CITIC Limited
中國中信股份有限公司

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

In 2021, the COVID-19 pandemic continued to create a negative impact on supply chains and disrupt the global economy. In this complex operating environment, CITIC Limited remained focused on the implementation of its 14th Five-Year Plan. Leveraging the unique competitive advantages of its diverse business platform, the Company continued to advance its high-quality development in accordance with the principles of reform, speed and quality.

CITIC Limited realised a profit attributable to ordinary shareholders of HK$70.2 billion in 2021, a historic high and 24% more than in 2020. The comprehensive financial services segment, the largest contributor to the bottom line, recorded a 12% increase in revenue and a 20% increase in net profit for the year. The four non-financial business segments, led by strong performance in advanced materials, recorded profit growth of 40% as we capitalised on market opportunities and enhanced operating efficiency. The contribution of non-financial business segments to total profit rose to 36%, up from 32% in 2020.

The board recommends a final dividend payment of HK$0.456 per share, giving shareholders a total dividend of HK$0.606 per share for the year 2021, 24.2% more than in 2020.

BUSINESS REVIEW

In 2021, our comprehensive financial services segment furthered its healthy development and increased efforts to support the real economy. CITIC Bank recorded steady asset growth and realised a 4.7% rise in revenue as well as a 13.6% increase in net profit. The bank prioritised loan allocations to key areas such as inclusive finance, private enterprise, manufacturing, strategic emerging industries and green credit. CITIC Bank also accelerated its transition towards a capital-light business model. Fee income increased 24% year-on-year and asset quality improved with a 0.25 percentage point decrease in the NPL ratio to 1.39% while the provision coverage ratio increased by 8.39 percentage points to 180.07%. As the only securities company in China with assets exceeding RMB1 trillion, CITIC Securities recorded a historic high net profit, with an increase of 55% from the previous year. CITIC Trust implemented regulatory requirements, reduced the channel business and actively explored new business streams, with assets under management from family trusts, standardised trusts and asset securitisation trusts reaching RMB301.4 billion. CITIC-Prudential Life recorded growth in both premium income and new business value, with a 16% increase in net profit. It continued to maintain its industry-leading risk management capabilities.

The advanced intelligent manufacturing segment focused on technological advancements and recorded a 40% rise in net profit. CITIC Dicastal benefited from the recovery of the automotive market, an enhanced product portfolio and the ability to cater to changing customer needs to deliver a 40% increase in net profit over the previous year. CITIC Dicastal's Qinhuangdao aluminium wheels plant was named a "lighthouse factory," a first in the global automotive wheels industry. CITIC Heavy Industries prioritised larger markets and customers, realising record high revenue.

The advanced materials segment was the largest revenue contributor of our five business segments with a year-on-year increase of 89% in net profit due to the implementation of national resource security strategies and advantageous commodity markets. At the Sino Iron project, net profit increased by 121% to US$950 million, driven by the strong price of iron ore, increased production and continual operational enhancements. CITIC Pacific Special Steel achieved a rise of 32% in net profit and record sales volumes, due in large part to its optimised product portfolio and strong management. CITIC Metal also delivered record performance, with revenue exceeding RMB100 billion for the first time. CITIC Resources leveraged market opportunities to record a turnaround profit.

In the new consumption segment, we embraced industry trends, enhanced digital capabilities and continued to cultivate consumer markets. This segment recorded an increase of 80% in annual profit. Dah Chong Hong's profit improved substantially with the recovery of automotive markets and ongoing operational enhancements. Its healthcare subsidiary, DCH Auriga, actively contributed to anti-epidemic work in Hong Kong and Macau as the exclusive logistics partner for the Fosun-BioNTech Covid-19 vaccine, while also supporting the distribution of the Sinovac vaccine in Hong Kong. CITIC Press remained committed to innovation in a challenging industry. It maintained its leading market share in the financial, economic, social and science publishing segments, while its children's books business achieved a third-place national market ranking. CITIC Telecom International further developed its overseas business and was appointed the exclusive international SMS service provider of Japan's largest mobile communication operator. Its subsidiary, CTM, became the first provider in Macau to offer full outdoor and indoor 5G network coverage.

The new-type urbanisation segment focuses on contributing to China's regional and urban development. In 2021, tightened regulatory policies in the real estate market resulted in a decline in income from property development and a corresponding 17% reduction in the segment's profit. The engineering contracting business focused on key projects, including the Chongli Prince City Ice and Snow Town Project, which was delivered on schedule for the

Beijing Winter Olympics. It also built a strong pipeline with new project contracts including the Al Khairat Heavy Oil Power Plant in Iraq and the Jinan International Ecological Harbour Project under the nation's Yellow River Strategy. The property rental business of CITIC Pacific Properties in both mainland China and Hong Kong achieved stable income.

INTEGRATION, COLLABORATION AND EXPANSION

In 2021, CITIC Limited increased its overall competitiveness through business integration, building a collaborative ecosystem with enhanced synergy, and strengthening its growth momentum through expansion.

During the year, we optimised and implemented strategies in accordance with the framework of the 14th Five-Year Plan. We made solid progress in the formation of a financial holding platform with CITIC Financial Holdings granted an official licence and incorporated, marking an important development in the reform of China's financial system and a historic milestone for CITIC. We also continued to focus on initiatives to enhance our operational fitness and streamline our organisational hierarchy. Business integration was accelerated through the reorganisation and reduction of subsidiary companies while we exited underperforming assets, which significantly improved our operational and management efficiency. At the same time, we steadily resolved notable risks and stepped up our efforts in the disposal of non-performing loans. During the year, our comprehensive risk management system delivered solid results and continues to provide a strong foundation for the company's steady development.

We also strengthened collaboration and synergy among our businesses in 2021. Synergies in the financial segment continued to develop in terms of scale and depth, with co-financing of RMB1.56 trillion provided by our financial subsidiaries. Through these efforts, we brought in RMB754.0 billion of corporate deposits for CITIC Bank, while custody assets increased by RMB226.7 billion and cross sales in the retail business totalled RMB87.6 billion. CITIC continues to promote synergies among financial and non-financial sectors. CITIC Finance and CITIC Bank worked together to offer financial services on fair market terms to CITIC's non-financial businesses, which reduced CITIC Limited's gearing ratio to a recent low. The "CITIC Synergy+" system was launched on schedule, with 139 million total users which has introduced over 12.46 million customers to CITIC Bank and CITIC Securities, generating more than 627,700 cross sales orders.

CITIC has always emphasised technological innovation and digitalisation as drivers for our business development. In 2021, we invested HK$16.429 billion in research and development, a 32.5% increase against last year. Our subsidiaries have made innovative advances in their respective industries, contributing towards the resolution of technological "bottlenecks." CITIC Bank continued to strengthen its technological agility and maintained a leading edge in blockchain applications. CITIC Heavy Industries supported thirteen spacecraft launches by successfully developing major components for the Shenzhou spacecraft series, including Shenzhou XII and Shenzhou XIII, as well as the Long March-5B Y2 carrier rocket. During the year, CITIC Pacific Special Steel participated in a project to domesticate the production of high-speed rail bogie bearings. Its products have passed the test requirements and are now poised to end domestic dependence on imported steel bearings.

PURSUING SUSTAINABLE DEVELOPMENT

To achieve carbon peak and carbon neutrality in the pursuit of our quality development, we have formulated a strategy under which our financial businesses are required to provide financing solutions for the low-carbon transformation of industries. Our non-financial businesses will concentrate on reducing their carbon footprint in the industrial chain and ecosystem. Existing carbon-intensive businesses with high environmental impact will need to work towards low-carbon transformation, while investments in projects with high energy consumption and emissions will be curbed.

Using the KSM factory in Chengdu as a pilot, CITIC Dicastal was able to reduce unit carbon emissions at the facility by 62% to achieve a world-class and China-leading level. This further promoted the full process application of low carbon technology to advance green development in global factories. CITIC Pacific Energy is expanding its photovoltaic and wind energy businesses while maintaining clean and efficient coal utilisation. CITIC Pacific Special Steel recorded a 30% lower carbon emission intensity than China's industry average.

CITIC has also drafted a carbon peak and carbon neutrality white paper for its sustainable development. Over the long term, green and low-carbon businesses will become a new growth driver for the Company.

The year 2021 marked a strong beginning for our 14th Five-Year Plan, laying a solid foundation and giving us confidence that CITIC can achieve RMB10 trillion in total assets, RMB1 trillion in revenue and RMB100 billion in profit and be ranked in the top 100 of Fortune 500 companies. The year ahead will be critical for achieving these objectives. We will harness our development momentum and strive to progress while maintaining stability. We will continue to leverage our strengths as a conglomerate to further develop our five business segments, promote resilience, accelerate integration and expansion, optimise our business footprint in pursuit of high-quality growth and create sustainable returns for our shareholders.

Zhu Hexin
Chairman
Beijing, 31 March 2022

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

		For the year ended 31 December	
		2021	2020
	Note	***HK$ million***	*HK$ million*
Interest income		**371,808**	336,985
Interest expenses		**(189,835)**	(164,967)
Net interest income	*4(a)*	**181,973**	172,018
Fee and commission income		**55,949**	44,814
Fee and commission expenses		**(6,229)**	(5,636)
Net fee and commission income	*4(b)*	**49,720**	39,178
Sales of goods and services	*4(c)*	**452,163**	323,808
Other revenue	*4(d)*	**25,080**	17,945
		477,243	341,753
Total revenue		**708,936**	552,949
Cost of sales and services		**(397,524)**	(276,305)
Other net income		**7,747**	6,363
Expected credit losses		**(103,094)**	(96,927)
Impairment losses		**(1,704)**	(3,649)
Other operating expenses		**(103,320)**	(88,647)
Net valuation loss on investment properties		**(66)**	(675)
Share of profits of associates, net of tax		**12,787**	10,533
Share of profits of joint ventures, net of tax		**4,776**	3,960
Profit before net finance charges and taxation		**128,538**	107,602
Finance income		**2,036**	1,266
Finance costs		**(9,433)**	(11,150)
Net finance charges	*5*	**(7,397)**	(9,884)
Profit before taxation	*6*	**121,141**	97,718
Income tax	*7*	**(20,863)**	(16,790)
Profit for the year		**100,278**	80,928

CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

		For the year ended 31 December	
		2021	2020
	Note	***HK$ million***	*HK$ million*
Profit for the year		**100,278**	80,928
Attributable to:			
– Ordinary shareholders of the Company		**70,222**	56,628
– Non-controlling interests		**30,056**	24,300
Profit for the year		**100,278**	80,928
Earnings per share for profit attributable to ordinary shareholders of the Company during the year:			
Basic and diluted earnings per share *(HK$)*	*9*	**2.41**	1.95

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Profit for the year	**100,278**	80,928
Other comprehensive gain/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on financial assets at fair value through other comprehensive income	**2,883**	(5,839)
Loss allowance on financial assets at fair value through other comprehensive income	**39**	943
Cash flow hedge: net movement in the hedging reserve	**869**	(618)
Share of other comprehensive income of associates and joint ventures	**237**	448
Exchange differences on translation of financial statements and others	**29,142**	59,738
Items that will not be reclassified subsequently to profit or loss:		
Revaluation gain on owner-occupied property reclassified as investment property	**245**	57
Fair value changes on investments in equity instruments designated at fair value through other comprehensive income	**444**	(44)
Other comprehensive gain for the year	**33,859**	54,685
Total comprehensive income for the year	**134,137**	135,613
Attributable to:		
– Ordinary shareholders of the Company	**92,842**	94,249
– Non-controlling interests	**41,295**	41,364
Total comprehensive income for the year	**134,137**	135,613

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

		As at 31 December	
		2021	2020
	Note	***HK$ million***	*HK$ million*
Assets			
Cash and deposits		**720,235**	755,386
Placements with banks and non-bank financial institutions		**173,754**	198,513
Derivative financial instruments		**27,958**	47,804
Trade and other receivables		**172,837**	169,723
Contract assets		**13,407**	13,619
Inventories		**113,403**	80,370
Financial assets held under resale agreements		**112,227**	143,029
Loans and advances to customers and other parties	*10*	**5,809,296**	5,206,155
Investments in financial assets	*11*		
– Financial assets at amortised cost		**1,435,823**	1,156,496
– Financial assets at fair value through profit or loss		**667,206**	528,293
– Debt investments at fair value through other comprehensive income		**793,188**	860,255
– Equity investments at fair value through other comprehensive income		**10,645**	8,023
Interests in associates		**154,181**	131,040
Interests in joint ventures		**60,599**	50,287
Fixed assets		**177,306**	167,840
Investment properties		**40,006**	38,455
Right-of-use assets		**38,503**	37,915
Intangible assets		**18,404**	15,877
Goodwill		**21,590**	21,133
Deferred tax assets		**82,619**	74,164
Other assets		**42,334**	36,451
Total assets		**10,685,521**	9,740,828

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

		As at 31 December	
		2021	2020
	Note	***HK$ million***	*HK$ million*
Liabilities			
Borrowing from central banks		**231,479**	266,611
Deposits from banks and non-bank financial institutions		**1,422,328**	1,370,439
Placements from banks and non-bank financial institutions		**107,799**	74,308
Financial liabilities at fair value through profit or loss		**5,685**	12,423
Derivative financial instruments		**30,043**	49,808
Trade and other payables		**184,939**	160,943
Contract liabilities		**33,488**	28,092
Financial assets sold under repurchase agreements		**122,452**	94,774
Deposits from customers	*12*	**5,852,701**	5,427,694
Employee benefits payables		**38,548**	36,176
Income tax payable		**16,184**	13,448
Bank and other loans	*13*	**145,362**	163,604
Debt instruments issued	*14*	**1,250,325**	973,858
Lease liabilities		**20,762**	18,267
Provisions		**24,903**	15,172
Deferred tax liabilities		**14,480**	11,444
Other liabilities		**18,453**	15,125
Total liabilities		**9,519,931**	8,732,186
Equity			
Share capital		**381,710**	381,710
Reserves		**369,697**	292,566
Total ordinary shareholders' funds		**751,407**	674,276
Non-controlling interests		**414,183**	334,366
Total equity		**1,165,590**	1,008,642
Total liabilities and equity		**10,685,521**	9,740,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1 GENERAL INFORMATION

CITIC Limited (the "Company") was incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The address of its registered office is 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.

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

The parent and the ultimate holding company of the Company is CITIC Group Corporation ("CITIC Group"). As at 31 December 2021, the equity interests held by CITIC Group in the Company through its overseas wholly-owned subsidiaries was 58.13% (31 December 2020: 58.13%).

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

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

(a) Covid-19-related Rent Concessions – HKFRS 16 (Amendments)

(b) Interest Rate Benchmark Reform – Phase 2 (amendments) – HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16

3 SEGMENT REPORTING

The Group has presented five reportable operating segments which are comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance is regularly reviewed by the board of directors to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial position, financial performance and cash flows is available. The details of these five reportable segments are as follows:

– Comprehensive financial services: this segment includes banking, trust, asset management, securities and insurance services.

– Advanced intelligent manufacturing: this segment includes manufacturing of heavy machineries, specialised robotics, aluminium wheels, aluminium casting parts and other products.

– Advanced materials: this segment include exploration, processing and trading of resources and energy products, including crude oil, coal and iron ore, as well as manufacturing of special steels.

– New consumption: this segment includes motor and food and consumer products business, telecommunication services, publication services, modern agriculture, and others.

– New-type urbanization: this segment includes development, sale and holding of properties, contracting and design services, infrastructure services, environmental services and others.

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

	For the year ended 31 December 2021							
	Comprehensive financial services *HK$ million*	Advanced intelligent manufacturing *HK$ million*	Advanced materials *HK$ million*	New consumption *HK$ million*	New-type urbanization *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Revenue from external customers	256,760	47,694	282,422	65,564	56,366	130	–	708,936
Inter-segment revenue	635	137	356	120	848	101	(2,197)	–
Reportable segment revenue	257,395	47,831	282,778	65,684	57,214	231	(2,197)	708,936
Disaggregation of revenue:								
– Net interest income *(Note 4(a))*	182,527	–	–	–	–	101	(655)	181,973
– Net fee and commission income *(Note 4(b))*	49,747	–	–	–	–	5	(32)	49,720
– Sales of goods *(Note 4(c))*	–	46,929	279,775	50,937	8,185	–	(476)	385,350
– Services rendered to customers-construction contracts *(Note 4(c))*	–	727	–	–	34,091	–	(229)	34,589
– Services rendered to customers-others *(Note 4(c))*	–	175	3,003	14,747	14,938	102	(741)	32,224
– Other revenue *(Note 4(d))*	25,121	–	–	–	–	23	(64)	25,080
Share of profits/(losses) of associates, net of tax	7,543	29	857	179	4,656	(477)	–	12,787
Share of profits of joint ventures, net of tax	2,108	24	1,138	43	1,408	55	–	4,776
Finance income *(Note 5)*	–	114	439	73	1,737	525	(852)	2,036
Finance costs *(Note 5)*	–	(346)	(1,827)	(529)	(1,473)	(6,627)	1,369	(9,433)
Depreciation and amortisation *(Note 6(b))*	(7,997)	(1,396)	(7,643)	(2,418)	(1,580)	(186)	–	(21,220)
Expected credit losses	(100,984)	(132)	(103)	(18)	(2,339)	482	–	(103,094)
Impairment losses	(123)	(163)	(448)	(117)	(562)	(291)	–	(1,704)
Profit/(loss) before taxation	89,302	1,528	24,967	3,059	10,548	(7,734)	(529)	121,141
Income tax *(Note 7)*	(11,109)	(154)	(3,830)	(693)	(2,268)	(2,792)	(17)	(20,863)
Profit/(loss) for the year	78,193	1,374	21,137	2,366	8,280	(10,526)	(546)	100,278
Attributable to:								
– Ordinary shareholders of the Company	52,075	632	19,162	1,610	7,810	(10,521)	(546)	70,222
– Non-controlling interests	26,118	742	1,975	756	470	(5)	–	30,056

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

Note: The amount is the principal excluding interest accrued.

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

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

Note: The amount is the principal excluding interest accrued.

(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**	
	2021	2020	**2021**	2020
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Mainland China	**613,228**	464,968	**9,952,724**	9,078,635
Hong Kong, Macau and Taiwan	**45,698**	46,430	**586,588**	543,279
Overseas	**50,010**	41,551	**146,209**	118,914
	708,936	552,949	**10,685,521**	9,740,828

4 REVENUE

As a multi-industry conglomerate, the Group is principally engaging in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption, new-type urbanisation.

For financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (Notes 4(a), 4(b) and 4(d)). For non-financial services segment, revenue mainly comprises income from sales of goods and services rendered to customers (Note 4(c)).

The Group's customer base is diversified and there is no single customer with which transactions have exceeded 10% of the Group's revenue.

(a) Net interest income

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Interest income arising from *(note)*:		
Deposits with central banks, banks and non-bank financial institutions	**10,050**	9,877
Placements with banks and non-bank financial institutions	**5,384**	5,524
Financial assets held under resale agreements	**1,562**	921
Investments in financial assets		
– Financial assets at amortised cost	**47,971**	42,873
– Debt investments at FVOCI	**24,310**	23,675
Loans and advances to customers and other parties	**282,523**	254,076
Others	**8**	39
	371,808	336,985
Interest expenses arising from:		
Borrowing from central banks	**(8,195)**	(6,506)
Deposits from banks and non-bank financial institutions	**(33,253)**	(26,982)
Placements from banks and non-bank financial institutions	**(3,094)**	(2,963)
Financial assets sold under repurchase agreements	**(2,024)**	(2,558)
Deposits from customers	**(111,149)**	(101,809)
Debt instruments issued	**(31,453)**	(23,457)
Lease liabilities	**(545)**	(542)
Others	**(122)**	(150)
	(189,835)	(164,967)
Net interest income	**181,973**	172,018

Note:

Interest income includes interest income accrued on credit-impaired financial assets of HK$610million for the year ended 31 December 2021(2020: HK$577 million).

(b) Net fee and commission income

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Guarantee and advisory fees	**6,468**	5,409
Bank card fees	**19,840**	16,515
Settlement and clearing fees	**2,313**	1,315
Agency fees and commission	**7,802**	8,479
Trustee commission and fees	**19,109**	12,832
Others	**417**	264
	55,949	44,814
Fee and commission expenses	**(6,229)**	(5,636)
Net fee and commission income	**49,720**	39,178

(c) Sales of goods and services

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Sales of goods	**385,350**	268,964
Services rendered to customers		
– Revenue from construction contracts	**34,589**	24,984
– Revenue from other services	**32,224**	29,860
	452,163	323,808

(d) Other revenue

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Net trading gain *(note (i))*	**6,178**	3,726
Net gain on investments in financial assets under financial services segment	**18,109**	14,082
Others	**793**	137
	25,080	17,945

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

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Trading profit/(loss):		
– debt securities and certificates of deposits	**3,450**	1,792
– foreign currencies	**1,326**	2,350
– derivatives	**1,402**	(416)
	6,178	3,726

5 NET FINANCE CHARGES

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Finance costs		
– Interest on bank and other loans	**4,009**	5,076
– Interest on debt instruments issued	**5,506**	5,946
– Interest and finance charges paid for lease liabilities	**261**	392
	9,776	11,414
Less: interest expense capitalised	**(630)**	(567)
	9,146	10,847
Other finance charges	**287**	303
	9,433	11,150
Finance income	**(2,036)**	(1,266)
	7,397	9,884

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging below costs and expenses in cost of sales and services and other operating expenses:

(a) Staff costs

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Salaries and bonuses	**51,385**	41,998
Contributions to defined contribution retirement schemes	**6,072**	4,152
Others	**13,421**	10,243
	70,878	56,393

(b) Other items

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Amortisation	**2,598**	2,125
Depreciation	**18,622**	17,647
Lease charges	**576**	924
Tax and surcharges	**3,357**	2,799
Property management fees	**1,000**	1,108
Non-operating expenses	**2,299**	700
Professional fees (other than auditors' remuneration)	**1,130**	1,057
Auditors' remuneration		
– Audit services	**159**	159
– Non-audit services	**36**	66
	29,777	26,585

7 INCOME TAX EXPENSE

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Current tax – Mainland China		
Provision for enterprise income tax	**24,592**	24,986
Land appreciation tax	**330**	113
	24,922	25,099
Current tax – Hong Kong		
Provision for Hong Kong profits tax	**946**	641
Current tax – Overseas		
Provision for the year	**154**	183
	26,022	25,923
Deferred tax		
Origination and reversal of temporary differences	**(5,159)**	(9,133)
	20,863	16,790

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the year ended 31 December 2021 is 16.5% (2020: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Mainland China for the year ended 31 December 2021 is 25% (2020: 25%).

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

8 DIVIDENDS

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
2020 Final dividend paid: HK$0.388 (2019 Final: HK$0.285) per share	**11,287**	8,291
2021 Interim dividend paid: HK$0.15 (2020 Interim: HK$0.10) per share	**4,364**	2,909
2021 Final dividend proposed: HK$0.456 (2020 Final: HK$0.388) per share	**13,265**	11,287

9 EARNINGS PER SHARE

The calculation of basic earnings per share and diluted earnings per share are based on the profit attributable to ordinary shareholders of the Company of HK$70,222 million for the year ended 31 December 2021 (2020: HK$56,628 million) calculated as follows:

	For the year ended 31 December	
	2021	2020
	HK$ million	*HK$ million*
Profit attributable to ordinary shareholders of the Company	**70,222**	56,628
Weighted average number of ordinary shares *(in million)*	**29,090**	29,090

Diluted earnings per share for the year ended 31 December 2021 and 2020 are same with basic earnings per share. As at 31 December 2021, there are no share options or other equity securities of the Company in issue which if exercised would have a dilutive effect on the issued ordinary share capital as at 31 December 2021 (31 December 2020: Nil).

The basic earnings per share and diluted earnings per share for the year ended 31 December 2021 are HK$2.41 (2020: HK$1.95).

10 LOANS AND ADVANCES TO CUSTOMERS AND OTHER PARTIES

Loans and advances to customers and other parties analysed by nature

	As at 31 December	
	2021	2020
	HK$ million	*HK$ million*
Loans and advances to customers and other parties at amortised cost		
Corporate loans:		
– Loans	**2,749,733**	2,543,662
– Discounted bills	**5,532**	7,947
– Finance lease receivables	**57,307**	51,910
	2,812,572	2,603,519
Personal loans:		
– Residential mortgages	**1,190,546**	1,088,732
– Credit cards	**646,112**	576,969
– Personal consumption	**304,048**	243,052
– Business loans	**382,318**	337,643
	2,523,024	2,246,396
	5,335,596	4,849,915
Accrued interest	**16,181**	15,182
	5,351,777	4,865,097
Less: allowance for impairment losses	**(154,269)**	(156,218)
Carrying amount of loans and advances to customers and other parties at amortised cost	**5,197,508**	4,708,879
Loans and advances to customers and other parties at FVPL		
Personal loans	**–**	8,465
Loans and advances to customers and other parties at FVOCI		
Corporate loans:		
– Loans	**47,210**	3,203
– Discounted bills	**564,578**	485,608
Carrying amount of loans and advances to customers and other parties at FVOCI	**611,788**	488,811
Total carrying amount of loans and advances	**5,809,296**	5,206,155
Allowance for impairment losses on loans and advances to customers and other parties at FVOCI	**(916)**	(653)

11 INVESTMENTS IN FINANCIAL ASSETS

	As at 31 December	
	2021	2020
	HK$ million	*HK$ million*
Financial assets at amortised cost		
Debt securities	**1,104,924**	838,502
Investment management products managed by securities companies	**61,660**	83,946
Trust investment plans	**290,864**	231,843
Certificates of deposit and certificates of interbank deposit	**1,692**	5,606
Investments in creditor's rights on assets	**–**	96
Others	**646**	1,803
	1,459,786	1,161,796
Accrued interest	**12,792**	12,162
	1,472,578	1,173,958
Less: allowance for impairment losses	**(36,755)**	(17,462)
	1,435,823	1,156,496
Financial assets at FVPL		
Debt securities	**75,792**	68,495
Investment management products managed by securities companies	**11,134**	3,338
Trust investment plans	**4,706**	3,960
Certificates of deposit and certificates of interbank deposit	**37,642**	59,329
Wealth management products	**2,677**	6,532
Investment funds	**517,919**	367,787
Equity investment	**16,876**	18,546
Others	**460**	306
	667,206	528,293
Debt investments at FVOCI		
Debt securities	**781,923**	806,506
Certificates of deposit and certificates of interbank deposit	**5,267**	5,192
Investment management products managed by securities companies	**30**	40,751
	787,220	852,449
Accrued interest	**5,968**	7,806
	793,188	860,255
Allowance for impairment losses on debt investments at FVOCI	**(2,919)**	(3,148)
Equity investments at FVOCI		
Equity investment	**10,287**	7,639
Investment funds	**358**	384
	10,645	8,023
	2,906,862	2,553,067

12 DEPOSITS FROM CUSTOMERS

(a) Types of deposits from customers

	As at 31 December	
	2021	2020
	HK$ million	*HK$ million*
Demand deposits		
Corporate customers	**2,401,056**	2,258,627
Personal customers	**379,224**	388,658
	2,780,280	2,647,285
Time and call deposits		
Corporate customers	**2,183,893**	1,991,042
Personal customers	**809,998**	726,173
	2,993,891	2,717,215
Outward remittance and remittance payables	**13,062**	10,763
Accrued interest	**65,468**	52,431
	5,852,701	5,427,694

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

	As at 31 December	
	2021	2020
	HK$ million	*HK$ million*
Bank acceptances	**303,261**	265,419
Letters of credit	**23,991**	13,112
Guarantees	**17,201**	13,399
Others	**99,446**	124,564
	443,899	416,494

13 BANK AND OTHER LOANS

(a) Types of loans

	As at 31 December	
	2021	2020
	HK$ million	*HK$ million*
Bank loans		
Unsecured loans	**99,946**	116,984
Loan pledged with assets	**17,638**	17,842
	117,584	134,826
Other loans		
Unsecured loans	**25,804**	27,517
Loan pledged with assets	**1,517**	828
	27,321	28,345
	144,905	163,171
Accrued interest	**457**	433
	145,362	163,604

(b) Maturity of loans

	As at 31 December	
	2021	2020
	HK$ million	*HK$ million*
Bank loans		
– Within 1 year or on demand	**36,102**	47,714
– Between 1 and 2 years	**18,867**	17,394
– Between 2 and 5 years	**35,449**	42,471
– Over 5 years	**27,166**	27,247
	117,584	134,826
Other loans		
– Within 1 year or on demand	**4,517**	13,549
– Between 1 and 2 years	**6,400**	3,024
– Between 2 and 5 years	**14,599**	6,398
– Over 5 years	**1,805**	5,374
	27,321	28,345
	144,905	163,171
Accrued interest	**457**	433
	145,362	163,604

14 DEBT INSTRUMENTS ISSUED

	As at 31 December	
	2021	2020
	HK$ million	*HK$ million*
Corporate bonds issued	**102,776**	112,959
Notes issued	**81,075**	60,208
Subordinated bonds issued	**138,390**	134,526
Certificates of deposit issued	**1,480**	–
Certificates of interbank deposit issued	**904,546**	645,179
Convertible corporate bonds	**16,439**	15,659
	1,244,706	968,531
Accrued interest	**5,619**	5,327
	1,250,325	973,858
Analysed by remaining maturity:		
– Within 1 year or on demand	**927,411**	668,965
– Between 1 and 2 years	**57,260**	22,547
– Between 2 and 5 years	**73,257**	116,344
– Over 5 years	**186,778**	160,675
	1,244,706	968,531
Accrued interest	**5,619**	5,327
	1,250,325	973,858

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued during the year ended 31 December 2021 (2020: Nil).

15 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES

The Group is involved in a number of current and pending legal proceedings. The Group provided for liabilities arising from those legal proceedings in which the outflow of economic benefit is probable and can be reliably estimated in the consolidated balance sheet. The Group believes that these accruals are reasonable and adequate.

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

Each of Sino Iron Pty Ltd. ("Sino Iron") and Korean Steel Pty Ltd. ("Korean Steel"), subsidiary companies of the Company, has entered into a Mining Right and Site Lease Agreement ("MRSLA") with Mineralogy. Among other things, those agreements, together with other project agreements, provide Sino Iron and Korean Steel the right to develop and operate the Group's Sino Iron Project in Western Australia ("Sino Iron Project") and to take and process one billion tonnes each of magnetite ore for that purpose.

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

Option Agreement Dispute

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

The CITIC Parties, commenced a legal proceeding in relation to the dispute in the Supreme Court of Western Australia. On 30 September 2015, the Court made declarations by consent, including that the Company had not repudiated the Option Agreement in the manner asserted by Mineralogy and Mr. Palmer.

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

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

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

The trial took place on 7 to 9 and 15 December 2020. As the issues in dispute had narrowed, the principal remaining issue for determination at trial was the form of the takeover agreement and the project agreements to be entered into by Balmoral Iron.

On 30 March 2021, Justice K Martin delivered his reasons for decision. His Honour made various findings, including that Mineralogy had long been in breach of its first option performance obligations and that it was appropriate to make orders for specific performance. Among other things his Honour determined that the Option Agreement envisaged some permissible amendments to the takeover agreement and project agreements, but any amendments needed to be "benign, necessary and minimal".

Final orders for specific performance were made by Justice K Martin on 6 May 2021. Those orders annexed the takeover agreement and project agreements to be entered into by Balmoral Iron. The takeover agreement was signed and exchanged on 27 May 2021 and Cape Preston Resource Holdings Pty Ltd. applied for Foreign Investment Review Board approval of the acquisition, which was received on 19 November 2021. Completion of the acquisition occurred on 24 November 2021.

FCD Indemnity Disputes

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

(i) Queensland Nickel FCD Indemnity Claim

On 29 June 2017, Mr. Palmer commenced a proceeding against the Company in the Supreme Court of Western Australia ("Proceeding CIV 2072/2017") claiming damages in the sum of AUD2,324,000,000 (now reduced by an amended statement of claim to AUD1,800,438,000). This amount is alleged to represent the reduction in the value of the assets of the joint venture business carried on by the Queensland Nickel group of companies controlled by Mr. Palmer. The joint venture business was a nickel and cobalt refinery located at Yabulu in North Queensland.

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

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

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

On 14 September 2020, Justice K Martin ordered that:

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

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

On 3 March 2021, Mineralogy and Mr. Palmer filed an application for leave to amend their statement of claim to introduce an allegation that the CITIC Parties' purpose in failing to pay Royalty Component B was to apply commercial pressure upon Mineralogy and Mr. Palmer to agree to alter the contractual relationship between the parties. In Mineralogy and Mr. Palmer's view, that alleged purpose amounted to the commission of the tort of collateral abuse of process and unconscionable conduct in contravention of section 21 of the Australian Consumer Law. The CITIC Parties rejected those allegations on various grounds. The application was dismissed by consent on 28 May 2021 following Chief Justice Quinlan's dismissal of the permanent stay application by Mineralogy and Mr. Palmer in Proceeding CIV 1915/2019, referred to below.

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

On 23 March 2022, Justice K Martin made orders, among other things, requiring Mineralogy to file a reply to the CITIC Parties' re-amended defence by 8 April 2022. Justice K Martin also ordered the CITIC Parties to file their foreshadowed permanent stay or strike out application, which was filed on 25 March 2022, and that Mineralogy and Mr. Palmer file any cross application in response to the CITIC Parties' permanent stay application by 21 April 2022. Under those orders, the CITIC Parties' application will be listed for a four-day hearing on a date to be fixed after 18 July 2022.

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. The statement of claim pleads that Mineralogy had agreed to provide:

(a) from December 2009, funding; and

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

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

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

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

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

On 14 September 2020, Justice K Martin ordered that:

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

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

On 3 March 2021, Mineralogy filed an application for leave to amend its statement of claim to introduce an allegation that the CITIC Parties' purpose in failing to pay Royalty Component B was to apply commercial pressure upon Mineralogy to agree to alter the contractual relationship between the parties. In Mineralogy's view, that alleged purpose amounted to the commission of the tort of collateral abuse of process and unconscionable conduct in contravention of section 21 of the Australian Consumer Law. The CITIC Parties rejected those allegations on various grounds. The application was dismissed by consent on 28 May 2021 following Chief Justice Quinlan's dismissal of the permanent stay application by Mineralogy and Mr. Palmer in Proceeding CIV 1915/2019, referred to below.

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

On 23 March 2022, Justice K Martin made orders, among other things, requiring Mineralogy to file a reply to the CITIC Parties' re-amended defence by 8 April 2022. Justice K Martin also ordered the CITIC Parties to file their foreshadowed permanent stay or strike out application, which was filed on 25 March 2022, and that Mineralogy and Mr. Palmer file any cross application in response to the CITIC Parties' permanent stay application by 21 April 2022. Under those orders, the CITIC Parties' application will be listed for a four-day hearing on a date to be fixed after 18 July 2022.

No trial date has been set for this proceeding.

Mine Continuation Proposals Dispute

The continued operation of the Sino Iron Project requires it to extend beyond the footprint it currently occupies. The need for extension is primarily driven by the need to accommodate waste rock and tailings, which are necessary by-products of the mining process. The mining tenements upon which the Sino Iron Project is currently conducted, and those into which the CITIC Parties wish to extend in order to continue operation, are all held by Mineralogy. Without an increased footprint, it will be necessary to suspend operations at the Sino Iron Project.

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

(a) submit mine continuation proposals for the Sino Iron Project to the State of Western Australia under the State Agreement;

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

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

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

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

Mediation was conducted in late 2019 but was unsuccessful.

On 10 March 2020, Mineralogy and Mr. Palmer filed their further amended defences. The amendments alleged breaches of various project agreements, and that Mineralogy and Mr. Palmer have allocated parts of certain tenements to other projects. On 23 March 2020, the CITIC Parties filed their reply. On 17 September 2020, following a successful application by the CITIC Parties to strike out aspects of Mineralogy's further amended defence, Mineralogy filed a second further amended defence to remove the defences that were struck out.

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

On 26 February 2021, the CITIC Parties filed an application to summarily dismiss or strike out Mineralogy and Mr. Palmer's permanent stay application. On 12 April 2021, Mineralogy and Mr. Palmer amended their points of claim. Among other things, those amendments sought alternative relief that Proceeding CIV 1915/2019 should be permanently stayed to the extent it raises matters the subject of issue, Anshun or abuse of process estoppels arising by reason of judgments in past proceedings between the parties concerning the Port of Cape Preston and the CITIC Parties' port terminal facilities (in which the CITIC Parties were wholly successful).

The CITIC Parties' application to summarily dismiss or strike out Mineralogy's and Mr. Palmer's permanent stay application was heard by Chief Justice Quinlan on 15 and 21 April 2021. On 28 May 2021, Chief Justice Quinlan summarily dismissed the permanent stay application and the application for discovery within that application. His Honour rejected all the grounds advanced by Mineralogy and Mr. Palmer in support of the permanent stay application, including finding that there was no reasonably arguable basis for Mineralogy and Mr. Palmer to argue Proceeding CIV 1915/2019 should be stayed as an abuse of process.

Mineralogy and Mr. Palmer appealed the decision of Chief Justice Quinlan to dismiss the permanent stay application but, on 1 July 2021, discontinued those appeals.

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

On 17 August 2021, Mineralogy filed a third further amended defence and Mr. Palmer filed a second further amended defence. Mineralogy's third further amended defence made substantial amendments. On 13 September 2021, the CITIC Parties filed a chamber summons seeking to strike out various paragraphs of the defence as failing to disclose any reasonably arguable defence or, alternatively, as an abuse of process. On 3 November 2021, Justice K Martin issued his reasons, in which the CITIC Parties were largely successful, striking out many of the identified paragraphs of Mineralogy's third further amended defence. On 11 November 2021, orders giving effect to Justice K Martin's reasons were issued. On 12 November 2021, Mineralogy filed a fourth further amended defence with those paragraphs struck out. Consequentially, Mr. Palmer filed a third further amended defence on 23 November 2021 and the CITIC Parties filed an amended reply on 29 November 2021.

On 26 November 2021, Justice K Martin's decision to strike out paragraphs of Mineralogy's third further amended defence was appealed by Mineralogy and Mr. Palmer to the Court of Appeal ("Proceeding CACV 114/2021"). Proceeding CACV 114/2021 was heard by the Court of Appeal on 2 February 2022. The appeal was allowed, including extending the time for filing the appeal notice, and orders were made on 8 February 2022 reinstating some of the paragraphs struck out by Justice K Martin from Mineralogy's third further amended defence. Subsequently, on 16 February 2022, Mineralogy filed a sixth further amended defence with the relevant paragraphs reinstated, and the CITIC Parties filed an amended reply on 18 February 2022.

On 26 October 2021, following the grant of leave by the Court, the CITIC Parties filed an amended statement of claim. The CITIC Parties filed a chamber summons on 29 November 2021 seeking leave to further amend the statement of claim. The CITIC Parties' application was heard before Justice K Martin on 7 December 2021. On 13 December 2021, Justice K Martin granted the CITIC Parties leave to file an amended statement of claim, and the CITIC Parties filed that document on 14 December 2021.

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

On 18 January 2022, Justice K Martin's decision to consolidate Proceeding CIV 2326/2021 with Proceeding CIV 1915/2019 was appealed by Mineralogy and Mr. Palmer to the Court of Appeal ("Proceeding CACV 5/2022"). The CITIC Parties intend to file a respondents' answer, which must be filed by 7 April 2022. No date has been set for the hearing of the appeal in Proceeding CACV 5/2022.

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

On 14 March 2022, part way through the trial, the CITIC Parties' solicitors received a chamber summons from Mr. Palmer. The chamber summons seeks a stay of Proceeding CIV 1915/2019 until after the CITIC Parties obtained approval under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of matters the subject of the relief sought by the CITIC Parties. The chamber summons is on substantially the same terms as the chamber summons which was previously filed by Mineralogy and Mr. Palmer on 30 June 2021, and subsequently dismissed by consent. On 21 March 2022, the CITIC Parties filed submissions contending that the Court should make no directions on Mr Palmer's chamber summons and that the Court should not allow any further time of the Court or the CITIC Parties to be taken up by the chamber summons.

Minimum Production Royalty Disputes

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

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

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

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

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

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

Mineralogy sought relief including an order that the Company pay Mineralogy AUD13,731,970 plus US$174,209,266, plus interest (pursuant to the guarantee under the FCD). In the event that Mineralogy was estopped or precluded from seeking relief in Proceeding CIV 3129/2018, Mr. Palmer also sought payment by the Company of US$187,941,236 pursuant to the guarantee and indemnity in the FCD.

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

On 4 March 2020, Justice K Martin's decision to permanently stay Proceeding CIV 3129/2018 was appealed by Mineralogy ("Proceeding CACV 27/2020") and Mr. Palmer ("Proceeding CACV 29/2020"). Mineralogy and Mr. Palmer argued, among other things, that it was not open to Justice K Martin to find that the commencement of Proceeding CIV 3129/2018 was an abuse of process.

On 25 June 2021, the Court of Appeal dismissed Proceeding CACV 27/2020. The Court of Appeal held that permitting Mineralogy to prosecute its claim in Proceeding CIV 3129/2018 would bring the administration of justice into disrepute and, on this basis, the proceeding should remain permanently stayed on the grounds of an abuse of process. The Court of Appeal also dismissed Mr. Palmer's appeal in Proceeding CACV 29/2020. The Court of Appeal held that Mr. Palmer's claim failed to disclose a reasonably arguable cause of action which was separate from Mineralogy's claim for damages. The Court of Appeal held that permitting Mr. Palmer to prosecute his claim would, in effect, circumvent the stay of Proceeding CIV 3129/2018 and bring administration of justice into disrepute, and, on this basis, held that the proceeding remain permanently stayed on the grounds of an abuse of process.

On 23 July 2021, Mineralogy ("Proceeding P 23/2021") and Mr. Palmer ("Proceeding P 24/2021") commenced applications in the High Court of Australia for special leave to appeal the Court of Appeal's decisions in Proceeding CACV 27/2020 and Proceeding CACV 29/2020. On 13 August 2021, the CITIC Parties and SIH filed responsive submissions in Proceeding P 23/2021 and Proceeding P 24/2021. On 23 August 2021, Mineralogy filed its reply in Proceeding P 23/2021 and, on 20 August 2021, Mr. Palmer filed his reply submissions in Proceeding P 24/2021.

On 16 November 2021, the High Court of Australia dismissed Proceeding P 23/2021 and Proceeding P 24/2021 with costs.

Site Remediation Fund Dispute

(i) 2018 Site Remediation Fund Dispute

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

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

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

On 22 October 2018, Mineralogy commenced a proceeding against the CITIC Parties in the Supreme Court of Western Australia ("Proceeding CIV 2840/2018") concerning the Site Remediation Fund. Mineralogy claimed that the CITIC Parties were required to contribute AUD529,378,207 into the Site Remediation Fund established under the MRSLAs, as security for the performance of their obligations relating to the protection of the environment and rehabilitation. The CITIC Parties filed a defence and counterclaim in Proceeding CIV 2840/2018 which sought, among other things, orders appointing an independent trustee in place of Mineralogy.

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

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

On 10 June 2021, Mineralogy appealed Justice K Martin's decision to dismiss Mineralogy's claim in Proceeding CIV 2840/2018 ("Proceeding CACV 42/2021"). On 23 August 2021, the CITIC Parties filed and served their respondents' answer to the appellant's case.

Proceeding CACV 42/2021 has been listed for a one day hearing on 16 May 2022.

(ii) 2021/22 Site Remediation Fund Dispute

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

On 16 December 2021, Sino Iron and Korean Steel commenced a proceeding against Mineralogy in the Supreme Court of Western Australia ("Proceeding CIV 2373/2021"). Sino Iron and Korean Steel seek declarations that the 2021 Notices are invalid and of no effect. Sino Iron and Korean Steel allege that the 2021 Notices are not valid due to non-compliance with the terms of the MRSLAs. Consequently, Sino Iron and Korean Steel also allege that the 2021 Notices do not enliven their obligations under clause 20.6 of the MRSLAs to pay an annual charge into the Site Remediation Fund.

On 24 January 2022, Justice K Martin made orders staying Proceeding CIV 2373/2021 pending the outcome of the appeal in Proceeding CACV 42/2021.

(b) Metallurgical Corporation of China ("MCC") claim

MCC was appointed as the EPC (engineering, procurement and construction) contractor for the processing area and related facilities at the Sino Iron Project. The fixed price contract amount was US$3.4 billion.

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

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

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

As set out in the Company's announcement dated 24 December 2013, Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron Project. An independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings of the independent audit, Sino Iron and MCC WA expect to enter into further negotiations to determine the amount of liabilities to be borne between the parties. Outcomes are not yet known as at 31 December 2021.

Note:

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results 2021 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2021 in due course.

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

FINANCIAL REVIEW AND ANALYSIS

HK$ million	**For the year ended 31 December 2021**	2020	Increase/ (Decrease) (%)
Revenue	**708,936**	552,949	28%
Profit before taxation	**121,141**	97,718	24%
Net profit	**100,278**	80,928	24%
Net profit attributable to ordinary shareholders	**70,222**	56,628	24%
Basic earnings per share *(HK$)*	**2.41**	1.95	24%
Diluted earnings per share *(HK$)*	**2.41**	1.95	24%
Dividend per share *(HK$)*	**0.606**	0.488	24%
Net cash (used in)/generated from operating activities	**(40,694)**	193,225	(121%)
Capital expenditure	**42,235**	29,616	43%

	As at 31 December 2021	As at 31 December 2020	Increase/ (Decrease) (%)
Total assets	**10,685,521**	9,740,828	9.7%
Total liabilities	**9,519,931**	8,732,186	9.0%
Total ordinary shareholders' funds	**751,407**	674,276	11%
Return on total assets *(%)*	**1.3%**	1.2%	0.1%
Return on net assets *(%)*	**9.9%**	8.9%	1.0%
Staff employed	**136,637**	135,304	1.0%

Major indicators by business

Revenue from external customers

HK$ million	**For the year ended 31 December 2021**	2020	Increase/(Decrease) Amount	%
Comprehensive financial services	**256,760**	229,103	27,657	12%
Advanced intelligent manufacturing	**47,694**	13,759	33,935	247%
Advanced materials	**282,422**	195,754	86,668	44%
New consumption	**65,564**	70,056	(4,492)	(6.4%)
New-type urbanization	**56,366**	44,224	12,142	27%

Profit

HK$ million	**For the year ended 31 December 2021**	2020	Increase/(Decrease) Amount	%
Comprehensive financial services	**78,193**	65,437	12,756	19%
Advanced intelligent manufacturing	**1,374**	623	751	121%
Advanced materials	**21,137**	11,463	9,674	84%
New consumption	**2,366**	1,278	1,088	85%
New-type urbanization	**8,280**	9,920	(1,640)	(17%)

Profit attributable to ordinary shareholders

HK$ million	**For the year ended 31 December 2021**	2020	Increase/(Decrease) Amount	%
Comprehensive financial services	**52,075**	43,516	8,559	20%
Advanced intelligent manufacturing	**632**	453	179	40%
Advanced materials	**19,162**	10,149	9,013	89%
New consumption	**1,610**	894	716	80%
New-type urbanization	**7,810**	9,409	(1,599)	(17%)

Assets

HK$ million	**As at 31 December 2021**	As at 31 December 2020	Increase/(Decrease) Amount	%
Comprehensive financial services	**10,050,873**	9,113,747	937,126	10%
Advanced intelligent manufacturing	**66,837**	58,719	8,118	14%
Advanced materials	**272,756**	239,155	33,601	14%
New consumption	**72,055**	76,157	(4,102)	(5.4%)
New-type urbanization	**349,907**	309,736	40,171	13%

Revenue by nature

	For the year ended 31 December		Increase/(Decrease)	
HK$ million	**2021**	2020	Amount	%
Net interest income	**181,973**	172,018	9,955	5.8%
Net fee and commission income	**49,720**	39,178	10,542	27%
Sales of goods and services	**452,163**	323,808	128,355	40%
– Sales of goods	**385,350**	268,964	116,386	43%
– Revenue from construction contracts	**34,589**	24,984	9,605	38%
– Revenue from other services	**32,224**	29,860	2,364	7.9%
Other revenue	**25,080**	17,945	7,135	40%

Capital Expenditure

	For the year ended 31 December		Increase/(Decrease)	
HK$ million	**2021**	2020	Amount	%
Comprehensive financial services	**13,450**	7,909	5,541	70%
Advanced intelligent manufacturing	**1,641**	579	1,062	183%
Advanced materials	**13,376**	9,761	3,615	37%
New consumption	**1,748**	2,994	(1,246)	(42%)
New-type urbanization	**12,020**	8,373	3,647	44%
Total	**42,235**	29,616	12,619	43%

Group Financial Position

HK$ million	**As at 31 December 2021**	As at 31 December 2020	Increase/(Decrease) Amount	%
Total assets	**10,685,521**	9,740,828	944,693	9.7%
Loans and advances to customers and other parties	**5,809,296**	5,206,155	603,141	12%
Investments in financial assets	**2,906,862**	2,553,067	353,795	14%
Cash and deposits	**720,235**	755,386	(35,151)	(4.7%)
Placement with banks and non-bank financial institutions	**173,754**	198,513	(24,759)	(12%)
Trade and other receivables	**172,837**	169,723	3,114	1.8%
Fixed assets	**177,306**	167,840	9,466	5.6%
Total liabilities	**9,519,931**	8,732,186	787,745	9.0%
Deposits from customers	**5,852,701**	5,427,694	425,007	7.8%
Deposits from banks and non-bank financial institutions	**1,422,328**	1,370,439	51,889	3.8%
Debt instruments issued	**1,250,325**	973,858	276,467	28%
Borrowing from central banks	**231,479**	266,611	(35,132)	(13%)
Bank and other loans	**145,362**	163,604	(18,242)	(11%)
Trade and other payables	**184,939**	160,943	23,996	15%
Total ordinary shareholders' funds	**751,407**	674,276	77,131	11%

Loans and advances to customers and other parties

As at 31 December 2021, the loans and advances to customers and other parties of the Group was HK$5,809,296 million, an increase of HK$603,141 million or 12% compared to 31 December 2020. The proportion of loans and advances to customers and other parties to total assets was 54.37%, an increase of 0.92 percentage point compared to 31 December 2020.

In HK$ million	**As at 31 December 2021**	As at 31 December 2020	Increase/(decrease) Amount	%
Loans and advances to customers and other parties measured at amortised cost				
Corporate loans	**2,807,040**	2,595,572	211,468	8.1%
Discounted bills	**5,532**	7,947	(2,415)	(30%)
Personal loans	**2,523,024**	2,246,396	276,628	12%
Accrued interest	**16,181**	15,182	999	6.6%
Total loans and advances to customers and other parties measured at amortised cost	**5,351,777**	4,865,097	486,680	10%
Impairment allowances	**(154,269)**	(156,218)	1,949	1.2%
Carrying amount of loans and advances to customers and other parties measured at amortised cost	**5,197,508**	4,708,879	488,629	10%
Loans and advances to customers and other parties at fair value through other comprehensive income				
Personal loans	**–**	8,465	(8,465)	(100%)
Loans and advances to customers and other parties measured at fair value through other comprehensive income				
Corporate loans	**47,210**	3,203	44,007	1374%
Discounted bills	**564,578**	485,608	78,970	16%
Carrying amount of loans and advances to customers and other parties measured at fair value through other comprehensive income	**611,788**	488,811	122,977	25%
Net loans and advances to customers and other parties	**5,809,296**	5,206,155	603,141	12%

Investments in financial assets

As at 31 December 2021, the Investments in financial assets of the Group was HK$2,906,862 million, an increase of HK$353,795 million, increased 14% compared with 31 December 2020. The proportion of Investments in financial assets to total assets was 27.20%, an increase of 0.99 percentage point compared with 31 December 2020.

(a) Analysed by types

In HK$ million	**As at 31 December 2021**	As at 31 December 2020	Increase/(Decrease) Amount	%
Debt securities	**1,962,639**	1,713,503	249,136	15%
Investment management products managed by securities companies	**72,824**	128,035	(55,211)	(43%)
Investment funds	**518,277**	368,171	150,106	41%
Trust investment plans	**295,570**	235,803	59,767	25%
Certificates of deposit and certificates of interbank deposit	**44,601**	70,127	(25,526)	(36%)
Equity investment	**27,163**	26,185	978	3.7%
Wealth management products	**2,677**	6,532	(3,855)	(59%)
Investments in creditor's rights on assets	**–**	96	(96)	(100%)
Others	**1,106**	2,109	(1,003)	(48%)
Subtotal	**2,924,857**	2,550,561	374,296	15%
Accrued interest	**18,760**	19,968	(1,208)	(6.0%)
Less: allowance for impairment losses	**(36,755)**	(17,462)	(19,293)	(110%)
Total	**2,906,862**	2,553,067	353,795	14%

(b) Analysed by measurement attribution

In HK$ million	**As at 31 December 2021**	As at 31 December 2020	Increase/(Decrease) Amount	%
Financial assets at amortised cost	**1,435,823**	1,156,496	279,327	24%
Financial assets at FVPL	**667,206**	528,293	138,913	26%
Debt investments at FVOCI	**793,188**	860,255	(67,067)	(7.8%)
Equity investments at FVOCI	**10,645**	8,023	2,622	33%
Total	**2,906,862**	2,553,067	353,795	14%

Deposits from customers

As at 31 December 2021, deposits from customers of the financial institutions under the Group were HK$5,852,701 million, an increase of HK$425,007 million or 7.8% compared to 31 December 2020. The proportion of deposits from customers to total liabilities was 61.48%, a decrease of 0.68 percentage point compared to 31 December 2020.

In HK$ million	**As at 31 December 2021**	As at 31 December 2020	Increase/(decrease) Amount	%
Corporate deposits				
Time deposits	**2,183,893**	1,991,042	192,851	10%
Demand deposits	**2,401,056**	2,258,627	142,429	6.3%
Subtotal	**4,584,949**	4,249,669	335,280	7.9%
Personal deposits				
Time deposits	**809,998**	726,173	83,825	12%
Demand deposits	**379,224**	388,658	(9,434)	(2.4%)
Subtotal	**1,189,222**	1,114,831	74,391	6.7%
Outward remittance and remittance payables	**13,062**	10,763	2,299	21%
Accrued interest	**65,468**	52,431	13,037	25%
Total	**5,852,701**	5,427,694	425,007	7.8%

RISK MANAGEMENT

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

Financial Risk

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

Asset and liability management

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

1. Debt

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

As at 31 December 2021, consolidated debt of CITIC Limited[1] was HK$1,389,611 million, including loans of HK$144,905 million and debt instruments issued[2] of HK$1,244,706 million. Debt of CITIC Bank[3] accounted for HK$1,135,618 million. CITIC Limited attaches importance to cash flow management, the head office of CITIC Limited had cash and deposits of HK$2,609 million and available committed facilities of HK$30,732 million.

The details of debt are as follows:

As at 31 December 2021	***HK$ million***
Consolidated debt of CITIC Limited	1,389,611
Among which: Debt of CITIC Bank	1,135,618

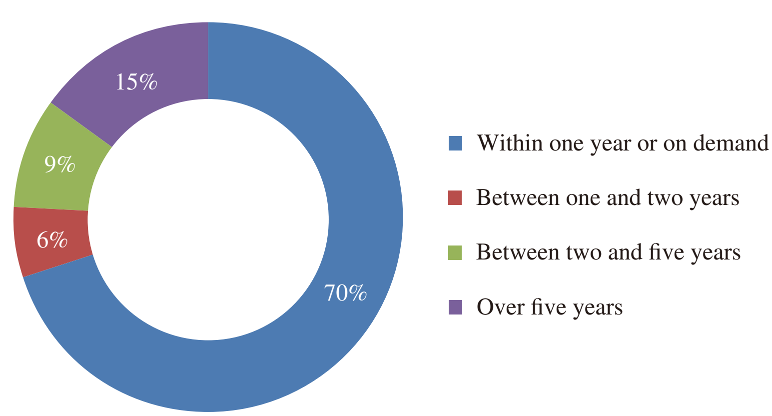
Note:

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

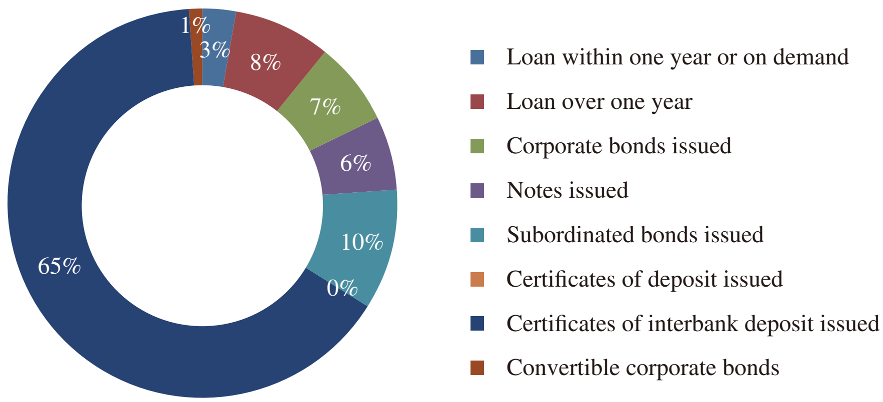
(2) Debt instruments issued include corporate bonds, notes, subordinated bonds, certificates of deposit issued, certificates of interbank deposit issued and convertible corporate bonds excluding interest accrued;

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

Consolidated debt by maturity as at 31 December 2021



Consolidated debt by type as at 31 December 2021



The debt to equity ratio of CITIC Limited as at 31 December 2021 is as follows:

In HK$ million	**Consolidated**
Debt	1,389,611
Total equity(4)	1,165,590
Debt to equity ratio	119%

Note:

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

2. *Liquidity risk management*

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

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

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

3. *Credit ratings*

	Standard & Poor's	**Moody's**
31 December 2021	BBB+/Positive	A3/Stable

Treasury risk management

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

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

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

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

1. *Interest rate risk*

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

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

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

2. Currency risk

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

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

3. Counterparty risk for financial products

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

4. Commodity risk

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

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

5. *Market price risk*

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

Economic Environment

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

COVID-19 continues spreading around the world, causing tremendous impacts on both economic and social development. In the meanwhile, as China's economy is undergoing structural changes, the formation of new growth drivers involves further reforms in a variety of areas, including politics, economy, technology, culture and society. The global economy is still on the way of recovery, but the performances in main economic entities and regions are divergent, and challenges from trade friction and other aspects are increasing. The growth prospect is with uncertainty. If negative economic factors appear in countries and regions in which CITIC Limited operates, there might be an adverse impact on its operational results, financial condition and profitability.

Operational Risk

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

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

Credit Risk

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

Competitive Markets

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

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

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

– Resources and energy, manufacturing, real estate operations, and other businesses in different sectors also face severe competition over resources, technologies, prices and services.

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

Other External Risks and Uncertainties

Impact of local, national and international laws and regulations

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

Impact of new accounting standards

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

Natural disasters or events, terrorism and diseases

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2021, we continued to improve our ESG management system, to push forward the integration of ESG concept into the whole process of our corporate governance and business operation and to enhance ESG value creation and its risk resistance. MSCI upgraded its ESG rating for CITIC Limited to BBB.

A Sustainable Future

We are setting carbon peaking and neutrality goal for a greener path of development

On 22 September 2020, President Xi Jinping announced China's dual goals of achieving carbon emissions peaking by 2030 and carbon neutrality by 2060. This is a choice that China must make to achieve sustainable development in the face of environment degradation and resource depletion. This also stands as a solemn commitment Chinese people made to the building of a community of shared future of all humankind.

In recent years, we have been leveraging our financial strengths to participate extensively in green finance. We have taken actions in the low-carbon transformation of our company and global industrial chain, while investing in energy-saving and low-carbon technologies. During the 14th Five-Year Plan, CITIC has taken the lead as a state-owned enterprise that strives to be a model of ESG responsibility in the capital market.

On 10 May 2021, CITIC organised a seminar – The Road to Peak Carbon and Carbon Neutrality – during which we announced we will take a "two increases/one decrease" approach. The first "increase" is broadening the scope of our green finance business to support the low-carbon transformation of industry. The second "increase" is based on industrial development by lowering the carbon impact of our industrial chain and ecosystem. The "decrease" refers to the transformation of the existing high-carbon businesses from high environmental impact investments to low-carbon ones. When new businesses are formed, they will be launched with a view to minimising their impacts on the environment.

In particular, our Comprehensive Financial Services sector is to become a leader in green finance in support of the low-carbon transformation of the economy. We will also work towards making our Advanced Intelligent Manufacturing sector a pioneer in low-carbon technologies. Our Advanced Materials sector is also committed to developing low-carbon technologies in the process of green transformation. The goal of our New Consumption sector is to be a driver of low-carbon consumption trends, while our New-type Urbanisation sector is set to become a green city builder, especially with regard to decarbonisation and sustainable lifestyles.

Environmental protection

We are protecting the environment for a more beautiful China

We have embedded the concept of green development into our diversified portfolio. In our Comprehensive Financial Services sector, we provide financing solutions for the low-carbon transformation of industries, while our Advanced Intelligent Manufacturing sector is committed to reducing carbon in our industrial chain and the wider ecosystem. We are also determined to curb our investments in high energy-consuming and high emissions projects.

As at the end of 2021, CITIC Bank's green credit balance was RMB205.425 billion, an increase of 122.8%. As the main underwriter of the first wave of carbon neutral green bonds, CITIC Securities supported the issuance of these bonds by National Energy Group and Shenzhen Metro. The total issue size amounted to RMB7 billion.

To reduce pollution, CITIC Heavy Industries developed a modified mechanical pump vacuum and regenerative heating furnace that has reduced consumption of standard coal by 6,820 tonnes, thereby cutting carbon dioxide emissions by an estimated 18,760 tonnes per annum. CITIC Dicastal has also implemented low-carbon technologies for its operational processes at a pilot site (the Chengdu KSM plant), achieving a 62% reduction in carbon emissions.

As a resource and energy conservation measure, CITIC Mining International began using advanced material crushing technology in its operations, which reduced total unit energy consumption by approximately 7% per wet tonne of concentrate. Daye Special Steel is also committed to improving energy efficiency and reducing electricity consumption in all of it operations. In 2021, gas consumption in its rolling mill process dropped by 7.3% as compared with the target of the previous year, thus reducing electricity purchases by 61 million KWh.

At CITIC Environment Chaonan Recycling Industrial Park, a new six-in-one service model of industrial production was introduced in the printing and dyeing park, including sewage treatment, water reuse, centralised water supply, combined heat and power generation, and solid waste disposal. This provided a replicable model for third-party environmental pollution management in recycling parks across China.

Staff Development

We built solid staff development plans to attract and retain talents

We take a talent-based approach to managing human resources and developing human capital. As of the end of 2021, CITIC had 136,637 permanent employees, of whom 36.94% were women and 50.76% were under the age of 35.

With regard to remuneration and benefits, we have worked with our subsidiaries to link staff remuneration to performance. Our objectives are to provide market-competitive remuneration rates for outstanding talent and to instil a strong sense of belonging among all our staff. In Hong Kong, we make MPF contributions for all employees in accordance with the requirements of the Hong Kong SAR Government, as well as basic social insurance as stipulated by local governments. Moreover, most of our subsidiaries in Hong Kong offer corporate pensions (supplementary pension insurance) and supplementary medical insurance to their employees.

In our 14th Five-Year Plan for the development of human resources, we continued to assess senior and middle ranking positions. 53 staff members were awarded senior ranking positions, and 87 were awarded middle ranking positions. We also commissioned a third party to assess junior and middle ranking positions in 79 professions. Additionally, we recommended 10 people for the National Major Talent Project, 5 people for the Outstanding Talent and Outstanding Engineer Typical, and 4 people for the National Engineering Survey and Design Master.

As safety management is always our highest priority, we have established a bottom-line mindset for safe production and the protection of our employees and properties. In 2021, CITIC Heavy Industries revised its safety management system and re-issued five existing systems, including the Safety Production Responsibility System and Safety Production Assessment Method.

Customer Focused

We pursue excellence in our products and services

We have developed an integrated business ecosystem. Furthermore, we strive for innovation in our services and businesses, with a view to building our company into a world-class technology-based enterprise. During the review period, CITIC Construction completed a series of major projects on schedule, including the Chongli Taizicheng Ice and Snow Town for the Beijing Winter Olympic Games. At CITIC Securities, a new customer complaint protection mechanism was introduced for its compliance assessment system. By carefully researching customer needs and monitoring service levels, CITIC Press improved the quality of its products and business processes for an enhanced customer experience.

As a technology-focused company, we continued to put innovation at the forefront to build a science and technology-driven conglomerate. CITIC Heavy Industries, CITIC Special Steel and CITIC Engineering Design & Construction respectively made breakthroughs in advanced manufacturing, special materials and intelligent construction. CITIC Dicastal's No. 6 production line of aluminium wheels in Qinhuangdao was awarded the world class "Lighthouse Factory". On 13th, January 2022, we held the scientific and technological innovation conference for the first time, released "the 14th Five-Year Plan" of scientific and technological development and ten major innovation projects, including *the Project of Financial Full Stack Cloud Construction*, *Key Equipment Project for Automobile Manufacturing Revolution*.

We remain fully committed to protecting consumers' privacy and respecting their rights to access information. CITIC Bank handles sensitive information such as personal information, asset information and account balances with all due care, while CITIC Securities launched a special investor education campaign on the reform of the New Third Board and establishment of the Beijing Stock Exchange.

Industry Development

We are forging strong partnerships to promote the development of industry

We believe collaboration with our partners is essential for achieving mutually beneficial cooperation. In 2021, our senior management met frequently with our partners in private and public sectors, including multiple visits to Sichuan, Guangdong, Qinghai and Hunan provinces. We have since signed strategic cooperation agreements with nine provincial and municipal governments and 13 enterprises, with the aim of exploring opportunities for cooperation in financial services, high-end manufacturing, medical and elderly care, and agriculture, among others.

In our supply chain, CITIC Dicastal manages its first-tier suppliers by category and conducts monthly performance assessments according to quality, cost, delivery and service criteria. Suppliers are selected based on their performance reviews.

Creating greater value for industry is at the heart of what we do. CITIC Engineering participated in the establishment of the Wuhan Design Capital Promotion Centre – Digital Construction Industry Alliance. Together with other members of the Alliance, the Company set up a framework for building an autonomous BIM ecosystem that will be used by the service industry.

We also attach great importance to the protection of intellectual property rights. To combat copyright infringement and piracy, CITIC Press has been working with various organisations such as the Beijing Copyright 15: Anti-Piracy Alliance.

As internal risk management and the prevention of corruption are critical to our business, we improved our disciplinary and inspection functions and those of our major companies. We also dispatched 9 anticorruption supervisors to our subsidiaries. In addition, discussions of typical disciplinary cases were held to strengthen the integrity culture, with recommended corrective measures to be taken.

Community Service

Our social mission for a better future

As a state-owned enterprise, we have a special responsibility to promote the welfare and wellbeing of the communities in which we operate.

In 2021 we began a comprehensive campaign of village revitalisation in rural areas of China. A total investments of more than RMB78 million were made in Yuan Yang and Ping Bin counties, Yunnan, in Qianjiang District, Chongqing and in Shenza County, Tibet. A total sum of RMB120 million were donated to communities, among which RMB30 million were donated to Henan Province for their flood relief efforts.

We also support disadvantaged people in Hong Kong and Macau. Over the years, CITIC's volunteer teams have organised activities for the elderly living alone and low-income people in the community. During the COVID-19 pandemic, we donated anti-infection supplies and held events for protecting the environment and safeguarding Hong Kong's prosperity and stability. These initiatives are carried out not just as a demonstration of CITIC's corporate responsibility but because we have deep roots in Hong Kong.

Outside the Greater China area, CITIC International Mining has sponsored Clontarf College for ten consecutive years and participated in activities that raise educational standards and the employability of indigenous youths in remote areas.

In addition, we help our subsidiaries set up volunteer teams. To date, more than 30 teams of CITIC Youth Volunteers have been established with more than 12,500 volunteers. These teams have donated their time and energy in more than 20 cities and regions, including Beijing, Hebei, Henan and Chongqing. Their work covers areas such as caring for the children of migrant workers, helping the disabled, promoting financial literacy in schools, donating credit card points to sponsor school children, planting trees to reduce pollution and supporting local cultures.

CORPORATE GOVERNANCE

CITIC Limited is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments. A full description of CITIC Limited's corporate governance will be set out in the section of Corporate Governance contained in the 2021 Annual Report.

CITIC Limited has applied the principles of the Corporate Governance Code (Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) and complied throughout the year 2021 with all code provisions set out in the Corporate Governance Code in force during the year under review.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the board reviewed the 2021 consolidated financial statements and the annual results for the year ended 31 December 2021 in conjunction with the management and CITIC Limited's external auditor and recommended its adoption by the board. The committee consists of five non-executive directors of whom three are independent.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have resolved to recommend to shareholders the payment of a final dividend ("2021 Final Dividend") of HK$0.456 per share (2020: HK$0.388 per share), which together with the interim dividend of HK$0.15 per share (2020: HK$0.10 per share) already paid makes a total dividend of HK$0.606 per share (2020: HK$0.488 per share) for the year ended 31 December 2021. The total dividend of HK$0.606 per share will amount to HK$17,629 million of CITIC Limited's profit for the year ended 31 December 2021 (2020: HK$14,196 million).

The proposed 2021 Final Dividend of HK$0.456 per share, the payment of which is subject to approval of the shareholders at the annual general meeting of CITIC Limited to be held on Tuesday, 14 June 2022 ("2022 AGM"), is to be payable on Monday, 8 August 2022 to shareholders whose names appear on the Register of Members of CITIC Limited at the close of business on Wednesday, 22 June 2022.

The proposed 2021 Final Dividend will be payable in cash to each shareholder in HK Dollars ("HKD") unless an election is made to receive the same in Renminbi ("RMB").

Shareholders will be given the option to elect to receive all (but not part) of the 2021 Final Dividend in RMB at the average benchmark exchange rate of HKD to RMB as published by the People's Bank of China during the five business days ending on 14 June 2022 (inclusive), being the date of the 2022 AGM. A dividend currency election form will be despatched to shareholders in late June 2022 as soon as practicable after the record date of 22 June 2022 to determine shareholders' entitlement to the proposed 2021 Final Dividend.

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

(i) from Thursday, 9 June 2022 to Tuesday, 14 June 2022, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2022 AGM. In order to be eligible to attend and vote at the 2022 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited's Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 8 June 2022; and

(ii) from Monday, 20 June 2022 to Wednesday, 22 June 2022, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed 2021 Final Dividend. In order to establish entitlements to the proposed 2021 Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited's Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 17 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 15 April 2021, CITIC Limited fully redeemed the USD750 million 6.625% notes under the Medium Term Note Programme upon maturity. These notes were issued in two tranches – USD500 million issued on 15 April 2011 and USD250 million issued on 23 June 2014. On 14 December 2021, CITIC Limited also fully redeemed the USD500 million 2.80% notes issued on 14 June 2016 under the Medium Term Note Programme upon maturity. All the notes issued as mentioned above were listed on the Hong Kong Stock Exchange.

Save as disclosed above, neither CITIC Limited nor any of its subsidiary companies has purchased, sold or redeemed any of CITIC Limited's listed securities during the year ended 31 December 2021.

FORWARD LOOKING STATEMENTS

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

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

ANNUAL REPORT AND FURTHER INFORMATION

A copy of the announcement is posted on CITIC Limited's website (www.citic.com) and Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk). The full Annual Report will be made available on the respective websites of CITIC Limited and Hong Kong Exchanges and Clearing Limited around 21 April 2022.

By Order of the Board
CITIC Limited
Zhu Hexin
Chairman

Beijing, 31 March 2022

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