant models and parameters. The Group has obtained sufficient information to ensure its statistical reliability. ECL of the Group is measured based on the continuous assessment and follow-up of individuals and their financial status.

**(4) Forward-looking information**

The assessment of significant increase in credit risk and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each asset portfolio.

These economic variables have different impacts on the PD and LGD of different risk groups. Expert judgment has also been applied in this process, forecasts of these economic variables are estimated by the experts of the Group on a semi-annually basis, and the impact of these economic variables on the PD and the LGD was determined by the results of expert judgement.

In addition to the base economic scenario, the Group determines the possible scenarios and their weighted by a combination of statistical analysis and expert judgment. The Group measures ECL as either a probability weighted 12 months ECL (stage 1) or a probability weight lifetime ECL (stage 2 and stage 3). These probability-weighted ECL are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

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*For the year ended 31 December 2023*

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

**Measurement of ECL** (Continued)

**(4) Forward-looking information** (Continued)

*Macroeconomic scenario and weighting information*

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio, which mainly include Domestic GDP, producer price index, the total retail sales of consumer goods, consumer price index, narrow money supply and per capita disposable income of urban residents, etc. Based on comprehensive considerations of internal and external data, expert forecasts, and the best estimate of future outcomes, the Group makes regular forecasts of the macro indicators in three macro-economic scenarios, i. e., the positive, neutral and negative scenarios, to determine the coefficients for forward-looking adjustments. Neutral is defined as the most likely to happen in the future, as compared to other scenarios. Positive scenario and negative scenario represent the likely scenario that is better off or worse off as compared to the neutral scenario.

**(i) Maximum credit risk exposure**

The maximum exposure to credit risk as at the financial position date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the statement of financial position after deducting any impairment allowance. A summary of the maximum credit risk exposure of financial instruments for which allowance for impairment losses is recognised is as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Deposits with central banks, banks and non-bank financial institutions | **620,631** | 671,723 |
| Placements with banks and non-bank financial institutions | **237,742** | 217,354 |
| Trade and other receivables | **231,150** | 191,430 |
| Financial assets held under resale agreements | **164,983** | 45,713 |
| Loans and advances to customers and other parties | **5,374,582** | 5,038,853 |
| Refundable deposits | **62,182** | 69,158 |
| Margin accounts | **118,746** | 106,976 |
| Investments in financial assets | | |
| – At amortised cost | **1,076,039** | 1,124,596 |
| – Debt investments at FVOCI | **967,803** | 873,367 |
| Cash held on behalf of customers | **239,019** | 245,723 |
| Contract assets | **24,312** | 20,728 |
| Other financial assets | **5,986** | 4,531 |
| | **9,123,175** | 8,610,152 |
| Credit commitments and guarantees provided | **2,197,389** | 2,025,685 |
| Maximum credit risk exposure | **11,320,564** | 10,635,837 |

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (i) Maximum credit risk exposure (Continued)

The maximum credit risk exposure for debt instruments at the financial position date without taking into consideration of any collateral held or other credit enhancement is represented by the balance of each type of debt instruments in the statement of financial position. A summary of the maximum exposure is as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Derivative financial instruments | **77,562** | 80,867 |
| Loans and advances to customers and other parties at FVPL | **5,558** | 3,881 |
| Investments in financial assets | | |
| – Financial assets at FVPL (debt instruments) | **924,942** | 804,510 |
| Maximum credit risk exposure | **1,008,062** | 889,258 |

### (ii) Expected credit losses

The following table explains the changes in the gross carrying amount for loans and advances to customers and other parties using ECL model to assess allowance for impairment loss for the year:

| | For the year ended 31 December 2023 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balance at 1 January 2023 | **5,003,058** | **92,278** | **81,012** | **5,176,348** |
| Movements: | | | | |
| Net transfers out from stage 1 | **(104,736)** | **–** | **–** | **(104,736)** |
| Net transfers into stage 2 | **–** | **25,746** | **–** | **25,746** |
| Net transfers into stage 3 | **–** | **–** | **78,990** | **78,990** |
| Net increase/(decrease) during the year (note (i)) | **436,662** | **(21,286)** | **(26,889)** | **388,487** |
| Write-offs | **–** | **–** | **(61,895)** | **(61,895)** |
| Others (note (ii)) | **10,150** | **240** | **931** | **11,321** |
| Balance at 31 December 2023 | **5,345,134** | **96,978** | **72,149** | **5,514,261** |

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*For the year ended 31 December 2023*

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (ii) Expected credit losses (Continued)

| | For the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Stage 1 (Restated) | Stage 2 (Restated) | Stage 3 (Restated) | Total (Restated) |
| Balance at 1 January 2022 | 4,710,367 | 89,678 | 75,766 | 4,875,811 |
| Movements: | | | | |
| Net transfers out from stage 1 | (110,179) | – | – | (110,179) |
| Net transfers into stage 2 | – | 24,742 | – | 24,742 |
| Net transfers into stage 3 | – | – | 85,437 | 85,437 |
| Net increase/(decrease) during the year (note (i)) | 376,727 | (24,051) | (23,244) | 329,432 |
| Write-offs | – | – | (58,032) | (58,032) |
| Others (note (ii)) | 26,143 | 1,909 | 1,085 | 29,137 |
| Balance at 31 December 2022 | 5,003,058 | 92,278 | 81,012 | 5,176,348 |

The following table explains the changes in the gross carrying amount for investments in financial assets using ECL model to assess allowance for impairment loss for the year:

| | **For the year ended 31 December 2023** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balance at 1 January 2023 | **1,965,750** | **5,433** | **58,350** | **2,029,533** |
| Movements: | | | | |
| Business combinations | **1,724** | **–** | **–** | **1,724** |
| Net transfers out from stage 1 | **(6,511)** | **–** | **–** | **(6,511)** |
| Net transfers into stage 2 | **–** | **4,637** | **–** | **4,637** |
| Net transfers into stage 3 | **–** | **–** | **1,874** | **1,874** |
| Net increase/(decrease) during the year (note (i)) | **46,792** | **(2,945)** | **(3,449)** | **40,398** |
| Write-offs | **–** | **–** | **(6,510)** | **(6,510)** |
| Others (note (ii)) | **7,125** | **112** | **82** | **7,319** |
| Balance at 31 December 2023 | **2,014,880** | **7,237** | **50,347** | **2,072,464** |

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (ii) Expected credit losses (Continued)

| | For the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Stage 1 (Restated) | Stage 2 (Restated) | Stage 3 (Restated) | Total (Restated) |
| Balance at 1 January 2022 | 1,781,965 | 18,796 | 51,729 | 1,852,490 |
| Movements: | | | | |
| Business combinations | 62,713 | 1,578 | – | 64,291 |
| Net transfers out from stage 1 | (3,879) | – | – | (3,879) |
| Net transfers out from stage 2 | – | (10,917) | – | (10,917) |
| Net transfers into stage 3 | – | – | 14,795 | 14,795 |
| Net increase/(decrease) during the year (note (i)) | 111,652 | (3,909) | (5,682) | 102,061 |
| Write-offs | – | – | (2,719) | (2,719) |
| Others (note (ii)) | 13,299 | (115) | 227 | 13,411 |
| Balance at 31 December 2022 | 1,965,750 | 5,433 | 58,350 | 2,029,533 |

Notes:

(i) Net increase/(decrease) mainly includes changes in carrying amount due to newly purchased or originated credit-impaired financial assets or de-recognition excluding write-offs.

(ii) Others includes net changes in accrued interest and effect of exchange differences during the year.

Movements of the loss allowances for loans and advances to customers and other parties using ECL model to assess allowance for impairment loss for the year is as follows:

| | **For the year ended 31 December 2023** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balance at 1 January 2023 | **62,124** | **22,675** | **53,325** | **138,124** |
| Movements (note (i)): | | | | |
| Net transfers out from stage 1 | **(3,045)** | **–** | **–** | **(3,045)** |
| Net transfers into stage 2 | **–** | **9,082** | **–** | **9,082** |
| Net transfers into stage 3 | **–** | **–** | **34,776** | **34,776** |
| Net increase/(decrease) during the year (note (ii)) | **6,875** | **(4,027)** | **(7,030)** | **(4,182)** |
| Write-offs | **–** | **–** | **(61,895)** | **(61,895)** |
| Parameters change for the year (note (iii)) | **(1,170)** | **(149)** | **14,257** | **12,938** |
| Others (note (iv)) | **70** | **(364)** | **14,831** | **14,537** |
| Balance at 31 December 2023 | **64,854** | **27,217** | **48,264** | **140,335** |

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*For the year ended 31 December 2023*

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (ii) Expected credit losses (Continued)

| | For the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Stage 1 (Restated) | Stage 2 (Restated) | Stage 3 (Restated) | Total (Restated) |
| Balance at 1 January 2022 | 51,807 | 25,895 | 49,177 | 126,879 |
| Movements (note (i)): | | | | |
| Net transfers out from stage 1 | (2,839) | – | – | (2,839) |
| Net transfers out from stage 2 | – | (1,224) | – | (1,224) |
| Net transfers into stage 3 | – | – | 37,959 | 37,959 |
| Net increase/(decrease) during the year (note (ii)) | 6,230 | (4,602) | (14,162) | (12,534) |
| Write-offs | – | – | (58,033) | (58,033) |
| Parameters change for the year (note (iii)) | 7,408 | 567 | 27,784 | 35,759 |
| Others (note (iv)) | (481) | 2,039 | 10,599 | 12,157 |
| Balance at 31 December 2022 | 62,125 | 22,675 | 53,324 | 138,124 |

Movements of the loss allowances for investments in financial assets using ECL model to assess allowance for impairment loss for the year is as follows:

| | **For the year ended 31 December 2023** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Balance at 1 January 2023 | **5,072** | **1,532** | **28,035** | **34,639** |
| Movements (note (i)): | | | | |
| Net transfers out from stage 1 | **(245)** | **–** | **–** | **(245)** |
| Net transfers into stage 2 | **–** | **717** | **–** | **717** |
| Net transfers into stage 3 | **–** | **–** | **893** | **893** |
| Net increase during the year (note (ii)) | **397** | **63** | **2,543** | **3,003** |
| Write-offs | **–** | **–** | **(6,510)** | **(6,510)** |
| Parameters change for the year (note (iii)) | **6** | **(676)** | **(351)** | **(1,021)** |
| Others (note (iv)) | **375** | **3** | **52** | **430** |
| Balance at 31 December 2023 | **5,605** | **1,639** | **24,662** | **31,906** |

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (ii) Expected credit losses (Continued)

| | For the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Stage 1 (Restated) | Stage 2 (Restated) | Stage 3 (Restated) | Total (Restated) |
| Balance at 1 January 2022 | 7,030 | 5,725 | 19,683 | 32,438 |
| Movements (note (i)): | | | | |
| Net transfers out from stage 1 | (309) | – | – | (309) |
| Net transfers out from stage 2 | – | (3,602) | – | (3,602) |
| Net transfers into stage 3 | – | – | 8,168 | 8,168 |
| Net increase/(decrease) during the year (note (ii)) | 1,426 | (720) | (1,592) | (886) |
| Write-offs | – | – | (2,719) | (2,719) |
| Parameters change for the year (note (iii)) | (1,200) | 57 | 2,468 | 1,325 |
| Others (note (iv)) | (1,875) | 72 | 2,027 | 224 |
| Balance at 31 December 2022 | 5,072 | 1,532 | 28,035 | 34,639 |

Notes:

(i) Movements mainly includes the impacts to ECL due to changes in stages.

(ii) Net increase/(decrease) mainly includes changes in allowance of impairment due to newly purchased or originated credit-impaired financial assets or de-recognition excluding write-offs.

(iii) Parameters change mainly includes the impacts to ECL due to unwinding of discount, regular update on modeling parameters resulting from changes in PD and LGD excluding changes in stages.

(iv) Others include changes of impairment losses of accrued interest, recovery of loans written off and effect of exchange differences.

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*For the year ended 31 December 2023*

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (iii) Loans and advances to customers and other parties analysed by industry sector:

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **2023** | | | 2022 | | |
| | **Gross balance** | **%** | **Loans and advances secured by collateral** | Gross balance (Restated) | % | Loans and advances secured by collateral (Restated) |
| Corporate loans | | | | | | |
| – Real estate | **264,352** | **5%** | **170,149** | 280,771 | 5% | 231,897 |
| – Rental and business services | **532,395** | **10%** | **148,751** | 495,897 | 9% | 193,562 |
| – Manufacturing | **477,610** | **9%** | **179,327** | 407,586 | 8% | 171,457 |
| – Water, environment and public utility management | **432,724** | **8%** | **104,234** | 413,399 | 8% | 129,983 |
| – Wholesale and retail | **215,348** | **4%** | **100,650** | 177,917 | 3% | 95,000 |
| – Transportation, storage and postal services | **139,241** | **3%** | **63,159** | 149,892 | 3% | 79,475 |
| – Construction | **123,776** | **2%** | **45,390** | 103,600 | 2% | 54,690 |
| – Production and supply of electric power, gas and water | **98,121** | **1%** | **39,809** | 89,708 | 2% | 41,650 |
| – Public management and social organisations | **50,914** | **2%** | **18,399** | 8,674 | 1% | 1,930 |
| – Others | **354,160** | **6%** | **90,198** | 396,931 | 8% | 117,282 |
| | **2,688,641** | **50%** | **960,066** | 2,524,375 | 49% | 1,116,926 |
| Personal loans | **2,294,540** | **40%** | **1,510,757** | 2,126,533 | 41% | 1,423,097 |
| Discounted bills | **516,450** | **9%** | **–** | 511,936 | 9% | – |
| | **5,499,631** | **99%** | **2,470,823** | 5,162,844 | 99% | 2,540,023 |
| Accrued interest | **20,188** | **1%** | **–** | 17,385 | 1% | – |
| | **5,519,819** | **100%** | **2,470,823** | 5,180,229 | 100% | 2,540,023 |

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (iv) Loans and advances to customers and other parties analysed by geographical sector:

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **2023** | | | 2022 | | |
| | **Gross balance** | **%** | **Loans and advances secured by collateral** | Gross balance (Restated) | % | Loans and advances secured by collateral (Restated) |
| Chinese mainland | **5,290,715** | **95%** | **2,374,969** | 4,936,284 | 95% | 2,442,852 |
| Excluding Chinese mainland | **208,916** | **4%** | **95,854** | 226,560 | 4% | 97,171 |
| | **5,499,631** | **99%** | **2,470,823** | 5,162,844 | 99% | 2,540,023 |
| Accrued interest | **20,188** | **1%** | **–** | 17,385 | 1% | – |
| | **5,519,819** | **100%** | **2,470,823** | 5,180,229 | 100% | 2,540,023 |

### (v) Loans and advances to customers and other parties analysed by type of security:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Unsecured loans | **1,543,908** | 1,381,719 |
| Guaranteed loans | **968,338** | 729,166 |
| Secured loans | | |
| – Loans secured by collateral | **2,057,745** | 2,021,158 |
| – Pledged loans | **413,190** | 518,865 |
| | **4,983,181** | 4,650,908 |
| Discounted bills | **516,450** | 511,936 |
| | **5,499,631** | 5,162,844 |
| Accrued interest | **20,188** | 17,385 |
| Gross loans and advances | **5,519,819** | 5,180,229 |

# 50 Financial risk management and fair values (Continued)

## (a) Credit risk (Continued)

### (vi) Rescheduled loans and advances to customers and other parties

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower/debtor, or of the inability of the borrower/debtor to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider.

| | As at 31 December | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | **Gross balance** | **% of total loans and advances** | Gross balance (Restated) | % of total loans and advances |
| Rescheduled loans and advances | **17,742** | **0.32%** | 14,415 | 0.28% |
| – Rescheduled loans and advances overdue more than 3 months | **3,412** | **0.06%** | 6,370 | 0.12% |

### (vii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at 31 December 2023, the Group did not enter into significant enforceable master netting arrangements with counterparties and therefore there were no significant offsettings of any assets and liabilities in the consolidated statement of financial position (31 December 2022: Nil).

## (b) Liquidity risk

Liquidity risk arises when there is mismatch between amounts and maturity dates of financial assets and financial liabilities.

Each of the Group's operating entity formulates liquidity risk management policies and procedures within the Group's overall liquidity risk management framework and takes into consideration of the business and regulatory requirements applicable to individual entity.

The Group manages liquidity risk by holding liquid assets (including deposits, other short-term funds and securities) of appropriate quality and quantity to ensure that short-term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material demand for payments in the ordinary course of business.

# 50 Financial risk management and fair values (Continued)

## (b) Liquidity risk (Continued)

The following tables indicate the analysis by remaining maturities of the Group's financial assets and liabilities at the financial position date:

| | As at 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|
| | **Repayable on demand** | **Within 1 year** | **Between 1 and 5 years** | **More than 5 years** | **Undated (note)** | **Total** |
| Total financial assets | **633,887** | **3,787,860** | **2,683,132** | **2,218,185** | **1,175,944** | **10,499,008** |
| Total financial liabilities | **(3,757,854)** | **(4,326,465)** | **(1,574,515)** | **(150,666)** | **(20,488)** | **(9,829,988)** |
| Financial asset-liability (gap)/surplus | **(3,123,967)** | **(538,605)** | **1,108,617** | **2,067,519** | **1,155,456** | **669,020** |

| | As at 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Repayable on demand (Restated) | Within 1 year (Restated) | Between 1 and 5 years (Restated) | More than 5 years (Restated) | Undated (Restated) (note) | Total (Restated) |
| Total financial assets | 669,432 | 3,460,519 | 2,286,924 | 2,185,295 | 1,222,839 | 9,825,009 |
| Total financial liabilities | (3,572,146) | (4,232,094) | (1,159,660) | (159,734) | (21,346) | (9,144,980) |
| Financial asset-liability (gap)/surplus | (2,902,714) | (771,575) | 1,127,264 | 2,025,561 | 1,201,493 | 680,029 |

The table below presents the undiscounted cash flows of the Group's financial assets and liabilities by remaining maturities at the financial position date:

| | As at 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|
| | **Repayable on demand** | **Within 1 year** | **Between 1 and 5 years** | **More than 5 years** | **Undated (note)** | **Total** |
| Total financial assets | **633,887** | **4,012,527** | **3,200,400** | **2,634,813** | **1,178,943** | **11,660,570** |
| Total financial liabilities | **(3,757,854)** | **(4,474,085)** | **(1,709,326)** | **(178,990)** | **(20,613)** | **(10,140,868)** |
| Financial asset-liability (gap)/surplus | **(3,123,967)** | **(461,558)** | **1,491,074** | **2,455,823** | **1,158,330** | **1,519,702** |

| | As at 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Repayable on demand (Restated) | Within 1 year (Restated) | Between 1 and 5 years (Restated) | More than 5 years (Restated) | Undated (Restated) (note) | Total (Restated) |
| Total financial assets | 669,432 | 3,706,222 | 2,753,203 | 2,717,049 | 1,230,596 | 11,076,502 |
| Total financial liabilities | (3,572,146) | (4,344,067) | (1,273,682) | (174,355) | (21,346) | (9,385,596) |
| Financial asset-liability (gap)/surplus | (2,902,714) | (637,845) | 1,479,521 | 2,542,694 | 1,209,250 | 1,690,906 |

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## 50 Financial risk management and fair values (Continued)

### (b) Liquidity risk (Continued)

Note:

For cash and balances with central banks, the indefinite maturity date amount represented statutory deposit reserve funds and fiscal deposits maintained with the People's Bank of China. For loans and advances to customers and other parties, investments in financial assets, the no fixed maturity date amount represented the balances being credit impaired or overdue for more than one month. Equity investments were also reported under no fixed maturity date.

For loans and advances to customers which are overdue with are one month yet are not impaired, the balances are reported under repayable on demand.

Credit Commitments include bank acceptances, credit card commitments, letters of guarantee issued, loan commitments and letters of credit issued. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

| | **As at 31 December 2023** | | | |
|---|---|---|---|---|
| | **Within 1 year** | **Between 1 and 5 years** | **More than 5 years** | **Total** |
| Loan commitments | **4,288** | **11,889** | **30,591** | **46,768** |
| Guarantees | **154,761** | **81,650** | **626** | **237,037** |
| Letters of credit | **255,368** | **873** | **–** | **256,241** |
| Acceptances | **866,662** | **–** | **–** | **866,662** |
| Credit card commitments | **779,947** | **–** | **–** | **779,947** |
| Total | **2,061,026** | **94,412** | **31,217** | **2,186,655** |

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | Within 1 year (Restated) | Between 1 and 5 years (Restated) | More than 5 years (Restated) | Total (Restated) |
| Loan commitments | 16,728 | 18,427 | 22,806 | 57,961 |
| Guarantees | 119,250 | 65,802 | 1,565 | 186,617 |
| Letters of credit | 269,893 | 944 | – | 270,837 |
| Acceptances | 795,833 | – | – | 795,833 |
| Credit card commitments | 704,268 | – | – | 704,268 |
| Total | 1,905,972 | 85,173 | 24,371 | 2,015,516 |

### (c) Interest rate risk

Each of the Group's operating entities has formulated its own interest risk management policies and procedures covering identification, measurement, monitoring and control of interest risk. The Group manages interest rate risk to control potential loss from interest rate risk at an acceptable level by talking into account market conditions.

# 50 Financial risk management and fair values (Continued)

## (c) Interest rate risk (Continued)

### (i) Asset-liability gap

Interest rate risk arises from mismatch between repricing dates of financial assets and liabilities affected by market interest rate volatility.

| | **As at 31 December 2023** | | | | |
|---|---|---|---|---|---|
| | **Non-interest bearing** | **Within 1 year** | **Between 1 and 5 years** | **More than 5 years** | **Total** |
| Total financial assets | **1,090,623** | **7,076,058** | **1,543,608** | **788,719** | **10,499,008** |
| Total financial liabilities | **(659,532)** | **(7,604,083)** | **(1,421,357)** | **(145,016)** | **(9,829,988)** |
| Financial asset-liability surplus/(gap) | **431,091** | **(528,025)** | **122,251** | **643,703** | **669,020** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Non-interest bearing (Restated) | Within 1 year (Restated) | Between 1 and 5 years (Restated) | More than 5 years (Restated) | Total (Restated) |
| Total financial assets | 1,307,774 | 6,139,735 | 1,887,433 | 490,067 | 9,825,009 |
| Total financial liabilities | (791,361) | (7,071,454) | (1,108,855) | (173,310) | (9,144,980) |
| Financial asset-liability surplus/(gap) | 516,413 | (931,719) | 778,578 | 316,757 | 680,029 |

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# 50 Financial risk management and fair values (Continued)

## (c) Interest rate risk (Continued)

### (ii) Effective interest rate

| | As at 31 December | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | **Effective interest rate** | **RMB million** | Effective interest rate | RMB million (Restated) |
| **Assets** | | | | |
| Cash and deposits | **0.35%~2.07%** | **625,135** | 0.35%~1.75% | 677,327 |
| Placements with banks and non-bank financial institutions | **3.18%** | **237,742** | 2.49% | 217,354 |
| Financial assets held under resale agreements | **1.61%** | **164,983** | 1.45% | 45,713 |
| Loans and advances to customers and other parties | **4.56%** | **5,380,140** | 4.81% | 5,042,734 |
| Investments in financial assets | **2.73%~3.16%** | **3,356,367** | 2.66%~3.55% | 3,143,196 |
| Others | | **1,566,553** | | 1,415,719 |
| | | **11,330,920** | | 10,542,043 |
| **Liabilities** | | | | |
| Borrowing from central banks | **2.61%** | **273,226** | 2.94% | 119,421 |
| Deposits from banks and non-bank financial institutions | **2.12%** | **893,565** | 2.09% | 1,103,099 |
| Placements from banks and non-bank financial institutions | **3.00%** | **150,493** | 2.41% | 108,736 |
| Financial assets sold under repurchase agreements | **2.13%** | **744,571** | 2.00% | 470,477 |
| Deposits from customers | **2.12%** | **5,459,993** | 2.06% | 5,150,772 |
| Bank and other loans | **0.13%~10%** | **235,770** | 1.28%~7.25% | 156,709 |
| Debt instruments issued | **0.88%~6.10%** | **1,221,107** | 2.45%~6.80% | 1,182,140 |
| Others | | **1,015,413** | | 1,016,012 |
| | | **9,994,138** | | 9,307,366 |

# 50 Financial risk management and fair values (Continued)

## (c) Interest rate risk (Continued)

### (iii) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's profit or loss. As at 31 December 2023, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, the Group's profit before taxation would decrease or increase by RMB6,967 million (31 December 2022: decrease or increase by RMB10,038 million).

This sensitivity analysis is based on a static interest rate risk profile of the Group's financial assets and financial liabilities and certain simplified assumptions. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's financial assets and financial liabilities within the one-year period. The analysis is based on the following assumptions: (1) all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature at the beginning of the respective periods; (2) there is a parallel shift in the yield curve and in interest rates; and (3) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's profit before taxation resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

## (d) Currency risk

Currency risk arises from the changes in exchange rates on the Group's foreign currency denominated assets and liabilities. The Group measures its currency risk with foreign currency exposures, and manages currency risk by entering into spot foreign exchange transactions, use of derivatives (mainly foreign forwards and swaps), and matching its foreign currency denominated assets with corresponding liabilities in the same currency.

The revenue from the Group's Sino Iron Project is denominated in US$, and to meet accounting requirements US$ is the functional currency for this entity. A substantial portion of its development and operating expenditure are denominated in Australian Dollars. The Group entered into plain vanilla forward contracts to manage the foreign currency risks.

The Group funded the Sino Iron Project and the acquisition of bulk cargo vessels by borrowing US$ loans to match the future cash outflows of these assets. The Group's investments in the Sino Iron Project and bulk cargo vessels (whose functional currency is in US$) have been designated as an accounting hedge against other US$ loans.

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# 50 Financial risk management and fair values (Continued)

## (d) Currency risk (Continued)

The exposure to currency risk arising from the financial assets and financial liabilities at the financial position dates is as follows (expressed in RMB million):

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | **RMB** | **HK$** | **US$** | **Others** | **Total** |
| Total financial assets | **9,629,011** | **271,879** | **521,594** | **76,524** | **10,499,008** |
| Total financial liabilities | **(8,878,778)** | **(281,967)** | **(611,230)** | **(58,013)** | **(9,829,988)** |
| Financial asset-liability surplus/(gap) | **750,233** | **(10,088)** | **(89,636)** | **18,511** | **669,020** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | RMB (Restated) | HK$ (Restated) | US$ (Restated) | Others (Restated) | Total (Restated) |
| Total financial assets | 9,010,024 | 214,928 | 525,864 | 74,193 | 9,825,009 |
| Total financial liabilities | (8,258,334) | (261,822) | (580,184) | (44,640) | (9,144,980) |
| Financial asset-liability surplus/(gap) | 751,690 | (46,894) | (54,320) | 29,553 | 680,029 |

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's net exchange gain or loss.

Assuming all other risk variables remained constant, 100 basis points strengthening or weakening of RMB against HK$, US$ and other currencies as at 31 December 2023 would decrease or increase the Group's total comprehensive income by RMB1,492 million (31 December 2022: decrease or increase by RMB717 million with 100 basis points strengthening or weakening).

This sensitivity analysis is based on a static foreign exchange exposure profile of financial assets and financial liabilities and certain simplified assumptions. The analysis is based on the following assumptions: (i) the foreign exchange sensitivity is the foreign exchange gain or loss recognised as a result of 100 basis points fluctuation in the in the absolute value of the closing (middle) of each foreign currency against RMB; (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously and do not take into account the correlation effect of changes in different foreign currencies; and (iii) the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's comprehensive income resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

# 50 Financial risk management and fair values (Continued)

## (e) Fair values

### (i) Financial instruments carried at fair value

The following table presents the carrying amounts of financial instruments measured at fair value as at the financial position date across the three levels of the fair value hierarchy defined in HKFRS 13, Fair value measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1: fair values measured using quoted market for similar active markets for identical financial instruments;

– Level 2: fair values measured using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;

– Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

The fair value of the Group's financial assets and financial liabilities are determined as follows:

– If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;

– If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments. If there are no available observable current market transactions prices for similar instruments, quoted prices from counterparty is used for the valuation, and management performs analysis on these prices. Discounted cash flow analysis using the applicable yield curve for the duration of the instruments is used for derivatives other than options, and option pricing models are used for option derivatives.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

## 50 Financial risk management and fair values (Continued)

### (e) Fair values (Continued)

#### (i) Financial instruments carried at fair value (Continued)

| | As at 31 December 2023 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| Bills receivables at FVOCI | **–** | **12,804** | **–** | **12,804** |
| Loans and advances to customers and other parties at FVOCI | **–** | **572,730** | **–** | **572,730** |
| Loans and advances to customers and other parties at FVPL | **–** | **–** | **5,558** | **5,558** |
| Derivative financial assets | **1,464** | **69,761** | **6,337** | **77,562** |
| Investments in financial assets | **555,487** | **1,560,215** | **164,626** | **2,280,328** |
| | **556,951** | **2,215,510** | **176,521** | **2,948,982** |
| **Liabilities** | | | | |
| Financial liabilities at FVPL | **(11,616)** | **(56,308)** | **(20,628)** | **(88,552)** |
| Derivative financial liabilities | **(1,003)** | **(67,524)** | **(5,228)** | **(73,755)** |
| | **(12,619)** | **(123,832)** | **(25,856)** | **(162,307)** |

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | Level 1 (Restated) | Level 2 (Restated) | Level 3 (Restated) | Total (Restated) |
| **Assets** | | | | |
| Bills receivables at FVOCI | – | 4,807 | – | 4,807 |
| Loans and advances to customers and other parties at FVOCI | – | 563,083 | – | 563,083 |
| Loans and advances to customers and other parties at FVPL | – | – | 3,881 | 3,881 |
| Derivative financial assets | 526 | 73,800 | 6,541 | 80,867 |
| Investments in financial assets | 598,342 | 1,281,235 | 139,023 | 2,018,600 |
| | 598,868 | 1,922,925 | 149,445 | 2,671,238 |
| **Liabilities** | | | | |
| Financial liabilities at FVPL | (17,880) | (45,490) | (31,475) | (94,845) |
| Derivative financial liabilities | (1,154) | (66,825) | (4,414) | (72,393) |
| | (19,034) | (112,315) | (35,889) | (167,238) |

For the year ended 31 December 2023, there were no significant transfers between instruments in different levels (2022: Nil) and no significant changes in valuation techniques for determining the fair values of the instruments (2022: Nil).

# 50 Financial risk management and fair values (Continued)

## (e) Fair values (Continued)

### (i) Financial instruments carried at fair value (Continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

| | For the year ended 31 December 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Assets | | | | Liabilities | | |
| | Loans and advances to customers and other parties at FVPL | Derivatives financial assets | Investments in financial assets | Total | Financial liabilities at fair value through profit or loss | Derivatives financial liabilities | Total |
| At 1 January 2023 | 3,881 | 6,541 | 139,023 | 149,445 | (31,475) | (4,414) | (35,889) |
| Total profit/(losses): | 25 | (2,607) | 1,945 | (637) | 4,872 | 5,021 | 9,893 |
| – in profit or loss | 25 | (2,607) | 1,282 | (1,300) | 4,872 | 5,021 | 9,893 |
| – in other comprehensive losses | – | – | 663 | 663 | – | – | – |
| Net settlements | 1,652 | 2,403 | 23,658 | 27,713 | 5,975 | (5,835) | 140 |
| At 31 December 2023 | 5,558 | 6,337 | 164,626 | 176,521 | (20,628) | (5,228) | (25,856) |

| | For the year ended 31 December 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Assets | | | | Liabilities | | |
| | Loans and advances to customers and other parties at FVPL (Restated) | Derivatives financial assets (Restated) | Investments in financial assets (Restated) | Total (Restated) | Financial liabilities at fair value through profit or loss (Restated) | Derivatives financial liabilities (Restated) | Total (Restated) |
| At 1 January 2022 | – | – | 32,447 | 32,447 | (212) | – | (212) |
| Total profit/(losses): | – | 2,262 | 6,055 | 8,317 | (449) | 2,545 | 2,096 |
| – in profit or loss | – | 2,262 | 6,272 | 8,534 | (449) | 2,545 | 2,096 |
| – in other comprehensive losses | – | – | (217) | (217) | – | – | – |
| Net settlements | 3,881 | (629) | (4,336) | (1,084) | 2,520 | (2,598) | (78) |
| Business combinations | – | 4,908 | 104,857 | 109,765 | (33,334) | (4,361) | (37,695) |
| At 31 December 2022 | 3,881 | 6,541 | 139,023 | 149,445 | (31,475) | (4,414) | (35,889) |

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# 50 Financial risk management and fair values (Continued)

## (e) Fair values (Continued)

### (ii) Fair value of other financial instruments (carried at other than fair value)

The carrying amounts and fair values of the Group's financial assets and liabilities, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

| | As at 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | **Level 1** | **Level 2** | **Level 3** |
| **Financial assets** | | | | | |
| Investments in financial assets | | | | | |
| – Financial assets at amortised cost | **1,076,039** | **1,082,341** | **8,885** | **854,990** | **218,466** |
| **Financial liabilities** | | | | | |
| Debt instruments issued | | | | | |
| – Corporate bonds issued | **236,477** | **237,942** | **206,139** | **31,803** | **–** |
| – Notes issued | **154,307** | **154,833** | **4,671** | **150,162** | **–** |
| – Subordinated bonds issued | **83,397** | **84,351** | **7,255** | **77,096** | **–** |
| – Certificates of deposit issued (non-trading) | **1,430** | **1,430** | **–** | **–** | **1,430** |
| – Certificates of interbank deposit issued | **705,317** | **694,130** | **–** | **694,130** | **–** |
| – Convertible corporate bonds issued | **18,504** | **22,315** | **–** | **–** | **22,315** |
| – Beneficiary certificates | **21,675** | **21,675** | **–** | **–** | **21,675** |
| | **1,221,107** | **1,216,676** | **218,065** | **953,191** | **45,420** |

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Carrying amount (Restated) | Fair value (Restated) | Level 1 (Restated) | Level 2 (Restated) | Level 3 (Restated) |
| **Financial assets** | | | | | |
| Investments in financial assets | | | | | |
| – Financial assets at amortised cost | 1,124,596 | 1,130,152 | 7,747 | 886,459 | 235,946 |
| **Financial liabilities** | | | | | |
| Debt instruments issued | | | | | |
| – Corporate bonds issued | 205,424 | 206,516 | 171,756 | 34,760 | – |
| – Notes issued | 130,663 | 140,736 | 11,163 | 129,573 | – |
| – Subordinated bonds issued | 100,374 | 101,501 | 3,462 | 98,039 | – |
| – Certificates of deposit issued (non-trading) | 1,047 | 1,047 | – | – | 1,047 |
| – Certificates of interbank deposit issued | 720,096 | 703,847 | – | 703,847 | – |
| – Convertible corporate bonds issued | 18,481 | 22,426 | – | – | 22,426 |
| – Beneficiary certificates | 6,055 | 6,055 | – | – | 6,055 |
| | 1,182,140 | 1,182,128 | 186,381 | 966,219 | 29,528 |

# 50 Financial risk management and fair values (Continued)

## (e) Fair values (Continued)

### (iii) Estimation of fair values

As at the financial position date, the Group adopted the following major methods and assumptions in estimating the fair value of financial instruments.

**Investments in financial assets and financial liabilities**

Fair value is based on quoted market prices as at the financial position date for trading financial assets and liabilities (excluding derivatives), financial assets held for investment if there is an active market. If an active market does not exist for financial assets held for investment, the fair value is determined using valuation techniques.

**Derivatives**

The fair values of foreign currency and interest rate contracts are either based on their listed market prices or by discount cash flow model at the measurement date.

**Financial guarantees**

The fair values of financial guarantees are determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

# 51 Material related parties

## (a) Relationship of related parties

(i) In addition to subsidiaries, related parties include parent company, holding company's fellow entities, associates and joint ventures of the Group.

(ii) CITIC Group, the parent and the ultimate controlling shareholder of the Group, is a state-owned company established in Beijing in 1979.

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## 51 Material related parties (Continued)

### (b) Related party transactions

#### (i) Transaction amounts with related parties

| | For the year ended 31 December 2023 | | | |
|---|---|---|---|---|
| | **Parent company** | **Holding company's fellow entities** | **Associates and joint ventures** | **Total** |
| Sales of goods | **–** | **164** | **3,030** | **3,194** |
| Purchase of goods | **–** | **1,272** | **22,970** | **24,242** |
| Interest income (note (2)) | **69** | **109** | **1,540** | **1,718** |
| Interest expenses | **84** | **1,791** | **714** | **2,589** |
| Fee and commission income | **64** | **1** | **15** | **80** |
| Fee and commission expenses | **–** | **16** | **1** | **17** |
| Income from other services | **23** | **199** | **4,249** | **4,471** |
| Expenses for other services | **–** | **122** | **133** | **255** |
| Interest income from deposits and receivables | **–** | **–** | **576** | **576** |
| Other operating expenses | **–** | **1,174** | **851** | **2,025** |

| | For the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Parent company (Restated) | Holding company's fellow entities (Restated) | Associates and joint ventures (Restated) | Total (Restated) |
| Sales of goods | – | 159 | 1,510 | 1,669 |
| Purchase of goods | – | 1,397 | 17,254 | 18,651 |
| Interest income (note (2)) | 58 | 114 | 2,710 | 2,882 |
| Interest expenses | 61 | 703 | 537 | 1,301 |
| Fee and commission income | 40 | 2 | 36 | 78 |
| Fee and commission expenses | – | – | 12 | 12 |
| Income from other services | 4 | 101 | 2,312 | 2,417 |
| Expenses for other services | – | 72 | 26 | 98 |
| Interest income from deposits and receivables | 10 | – | 463 | 473 |
| Other operating expenses | – | 62 | 1,929 | 1,991 |

Notes:

(1) These above transactions with related parties were conducted under the normal commercial terms.

(2) Interest rates of loans and advances to the related parties were determined at rates negotiated between the Group and the corresponding related parties on a case by case basis.

(3) During the relevant years, CITIC Bank, a subsidiary of the Group, entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer (i.e. issuance of asset-backed securities in the form of public placement), wealth management, investment, deposit, settlement and clearing, off-balance sheet transactions, and purchase, sale and leases of property. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.

# 51 Material related parties (Continued)

## (b) Related party transactions (Continued)

### (ii) Outstanding balances with related parties

| | As at 31 December 2023 | | | |
|---|---|---|---|---|
| | Parent company | Holding company's fellow entities | Associates and joint ventures | Total |
| Trade and other receivables | 64 | 1,017 | 10,863 | 11,944 |
| Loans and advances to customers and other parties (note (2)) | – | 5,285 | 11,443 | 16,728 |
| Cash and deposits | – | – | 31,170 | 31,170 |
| Derivative financial instruments and other assets | – | 2 | 10,037 | 10,039 |
| Placements with banks and non-bank financial institutions | – | – | 33,881 | 33,881 |
| Investments in financial assets | | | | |
| – Financial assets at FVPL | – | – | 4,900 | 4,900 |
| – Debt instruments at FVOCI | 1,023 | – | 1,366 | 2,389 |
| – Equity investments at FVOCI | – | – | 460 | 460 |
| – Financial assets at amortised cost | 985 | – | – | 985 |
| Contract assets | – | 5 | 918 | 923 |
| Financial assets held under resale agreements | – | 1,182 | – | 1,182 |
| Trade and other payables | 481 | 11,410 | 5,953 | 17,844 |
| Deposits from customers | 19,139 | 9,761 | 19,585 | 48,485 |
| Deposits from bank and non-bank financial institutions | – | – | 19,310 | 19,310 |
| Contract liabilities | 135 | 10 | 1,474 | 1,619 |
| Lease liabilities | – | 191 | 20 | 211 |
| Derivative financial instruments and other liabilities | – | 6 | 241 | 247 |
| Bank and other loans | 254 | 33,136 | – | 33,390 |
| **Off-balance sheet items** | | | | |
| Guarantees provided (note (3)) | – | – | 7,344 | 7,344 |

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## 51 Material related parties (Continued)

### (b) Related party transactions (Continued)

#### (ii) Outstanding balances with related parties (Continued)

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | Parent company (Restated) | Holding company's fellow entities (Restated) | Associates and joint ventures (Restated) | Total (Restated) |
| Trade and other receivables | 63 | 1,045 | 3,844 | 4,952 |
| Loans and advances to customers and other parties (note (2)) | 3,917 | 5,071 | 15,539 | 24,527 |
| Cash and deposits | – | – | 34,126 | 34,126 |
| Derivative financial instruments and other assets | – | 1 | 3,961 | 3,962 |
| Placements with banks and non-bank financial institutions | – | – | 24,005 | 24,005 |
| Investments in financial assets | | | | |
| – Financial assets at FVPL | – | – | 4,817 | 4,817 |
| – Debt instruments at FVOCI | 2,600 | – | – | 2,600 |
| – Financial assets at amortised cost | – | – | 920 | 920 |
| Contract assets | – | 2 | 247 | 249 |
| Financial assets held under resale agreements | – | – | 1,182 | 1,182 |
| Trade and other payables | 172 | 10,799 | 6,396 | 17,367 |
| Deposits from customers | 9,686 | 6,225 | 13,137 | 29,048 |
| Deposits from bank and non-bank financial institutions | – | – | 13,193 | 13,193 |
| Contract liabilities | – | 34 | 759 | 793 |
| Lease liabilities | – | 206 | – | 206 |
| Derivative financial instruments and other liabilities | – | – | 219 | 219 |
| Bank and other loans | 1,488 | 27,393 | – | 28,881 |
| **Off-balance sheet items** | | | | |
| Guarantees provided (note (3)) | – | – | 6,969 | 6,969 |

Notes:

(1) The above transactions with related party transactions which were conducted under the normal commercial terms.

(2) Interest rates of loans and advances to the related parties were determined at rates negotiated among the Group and the corresponding related parties on a case by case basis.

(3) The guarantees provided by the Group to the related parties were based on the terms agreed among the Group and the related parties on a case by case basis.

## 51 Material related parties (Continued)

### (c) Transactions with other state-owned entities in the PRC

In addition to these related party transactions disclosed in Note 51(b), transactions with other state-owned entities include but are not limited to the following:

- sales and purchases of goods and provision of services;
- purchase, sale and leases of property and other assets;
- lending and deposit taking;
- taking and placing of inter-bank balances;
- derivative transactions;
- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services;
- sale, purchase, underwriting and redemption of bonds issued by other state-owned entities; and
- rendering and receiving of utilities and other services.

### (d) Key management personnel remuneration

For the year ended 31 December 2023, the aggregate amount of the remuneration before tax paid to directors and executive officers of the Company amounted to RMB6.70 million (2022: RMB7.00 million).

## 52 Structured entities

### (a) Structured entities in which the Group holds an interest

The Group holds an interest in some structured entities through investments in debt securities issued by these structured entities. Such structured entities include wealth management products, investment management products, trust investment plans, asset-backed securities and investment funds and the Group does not consolidate these structured entities.

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# 52 Structured entities (Continued)

## (a) Structured entities in which the Group holds an interest (Continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group as at the financial position date in the structured entities, as well as an analysis of the line items in the statement of financial position in which the relevant assets are recognised:

| | As at 31 December 2023 Investments in financial assets | | | | |
|---|---|---|---|---|---|
| Gross amount | Financial assets at amortised cost | Financial assets at FVPL | Debt investments at FVOCI | Total | Maximum loss exposure |
| Wealth management products | – | 6,161 | – | 6,161 | 6,161 |
| Investment management products managed by non-bank institutions | 22,908 | 12,706 | – | 35,614 | 35,614 |
| Trust investment plans | 194,110 | 11,432 | – | 205,542 | 205,542 |
| Asset-backed securities | 123,158 | 912 | 19,666 | 143,736 | 143,736 |
| Investment funds | – | 553,540 | – | 553,540 | 553,540 |
| Total | 340,176 | 584,751 | 19,666 | 944,593 | 944,593 |

| | As at 31 December 2022 Investments in financial assets | | | | |
|---|---|---|---|---|---|
| Gross amount | Financial assets at amortised cost (Restated) | Financial assets at FVPL (Restated) | Debt investments at FVOCI (Restated) | Total (Restated) | Maximum loss exposure (Restated) |
| Wealth management products | – | 1,553 | – | 1,553 | 1,553 |
| Investment management products managed by non-bank institutions | 39,628 | 10,712 | – | 50,340 | 50,340 |
| Trust investment plans | 226,257 | 5,346 | – | 231,603 | 231,603 |
| Asset-backed securities | 252,525 | 1,435 | 44,697 | 298,657 | 298,657 |
| Investment funds | – | 462,298 | – | 462,298 | 462,298 |
| Total | 518,410 | 481,344 | 44,697 | 1,044,451 | 1,044,451 |

## (b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest

The investments issued by unconsolidated structured entities sponsored by the Group are primarily wealth management products, trust plans, investment funds and investment management products. The nature and purpose of these structured entities are for the Group to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of products to investors. The interests in unconsolidated structured enties held by the Group mainly include fees charged by providing management services.

## 52 Structured entities (Continued)

### (b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest (Continued)

**Wealth management products, trust plans, investment funds and investment management products**

As at 31 December 2023, the aggregate amount of assets held by the unconsolidated wealth management products, trust plans, investment funds and investment management products which are sponsored by the Group was RMB6,859,588 million (31 December 2022: RMB6,397,452 million).

During the year ended 31 December 2023, the amount of fee and commission income and net interest income recognised from the above-mentioned structured entities sponsored by the Group was RMB12,777 million (2022: RMB18,741 million) and RMB220 million (2022: RMB72 million).

In order to achieve a smooth transition and steady development of the wealth management business, in 2023, in accordance with the requirements of the "Guiding Opinions on Regulating the Asset Management Business of Financial Institutions", the Group continue to promote net-value-based reporting of its asset management products and dispose of existing portfolios.

### (c) Transfers of financial assets

The Group entered into transactions which involved securitisation transactions and transfers of non-performing financial assets.

These transactions were entered into in the normal course of business by which recognised financial assets were transferred to third parties or structured entities. Transfers of assets may give rise to full or partial de-recognition of the financial assets concerned. On the other hand, where transferred assets do not qualify for de-recognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Details of securitisation transactions and non-performing financial assets transfer transactions conducted by the Group for the year ended 31 December 2023 totally RMB45,172 million (2022: RMB34,212 million). Details of the financial assets sold under repurchase agreements are set forth in Note 42.

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*For the year ended 31 December 2023*

# 52 Structured entities (Continued)

## (c) Transfers of financial assets (Continued)

**Securitisation transactions**

In 2023, the original book value of financial assets transferred by the Group through asset securitisation transactions was RMB17,510 million (2022: RMB14,994 million), which qualified for full de-recognition.

**Transfer of loans and other financial assets**

In 2023, the Group transferred loans and other financial assets by other means with the original book value of RMB27,662 million (2022: RMB19,218 million), including RMB19,272 million (2022: RMB5,628 million) of non-performing loans, RMB7,990 million (2022: RMB13,590 million) of non-performing structured investments and RMB400 million (2022: Nil) of other financial assets. The Group carried out assessment based on the transfer of risks and rewards of ownership in accordance with Note 2(k) and Note 3(i), and concluded that these transferred assets qualified for full de-recognition.

# 53 Supplementary information to the consolidated cash flow statement

## (a) Cash and cash equivalents held by the Group are as follows:

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| Cash | **4,504** | 5,604 |
| Bank deposits on demand | **94,801** | 99,447 |
| Surplus deposit reserve funds | **52,473** | 104,315 |
| Investments in debt securities and others with original maturities of three months or less | **90,389** | 137,757 |
| Deposits with banks and non-bank financial institutions due within three months | **57,509** | 44,467 |
| Placements with banks and non-bank financial institutions due within three months | **59,707** | 36,219 |
| Cash and cash equivalents in the consolidated cash flow statement | **359,383** | 427,809 |

## (b) Disposal of subsidiaries

The Group has no disposal of significant subsidiaries for the year ended 31 December 2023 (2022: None).

# 53 Supplementary information to the consolidated cash flow statement

(Continued)

## (c) Reconciliation of financing liabilities

| | For the year ended 31 December | | | | |
|---|---|---|---|---|---|
| | Bank and other loans | Debt instruments issued | Interest expense | Lease liabilities | Total |
| At 31 December 2021 (Restated) | 120,640 | 1,017,672 | 4,968 | 16,975 | 1,160,255 |
| Cash flows | 18,940 | (34,541) | (41,865) | (5,396) | (62,862) |
| Business combination | 7,199 | 195,843 | – | 1,920 | 204,962 |
| Foreign exchange adjustments | 9,584 | 9,543 | 2,226 | 1,286 | 22,639 |
| Other non-cash movements | (275) | (13,438) | 42,353 | 4,743 | 33,383 |
| At 31 December 2022 (Restated) | 156,088 | 1,175,079 | 7,682 | 19,528 | 1,358,377 |
| Cash flows | 34,771 | 41,614 | (43,735) | (6,045) | 26,605 |
| Business combination | 39,246 | 300 | – | 82 | 39,628 |
| Foreign exchange adjustments | 274 | 685 | 1,918 | 41 | 2,918 |
| Other non-cash movements | 4,753 | (4,098) | 42,300 | 6,742 | 49,697 |
| At 31 December 2023 | 235,132 | 1,213,580 | 8,165 | 20,348 | 1,477,225 |

## (d) Issue and redemption of other equity instruments by subsidiaries

In 2023, China CITIC Bank, a subsidiary of the Group, redeemed RMB3,516 million of capital debentures without fixed terms (2022: issued RMB3,990 million of capital debentures without fixed term).

In 2023, China CITIC Security, a subsidiary of the Group, issued RMB3,000 million of capital debentures without fixed terms (2022: Nil).

In 2023, subsidiaries of the Group did not issue convertible bonds (2022: CITIC Special Steel, a subsidiary of the Group, issued convertible bonds. For details, please refer to Note 45(f)).

Notes to the Consolidated Financial Statements

*For the year ended 31 December 2023*

# 54 Major transactions with non-controlling interests

## (a) Acquisition of additional interest in an indirectly hold subsidiary

In 2023, CITIC Financial Holding acquired 0.79% of the issued shares of CITIC Securities for a purchase consideration of RMB1,707 million. The Group recognised a decrease in non-controlling interests of RMB1,707 million, and the equity attributable to shareholders of the Company remained unchange. The effect of changes in the ownership interest of CITIC Securities on the equity attributable to shareholders of the Company during the year is summarised as follows:

| | **31 December 2023 RMB million** |
|---|---|
| Carrying amount of non-controlling interests acquired | **1,707** |
| Consideration paid to non-controlling interests | **(1,707)** |
| Excess of consideration paid recognised within equity | **–** |

## (b) Dilution of interests in subsidiaries without loss of control

In April 2023, CITIC Metal Co., Ltd. ("CITIC Metal"), a subsidiary of the Group, issued new ordinary shares publicly in Shanghai Stock Exchange, acquiring cash amounting to RMB3,194 million. The Group recognised an increase in non-controlling interests of RMB1,738 million and an increase in equity attributable to shareholders of the Company of RMB1,456 million. The effect of changes in the ownership interest of CITIC Metal on the equity attributable to shareholders of the Company during the year is summarised as follows:

| | **31 December 2023 RMB million** |
|---|---|
| Increase in carrying amount of non-controlling interests | **1,738** |
| Consideration received from non-controlling interests | **(3,194)** |
| Loss on disposal within equity | **(1,456)** |

# 55 Financial position and reserve movement of the Company

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 (Restated) |
| **Non-current assets** | | |
| Fixed assets | **1** | 1 |
| Interests in subsidiaries | **429,203** | 411,028 |
| Interests in associates | **–** | 7,104 |
| Interests in joint ventures | **32** | 31 |
| Investments in financial assets | | |
| – Financial assets at fair value through profit or loss | **3,226** | 3,126 |
| | **432,462** | 421,290 |
| **Current assets** | | |
| Amounts due from subsidiaries | **76,133** | 65,959 |
| Trade and other receivables | **105** | 95 |
| Cash and deposits | **2,137** | 2,684 |
| | **78,375** | 68,738 |
| **Total assets** | **510,837** | 490,028 |
| **Current liabilities** | | |
| Bank and other loans | **15,854** | 25,854 |
| Amounts due to subsidiaries and other related parties | **12,255** | 11,264 |
| Trade and other payables | **231** | 241 |
| Income tax payable | **2,203** | 1,709 |
| Debt instruments issued | **1,815** | 11,819 |
| | **32,358** | 50,887 |
| **Non-current liabilities** | | |
| Long term borrowings | **68,032** | 37,215 |
| Debt instruments issued | **42,061** | 43,236 |
| Derivative financial instruments | **34** | 52 |
| | **110,127** | 80,503 |
| **Total liabilities** | **142,485** | 131,390 |
| **Equity** | | |
| Share capital | **307,576** | 307,576 |
| Reserves | **60,776** | 51,062 |
| **Total ordinary shareholders' funds** | **368,352** | 358,638 |
| **Total liabilities and equity** | **510,837** | 490,028 |

The financial position of the Company was approved and authorised for issue by the board of directors on 28 March 2024.

*Director:* **Xi Guohua** *Director:* **Zhang Wenwu**

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# 55 Financial position and reserve movement of the Company (Continued)

## (a) Reserve movement of the Company

| | Share capital (Note 47(a)) | Capital reserve (Note 47(b)(i)) | Hedging reserve (Note 47(b)(ii)) | Retained earnings | Exchange reserve (Note 47(b)(v)) | Total |
|---|---|---|---|---|---|---|
| **As at 1 January 2023** | **307,576** | **505** | **57** | **17,001** | **33,499** | **358,638** |
| Other comprehensive income | **–** | **–** | **(68)** | **–** | **5,489** | **5,421** |
| Profit attributable to shareholders of the Company | **–** | **–** | **–** | **21,517** | **–** | **21,517** |
| Dividends paid to ordinary shareholders of the Company | **–** | **–** | **–** | **(17,224)** | **–** | **(17,224)** |
| As at 31 December 2023 | **307,576** | **505** | **(11)** | **21,294** | **38,988** | **368,352** |
| As at 1 January 2022 | 307,576 | 505 | (470) | 15,736 | 3,125 | 326,472 |
| Other comprehensive income | – | – | 527 | – | 30,374 | 30,901 |
| Profit attributable to shareholders of the Company | – | – | – | 17,675 | – | 17,675 |
| Dividends paid to ordinary shareholders of the Company | – | – | – | (16,410) | – | (16,410) |
| **As at 31 December 2022** | 307,576 | 505 | 57 | 17,001 | 33,499 | 358,638 |

# 56 Major business combinations

## (a) Combination of Pacific Steel

The Group held 40% shareholding interest of Pacific Steel, which was originally an associate of the Group. On 6 February 2023, the terms of the transaction of acquiring 60% shareholding of Pacific Steel through Jiangyin Xingcheng Special Steel Works Co., Ltd. (an indirect non-wholly owned subsidiary of the Company) at a total consideration of RMB1,908 million have been achieved. The consideration for the acquisition was settled by cash. Upon completion of the acquisition, Pacific Steel became wholly owned by the Company.

# 56 Major business combinations (Continued)

## (a) Combination of Pacific Steel (Continued)

The consideration paid for the acquisition and the fair value of identifiable assets, liabilities and non-controlling interests acquired at the acquisition date are summarised as follows:

**Consideration:**

| | RMB million |
|---|---|
| Fair value of investment in Pacific Steel held by the Group at the acquisition date | **1,276** |
| Cash | **1,908** |
| | **3,184** |
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Cash and deposits | **692** |
| Trade and other receivables | **6,634** |
| Contract assets | **3** |
| Inventory | **4,804** |
| Investment properties | **86** |
| Fixed assets | **10,972** |
| Right-of-use assets | **7** |
| Intangible assets | **2,844** |
| Deferred tax assets | **587** |
| Others | **206** |
| **Total identifiable assets acquired** | **26,835** |
| Bank and other loans | **9,916** |
| Trade and other payables | **9,126** |
| Contract liabilities | **508** |
| Employee benefits payables | **121** |
| Tax payables | **51** |
| Deferred tax liabilities | **572** |
| Lease liabilities | **4** |
| Others | **155** |
| **Total identifiable liabilities assumed** | **20,453** |
| Total identifiable net assets | **6,382** |
| Non-controlling interests | **(3,191)** |
| **Total net assets acquired** | **3,191** |

**Net cash paid for acquisition:**

| | RMB million |
|---|---|
| Total consideration paid in cash | **1,908** |
| Cash and cash equivalents acquired | **(692)** |
| | **1,216** |

The Group's revenue and net profit attributable to ordinary shareholders of the Company during the period from the acquisition date to 31 December 2023 contributed by Pacific Steel were RMB17,782 million and RMB142 million, respectively.

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*For the year ended 31 December 2023*

## 56 Major business combinations (Continued)

### (b) Combination of Nanjing Steel Group

On 2 April 2023, Hubei Xinyegang Steel Co., Ltd., Nanjing Steel Venture Capital Co., Ltd., Nanjing New Industrial Investment Group Co., Ltd. and Nanjing Steel Group Co., Ltd. reached an agreement in relation to the acquisition of 55.2482% shareholding of Nanjing Steel Group through Hubei Xinyegang (an indirect non-wholly owned subsidiary of the Company) with a total consideration of RMB13,580 million. On 30 November 2023, the acquisition has been approved by the Anti Monopoly Bureau of the State Administration for Market Regulation, and the terms of the transaction have been achieved. The consideration for the acquisition was settled by cash. Upon completion of the acquisition, the Company's subsidiary Hubei Xinyegang directly owned 55.2482% shareholding of Nanjing Steel Group and Nanjing Steel Group become the subsidiary of the Company.

The consideration paid for the acquisition and the fair value of identifiable assets, liabilities and non-controlling interests acquired at the acquisition date are summarised as follows:

**Consideration:**

| | RMB million |
|---|---|
| Cash | **13,580** |
| | **13,580** |
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Cash and deposits | **17,406** |
| Trade and other receivables | **14,583** |
| Inventories | **10,752** |
| Investments in financial assets | **7,363** |
| Interests in joint ventures | **560** |
| Fixed assets | **36,257** |
| Investment properties | **134** |
| Deferred tax assets | **884** |
| Others | **13,264** |
| **Total identifiable assets acquired** | **101,203** |

# 56 Major business combinations (Continued)

## (b) Combination of Nanjing Steel Group (Continued)

| | RMB million |
|---|---|
| **Recognised amounts of identifiable assets acquired and liabilities assumed (Continued)** | |
| Trade and other payables | **24,066** |
| Contract liabilities | **5,176** |
| Employee benefits payables | **1,093** |
| Tax payables | **259** |
| Bank and other loans | **29,330** |
| Debt instruments issued | **300** |
| Lease liabilities | **78** |
| Deferred tax liabilities | **1,869** |
| **Total identifiable liabilities assumed** | **62,171** |
| Total identifiable net assets | **39,032** |
| Non-controlling interests | **(25,734)** |
| Goodwill | **282** |
| **Total net assets acquired** | **13,580** |

**Net cash paid for acquisition:**

| | RMB million |
|---|---|
| Total consideration paid in cash | **13,580** |
| Cash and cash equivalents acquired | **(17,406)** |
| | **(3,826)** |

These amounts have been calculated by adopting the Group's accounting policies and adjusting the results of the relevant subsidiary companies to reflect the additional amortisation that would have been charged assuming the fair value adjustments determined provisionally to intangible assets had been applied from 1 January 2023, together with the consequential tax effects.

The Group's revenue and net profit attributable to ordinary shareholders of the Company during the period from the acquisition date to 31 December 2023 contributed by Nanjing Steel Group were RMB5,265 million and RMB47 million, respectively.

Had Pacific Steel and Nanjing Steel Group been consolidated from 1 January 2023, the Group's consolidated income statement would show pro-forma revenue and net profit attributable to ordinary shareholders of the Company of RMB749,988 million and RMB58,284 million, respectively.

## (c) Business Combination under common control

In 2023, the subsidiaries of the Company acquired CITIC Zhengye Investment Development Co., Ltd.("CITIC Zhengye Investment") and CITIC Technology Development Co.LTD.("CITIC Technology"). The acquisition represents a business combination under common control as the subsidiaries of the Company, CITIC Zhengye Investment and CITIC Technology are ultimately controlled by CITIC Group both before and after the acquisition, and that control is not transitory. The financial statements of CITIC Zhengye Investment and CITIC Technology are included in the Group's consolidated financial statements as if the combination had occurred from the date when the ultimate controlling shareholder first obtained control. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated.

## 57 Post balance sheet events

The Group does not have any significant events after the financial position date that need to be disclosed.

## 58 Comparative figures

Restatements have been made on some of the comparative amounts to ensure the comparability with current year's financial statements.

## 59 Approval of the consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

## 60 Possible impact of amendments, new standards and interpretations issued but not yet adopted

The Group has not applied the following amendments to standards and new standards which are effective for the financial year beginning after 1 January 2023 and which have not been early adopted in these consolidated financial statements:

| | |
|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current (1) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants (1) |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback (2) |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements (2) |
| Amendments to HKFRS 10 and HKAS 28 | Sale of contribution of assets between an investor and its associate or joint venture (3) |

(1) In December 2022, the Hong Kong Institute of Certified Public Accountants ("HKICPA") deferred the effective date of these amendments to annual reporting period beginning on or after 1 January 2024.

(2) Effective for the annual reporting periods beginning on or after 1 January 2024.

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

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

# 61 Principal subsidiaries, associates and joint ventures

## (a) Principal subsidiaries

| Name of company | Place of incorporation/ Type of legal entity | Principal activity | Shares issued | Proportion of ownership interest: Attributable to the Group | Held by the Company | Held by subsidiaries |
|---|---|---|---|---|---|---|
| CITIC Corporation Limited 中國中信有限公司 | Chinese mainland/ Limited liability | Investment holding | N/A | 100% | 100% | 0% |
| CITIC Financial Holdings Co.,Ltd. 中國中信金融控股有限公司 | Chinese mainland/ Limited liability | Investment holding | N/A | 100% | 0% | 100% |
| CITIC Pacific Limited 中信泰富有限公司 | British Virgin Islands | Investment holding | 51,097 | 100% | 100% | 0% |
| CITIC Pacific Special Steel Group Co., Ltd. 中信泰富特鋼集團股份有限公司 | Chinese mainland/Stock limited company (listed) | Special steel production | 5,047,156,349 | 83.84% | 0% | 83.84% |
| Nanjing Iron and Steel Group Co., Ltd. 南京鋼鐵股份有限公司 | Chinese mainland/Stock limited company (listed) | Production and sales of steel product | 6,165,091,011 | 33.53% | 0% | 59.10% |
| Shanghai Zhongte Pacific Steel Co., Ltd. 上海中特泰富鋼管有限公司 | Chinese mainland/ Limited liability | Sale of steel and consultation on electric power technology | N/A | 83.85% | 0% | 100% |
| Dah Chong Hong Holdings Limited 大昌行集團有限公司 | Hong Kong | Consumer goods | 1,891,247,220 | 100% | 0% | 100% |
| CITIC Mining International Ltd. 中信礦業國際有限公司 | Cayman Islands | Resources and energy | 1 | 100% | 100% | 0% |
| CITIC Metal Group Ltd. 中信金屬集團有限公司 | Hong Kong | Resources and energy | 11,800,000,000 | 100% | 0% | 100% |
| CITIC Telecom International Holdings Limited 中信國際電訊集團有限公司 | Hong Kong (listed) | Telecom services | 3,700,035,382 | 57.55% | 0% | 57.55% |
| CITIC Finance Company International Limited 中信財務(國際)有限公司 | Hong Kong | Financial services | N/A | 100% | 100% | 0% |
| China CITIC Bank Corporation Limited 中信銀行股份有限公司 | Chinese mainland/Stock limited company (listed) | Banking industry | 83,966,865,954 | 65.93% | 0% | 65.93% |
| CITIC Securities Company Limited 中信證券股份有限公司 | Chinese mainland/Stock limited company (listed) | Securities related services | 14,820,546,829 | 19.24% | 0% | 19.24% |
| CITIC International Financial Holdings Limited 中信國際金融控股有限公司 | Hong Kong | Banking industry | 7,502,832,116 | 65.93% | 0% | 100% |

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## 61 Principal subsidiaries, associates and joint ventures (Continued)

### (a) Principal subsidiaries (Continued)

| Name of company | Place of incorporation/ Type of legal entity | Principal activity | Shares issued | Proportion of ownership interest: Attributable to the Group | Held by the Company | Held by subsidiaries |
|---|---|---|---|---|---|---|
| CITIC Trust Co., Ltd. 中信信託有限責任公司 | Chinese mainland/ Limited liability | Trust services | N/A | 100% | 0% | 100% |
| CITIC Finance Company Limited 中信財務有限公司 | Chinese mainland/ Limited liability | Financial services | N/A | 94.39% | 0% | 98.69% |
| CITIC Consumer Finance Co., Ltd. 中信消費金融有限公司 | Chinese mainland/ Limited liability | Consumer finance | N/A | 70% | 0% | 70% |
| CITIC Resources Holdings Limited 中信資源控股有限公司 | Bermuda (listed) | Resources and energy | 7,857,727,149 | 59.50% | 0% | 59.50% |
| CITIC Australia Pty Limited 中信澳大利亞有限公司 | Australia | Resources and energy | 85,882,017 | 100% | 0% | 100% |
| CITIC Heavy Industries Co., Ltd. 中信重工機械股份有限公司 | Chinese mainland/Stock limited company (listed) | Manufacturing | 4,339,419,293 | 67.27% | 0% | 67.27% |
| CITIC Construction Company Limited 中信建設有限責任公司 | Chinese mainland/ Limited liability | Engineering contracting | N/A | 100% | 0% | 100% |
| CITIC Urban Development & Operation Co., Ltd. 中信城市開發運營有限責任公司 | Chinese mainland/ Limited liability | Real estate development | N/A | 100% | 0% | 100% |
| CITIC Heye Investment Co., Ltd. 中信和業投資有限公司 | Chinese mainland/ Limited liability | Real estate development | N/A | 100% | 0% | 100% |
| CITIC Capital Mansion Co., Ltd. 中信京城大廈有限責任公司 | Chinese mainland/ Limited liability | Real estate management | N/A | 100% | 0% | 100% |
| CITIC Building Property Management Co., Ltd. 北京中信國際大廈物業管理有限公司 | Chinese mainland/ Limited liability | Real estate management | N/A | 100% | 0% | 100% |
| CITIC Industrial Investment Group Corp., Ltd. 中信興業投資集團有限公司 | Chinese mainland/ Limited liability | Infrastructure and elderly services | N/A | 100% | 0% | 100% |
| CITIC Dicastal Company Limited 中信戴卡股份有限公司 | Chinese mainland/Stock limited company | Manufacturing | 1,971,342,713 | 42.11% | 0% | 42.11% |
| CITIC Environment Investment Group Co., Limited 中信環境投資集團有限公司 | Chinese mainland/ Limited liability | Energy conservation and environmental protection | N/A | 100% | 0% | 100% |

# 61 Principal subsidiaries, associates and joint ventures (Continued)

## (a) Principal subsidiaries (Continued)

| Name of company | Place of incorporation/ Type of legal entity | Principal activity | Shares issued | Proportion of ownership interest: Attributable to the Group | Held by the Company | Held by subsidiaries |
|---|---|---|---|---|---|---|
| China Zhonghaizhi Corporation 中國中海直有限責任公司 | Chinese mainland/ Limited liability | General aviation | N/A | 51.03% | 0% | 51.03% |
| CITIC Investment Holdings Limited 中信投資控股有限公司 | Chinese mainland/ Limited liability | Investment holding | N/A | 100% | 0% | 100% |
| CITIC Asia Satellite Holding Company Limited 中信亞洲衛星控股有限公司 | British Virgin Islands | Information industry | 60,524,465 | 100% | 0% | 100% |
| CITIC Press Corporation 中信出版集團股份有限公司 | Chinese mainland/Stock limited company (listed) | Publishing | 190,151,515 | 73.50% | 0% | 73.50% |
| CITIC Holdings Co., Ltd. 中信控股有限責任公司 | Chinese mainland/ Limited liability | Service | N/A | 100% | 0% | 100% |

## (b) Principal associates

Details of the Group's interest in principal associates, which are accounted for using the equity method in the consolidated financial statements of the Group are as follows:

| Name of company | Place of incorporation | Principal activity | Shares issued | Proportion of ownership interest: Attributable to the Group | Held by the Company | Held by subsidiaries |
|---|---|---|---|---|---|---|
| China Overseas Land & Investment Ltd. 中國海外發展有限公司 | Hong Kong (listed) | Real estate development | 10,944,883,535 | 10.01% | 0% | 10.01% |
| China Securities Co., Ltd. 中信建投證券股份有限公司 | Chinese mainland (listed) | Securities related services | 7,756,694,797 | 9.47% | 0% | 9.47% |
| Ivanhoe Mines Ltd. | Canada (listed) | Resources and energy | 1,268,762,524 | 24.81% | 0% | 24.81% |

## (c) Principal joint ventures

Details of the Group's interest in principal joint ventures, which are accounted for using the equity method in the consolidated financial statements of the Group are as follows:

| Name of company | Place of incorporation | Principal activity | Shares issued | Proportion of ownership interest: Attributable to the Group | Held by the Company | Held by subsidiaries |
|---|---|---|---|---|---|---|
| CITIC Prudential Life Insurance Co., Ltd. 中信保誠人壽保險有限公司 | Chinese mainland | Insurance and reinsurance | N/A | 50% | 0% | 50% |
| 中船置業有限公司 | Chinese mainland | Real estate development | N/A | 50% | 0% | 50% |
| 上海瑞博置業有限公司 | Chinese mainland | Real estate development | N/A | 50% | 0% | 50% |

# Independent Auditor's Report

**To the Members of CITIC Limited**
*(incorporated in Hong Kong with limited liability)*

## Opinion

We have audited the consolidated financial statements of CITIC Limited (the "Company") and its subsidiaries (the "Group") set out on pages 162 to 339, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets
- Consolidation of structured entities – Non-principal guaranteed wealth management products
- Impairment of the Sino Iron Project

### Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| As at 31 December 2023, the gross balance of loans and advances to customers and other parties and accrued interest included for the purpose of expected credit loss assessment in the Group's consolidated statement of financial position, amounted to RMB5,514,261 million, for which management recognised an impairment allowance of RMB140,335 million; the gross balance of investments in financial assets and accrued interest included for the purpose of expected credit loss assessment amounted to RMB2,072,464 million, for which management recognised an impairment allowance of RMB31,906 million.<br><br>The Group uses an expected credit loss ("ECL") model to measure the loss allowance for loans and advances to customers and other parties and investments in financial assets in accordance with Hong Kong Financial Reporting Standard 9, *Financial instruments*. | Our audit procedures to assess ECL for loans and advances to customers and other parties and investments in financial assets included the following:<br><br>• With the assistance of KPMG's IT audit team, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and other parties and investments in financial assets, the credit risk staging process and the measurement of ECL for loans and advances to customers and other parties and investments in financial assets.<br><br>• With the assistance of KPMG's financial risk management specialists, assessing the appropriateness of the ECL model in determining the loss allowance of loans and advances to customers and other parties and investments in financial assets and the appropriateness of the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments, and assessing the appropriateness of related key management judgement. |

# Independent Auditor's Report

## Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| The determination of ECL allowance of loans and advances to customers and other parties and investments in financial assets is subject to the application of a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions.<br><br>The amount of impairment of the loans and advances to customers and other parties and investments in financial assets is significant, and the measurement has a high degree of estimation uncertainty. The measurement of ECL applied significant management judgments and assumptions, and involved significant inherent risk. In view of these reasons, we identified this as a key audit matter. | • Assessing the completeness and accuracy of key data used in the ECL model, comparing the total balance of the loans and advances to customers and other parties and investments in financial assets used by management to assess the ECL allowance with the general ledger to check the completeness of the data. We also selected samples to compare information of individual loan and advance to customers and investments in financial assets with the underlying agreements and other related documentation to assess the accuracy of data, checking the accuracy of key external data used by management by comparing them with public sources.<br><br>• For key parameters used in the ECL model which were derived from system generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis, involving KPMG's IT audit team to assess the accuracy of the loans and advances' overdue information on a sample basis. |

## Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

| The Key Audit Matter | How the matter was addressed in our audit |
| --- | --- |
| | • Evaluating the reasonableness of management's assessment on whether the credit risk of the loans and advances to customers and other parties and investments in financial assets have, or have not, increased significantly since initial recognition and whether the loans and advances to customers and other parties and investments in financial assets are credit-impaired by selecting risk-based samples, analysing the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential credit risk. For selected samples, reviewing the overdue information of loans and advances to customers and other parties and investments in financial assets, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses, to understand the status in regards to the borrowers' credit risk, and to assess the reasonableness of credit risk staging.<br><br>• For corporate loans and advances and investments in financial assets that are credit-impaired, selecting samples to evaluate the forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, collateral valuations, other available information and possible future factors together with discount rates in supporting the computation of loss allowance; |

# Independent Auditor's Report

## Measurement of expected credit losses for loans and advances to customers and other parties and investments in financial assets

Refer to Note 2(k), Note 3(b), Note 27 and Note 29 to the consolidated financial statements.

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| | • Based on our procedures performed, selecting samples and assessing the accuracy of calculation for loans and advances to customers and other parties and investments in financial assets' credit losses by using the ECL model.<br><br>• Performing retrospective review of ECL model components and significant assumptions; to assess whether the results indicate possible management bias on loss estimation;<br><br>• Assessing the reasonableness of the disclosures in the financial statements in relation to ECL for loans and advances to customers and other parties and investments in financial assets against prevailing accounting standards. |

## Consolidation of structured entities – Non-principal guaranteed wealth management products

Refer to Note 2(g), Note 3(j) and Note 52 to the consolidated financial statements.

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| As at 31 December 2023, all of non-principal guaranteed wealth management products ("WMPs") issued and managed by the Group are structured entities that are not included in the scope of consolidation.<br><br>In determining whether the Group retains any partial interests in a structured entity for non-principal guaranteed WMPs or should consolidate it, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.<br><br>We have identified this as a key audit matter due to the material balance and significant management judgements were involved in assessing the consolidation of the structured entities for non-principal guaranteed WMPs. | Our audit procedures related to consolidation of structured entities for non-principal guaranteed WMPs included the following:<br><br>• understanding and assessing the design, implementation, and operating effectiveness of key internal controls of financial reporting over measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs.<br><br>• selecting samples of structured entities for non-principal guaranteed WMPs and performing the following procedures:<br><br>– inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity for non-principal guaranteed WMPs and the involvement the Group has with the structured entity for non-principal guaranteed WMPs and to assess management's judgement over whether the Group can exercise power over the structured entity for non-principal guaranteed WMPs. |

# Independent Auditor's Report

## Consolidation of structured entities – Non-principal guaranteed wealth management products

Refer to Note 2(g), Note 3(j) and Note 52 to the consolidated financial statements.

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| | – performing independent analysis and tests on the variable returns from the structured entities for non-principal guaranteed WMPs, including but not limited to commission income and asset management fees earned, gains from investments, retention of residual income, and, if any, liquidity, and other support provided to the structured entities for non-principal guaranteed WMPs, to assess management's judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity.<br><br>– inspecting management's analysis of the structured entity for non-principal guaranteed WMPs, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity for non-principal guaranteed WMPs, to assess management's judgement over the Group's ability to affect its variable returns from the structured entity for non-principal guaranteed WMPs.<br><br>– assessing management's judgement over whether the structured entity for non-principal guaranteed WMPs should be consolidated or not.<br><br>• assessing the reasonableness of the disclosures in the financial statements in relation to the measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs against prevailing accounting standards. |

## Impairment of the Sino Iron Project

Refer to Note 2(v), Note 3(d), Note 3(k) and Note 9 to the consolidated financial statements.

**The Key Audit Matter**

Management performs impairment testing of the Sino Iron Project (the "Project") when indicators of impairment are identified.

As at 31 December 2023, management assessed whether indicators of impairment exist on the Project by considering external and internal sources of information, including:

- The assessment of outstanding litigation and disputes in respect of the Project as disclosed in Note 3(k) to the consolidated financial statements;
- The production profile of the Project (mainly including ore grades, operating cost and production output);
- Forward iron ore prices;
- Foreign exchange rates, particularly between Australian and United States dollars;
- The risk-free borrowing rates.

Management determined that no impairment indicators existed for the Project as at 31 December 2023.

We identified management's assessment of impairment indicators of the Project as a key audit matter because the assessment, especially in relation to the assessment of outstanding litigation and disputes, involves significant management judgements which may be subject to management bias.

**How the matter was addressed in our audit**

Our audit procedures to evaluate management's assessment of impairment indicators of the Project included the following:

- Understanding and assessing the design, implementation, and operating effectiveness of key internal controls of financial reporting over the impairment indicator assessment process;
- Assessing management's evaluation of indicators of impairment, including consideration of both external and internal sources of information with reference to our understanding of the Group and the requirements of prevailing accounting standards;
- Enquiring management and external legal counsels to understand the latest development of the outstanding litigations and disputes and the implications of such outstanding litigations and disputes; and assessing whether this resulted in an indicator of impairment with reference to our latest understanding of the progress of the outstanding litigations;
- Evaluating whether there are significant adverse changes in the economic environment impacting the Project by considering movements in forward iron ore prices, exchange rates and risk-free borrowing rates;
- Comparing budget versus actual performance during the last 12 months to evaluate economic performance of the asset.

## Information other than the Consolidated Financial Statements and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and Audit and Risk Management Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

**KPMG**

*Certified Public Accountants*

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28 March 2024

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