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**CITIC Limited**  
**中國中信股份有限公司**

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

**ANNOUNCEMENT**

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
OF CITIC CORPORATION LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2022**

This announcement is made by CITIC Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

CITIC Corporation Limited (“**CITIC Corporation**”), a wholly-owned subsidiary of the Company, is a company incorporated in the People’s Republic of China (“**PRC**”). As CITIC Corporation has issued enterprise bond, super & short-term commercial paper and corporate bond in the PRC, it is required to announce the financial statements of itself and its subsidiaries prepared in accordance with the PRC Generally Accepted Accounting Principles in accordance with the relevant regulations of the People’s Bank of China, the National Association of Financial Market Institutional Investors, National Development and Reform Commission, China Securities Regulatory Commission and Shanghai Stock Exchange.

The financial statements and auditor’s report of CITIC Corporation for the year ended 31 December 2022 are available on China Bond, China Money, Beijing Financial Assets Exchange, Shanghai Clearing House and Shanghai Stock Exchange at [www.chinabond.com.cn](http://www.chinabond.com.cn), [www.chinamoney.com.cn](http://www.chinamoney.com.cn), [www.cfae.cn](http://www.cfae.cn), [www.shclearing.com](http://www.shclearing.com) and [www.sse.com.cn](http://www.sse.com.cn), respectively, and are set out at the end of this announcement.

By Order of the Board  
**CITIC Limited**  
**Zhu Hexin**  
*Chairman*

Hong Kong, 28 April 2023

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

**CITIC CORPORATION LIMITED**

**FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

## **CITIC CORPORATION LIMITED**

Financial Statements and Auditor's Report  
For the year ended 31 December 2022  
[English translation for reference only]

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**CITIC CORPORATION LIMITED**

**CONSOLIDATED BALANCE SHEET**

**AS AT 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

[English translation for reference only]

<b>Assets</b>	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash and deposits	6(1)	862,651,530	571,189,415
Settlement reserve	6(2)	41,891,039	-
Placements with banks and non-bank financial institutions	6(3)	217,354,011	142,060,995
Derivative financial instruments	6(4)	80,281,998	22,738,297
Trade and other receivables	6(5)	184,900,254	116,031,904
Contract assets	6(6)	19,228,510	10,666,563
Inventories	6(7)	47,433,654	34,999,727
Financial assets held under resale agreements	6(8)	45,713,102	91,757,186
Loans and advances to customers and other parties	6(9)	5,059,992,874	4,775,898,800
Margin accounts	6(10)	106,976,333	-
Investments in financial assets	6(11)		
- Financial assets held for trading		1,129,097,515	538,615,284
- Bond investments		1,124,595,845	1,173,928,734
- Other bond investments		873,367,436	648,510,309
- Other equity instruments investments		8,997,392	8,468,262
Refundable deposits	6(12)	69,158,115	-
Long-term equity investments	6(13)	67,105,108	79,505,605
Investment properties	6(14)	10,956,902	9,850,633
Fixed assets	6(15)	56,591,833	47,294,446
Construction in progress	6(16)	10,422,921	8,122,111
Right-of-use assets	6(17)	13,965,223	11,826,503
Intangible assets	6(18)	26,929,076	17,871,603
Goodwill	6(19)	14,769,547	7,267,808
Deferred tax assets	6(20)	72,245,904	51,618,437
Other assets		35,312,425	33,992,768
<b>Total assets</b>		<b>10,179,938,547</b>	<b>8,402,215,390</b>

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of  
accounting affairs

The head of the accounting  
department

The notes on pages 13 to 205 form part of these financial statements.

**CITIC CORPORATION LIMITED**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

[English translation for reference only]

<b>Liabilities and owners' equity</b>	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Liabilities</b>			
Borrowing from central banks	6(22)	119,421,572	189,257,343
Placements from banks and non-bank financial institutions	6(23)	108,378,874	87,473,873
Financial liabilities held for trading	6(24)	94,845,091	4,647,768
Customer brokerage deposits	6(25)	279,246,863	-
Funds payable to securities issuers		15,253,774	-
Derivative financial instruments	6(4)	71,722,279	23,250,512
Trade and other payables	6(26)	338,397,573	102,098,386
Contract liabilities	6(6)	19,507,583	16,345,284
Financial assets sold under repurchase agreements	6(27)	470,477,239	100,116,489
Deposits from banks and non-bank financial institutions and customers	6(28)	6,268,676,165	5,961,517,503
Employee benefits payables	6(29)	50,362,091	27,121,269
Taxes payable	4(3)	18,441,343	15,902,662
Bank and other loans	6(30)	53,842,711	35,944,752
Debt instruments issued	6(31)	1,118,870,856	970,326,926
Lease liabilities	6(32)	14,545,931	11,862,955
Provisions	6(33)	16,268,733	19,099,913
Deferred tax liabilities	6(20)	10,545,812	4,214,308
Other liabilities		18,525,982	14,760,853
<b>Total liabilities</b>		<b>9,087,330,472</b>	<b>7,583,940,796</b>
<b>Owners' equity</b>			
Paid-in capital	6(34)	139,000,000	139,000,000
Capital reserve	6(35)	38,443,721	40,192,177
Other comprehensive income	6(36)	206,760	3,003,336
Surplus reserve	6(37)	13,864,249	12,328,674
General reserve	6(38)	55,492,872	51,320,806
Retained earnings	6(39)	273,323,748	241,402,377
<b>Total equity attributable to owners of the Company</b>		<b>520,331,350</b>	<b>487,247,370</b>
Non-controlling interests		572,276,725	331,027,224
<b>Total owners' equity</b>		<b>1,092,608,075</b>	<b>818,274,594</b>
<b>Total liabilities and owners' equity</b>		<b>10,179,938,547</b>	<b>8,402,215,390</b>

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of  
accounting affairs

The head of the accounting  
department

The notes on pages 13 to 205 form part of these financial statements.

**CITIC CORPORATION LIMITED**

**COMPANY BALANCE SHEET**

**AS AT 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

[English translation for reference only]

<b>Assets</b>	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash and deposits	6(1)	2,458,633	18,549,270
Trade and other receivables	6(5)	28,742,124	26,499,277
Loans and advances to customers and other parties	6(9)	5,393,401	1,210,692
Investments in financial assets	6(11)		
- Financial assets held for trading		4,192,589	34,161,339
Long-term equity investments	6(13)	266,698,157	228,686,602
Fixed assets	6(15)	443,064	487,360
Intangible assets		15,401	21,944
Other assets		32,661	7,341
<b>Total assets</b>		<b>307,976,030</b>	<b>309,623,825</b>
<b>Liabilities and owners' equity</b>			
<b>Liabilities</b>			
Trade and other payables	6(26)	29,903,217	23,634,739
Bank and other loans	6(30)	6,993,219	3,003,700
Debt instruments issued	6(31)	33,053,704	41,833,978
Deferred tax liabilities	6(20)	146,095	993,043
Other liabilities		999,370	924,913
<b>Total liabilities</b>		<b>71,095,605</b>	<b>70,390,373</b>
<b>Owners' equity</b>			
Paid-in capital	6(34)	139,000,000	139,000,000
Capital reserve	6(35)	49,610,809	49,706,126
Other comprehensive income	6(36)	540,892	1,812,196
Surplus reserve	6(37)	13,864,249	12,328,674
Retained earnings	6(39)	33,864,475	36,386,456
<b>Total owners' equity</b>		<b>236,880,425</b>	<b>239,233,452</b>
<b>Total liabilities and owners' equity</b>		<b>307,976,030</b>	<b>309,623,825</b>

Approved by the board of directors on 31 March 2023.

Legal Representative

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**CITIC CORPORATION LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

<b>Item</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Operating income</b>	6(40)	373,404,907	307,285,701
Including: Operating income from non-financial services business		108,234,791	87,340,902
Net interest income		158,024,433	151,159,550
Net fee and commission income		65,242,957	41,269,518
Other income from financial services business		41,902,726	27,515,731
Less: Total operating costs	6(42)	275,951,240	234,428,787
Including: Operating costs	6(41)	88,555,884	74,931,283
Taxes and surcharges		3,538,257	2,721,013
Selling and distribution expenses		2,772,657	1,538,268
General and administrative expenses		92,914,972	65,461,646
Research and development expenses		2,399,223	2,284,028
Financial expenses	6(43)	(402,936)	1,095,217
Including: Interest expenses		2,853,679	2,834,243
Interest income		356,497	910,999
Expected credit losses	6(44)	78,978,767	85,769,282
Impairment losses	6(45)	7,194,416	628,050
Add: Loss from changes in fair value	6(46)	(440,762)	(61,733)
Investment income	6(47)	12,990,263	2,131,604
Including: Investment income from associates and joint ventures		530,627	1,024,575
Assets disposal gain	6(48)	22,145	105,410
Other gain		638,955	609,746
<b>Operating profit</b>		110,664,268	75,641,941
Add: Non-operating income		1,291,256	834,527
Less: Non-operating expenses		270,213	1,732,863
<b>Profit before income tax</b>	6(42)	111,685,311	74,743,605
Less: Income tax expense	6(49)	17,347,418	12,019,151
<b>Net profit for the year</b>		94,337,893	62,724,454
Attributable to:			
Owners of the Company		54,015,355	39,063,324
Non-controlling interests		40,322,538	23,661,130

Approved by the board of directors on 31 March 2023.

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**CITIC CORPORATION LIMITED**

**CONSOLIDATED INCOME STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

[English translation for reference only]

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Other comprehensive (loss) /income net of tax</b>	6(50)	(3,084,560)	977,287
Attributable to equity owners of the Company		(2,840,756)	583,047
Items that may be reclassified subsequently to profit or loss:			
1. Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss		(1,920,832)	(418,531)
2. (Loss)/ gain from fair value changes on other bond investments		(5,214,134)	1,629,046
3. Loss allowance on other bond investments		137,648	12,518
4. Effective hedging portion of gains or losses arising from cash flow hedging instruments		(4,304)	(4,606)
5. Revaluation gain on owner-occupied property reclassified as investment property		4,381	129,565
6. Exchange differences on translation of financial statements and others		4,010,874	(1,142,807)
Items that will not be reclassified subsequently to profit or loss:			
1. Fair value changes on investments in other equity instruments		145,611	377,862
Attributable to non-controlling interests		(243,804)	394,240
<b>Total comprehensive income for the year</b>		<b>91,253,333</b>	<b>63,701,741</b>
Attributable to:			
Owners of the Company		51,174,599	39,646,371
Non-controlling interests		40,078,734	24,055,370

Approved by the board of directors on 31 March 2023.

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**CITIC CORPORATION LIMITED**

**COMPANY INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

<b>Item</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Operating income</b>	6(40)	17,373,444	16,611,586
Including: Net interest income		152,693	128,345
Net fee and commission income		4,399	4,484
Other income from financial services business		17,216,352	16,478,757
Less: Total operating costs		2,861,781	2,554,255
Including: Taxes and surcharges		39,924	4,131
General and administrative expenses		1,064,042	1,010,841
Financial expenses	6(43)	1,730,869	1,935,556
Including: Interest expense		1,763,256	2,002,577
Interest income		57,902	97,925
Impairment losses		83,465	316,921
Expected credit losses		(56,519)	(713,194)
Add: Assets disposal gain		-	263
<b>Operating profit</b>		14,511,663	14,057,594
Add: Non-operating income		-	5,646
Less: Non-operating expenses		1,125	61,606
<b>Profit before income tax</b>		14,510,538	14,001,634
Less: Income tax expense	6(49)	(845,219)	267,225
<b>Net profit for the year</b>		15,355,757	13,734,409
<b>Other comprehensive (loss)/income net of tax</b>	6(50)	(1,271,304)	136,572
Items that may be reclassified to profit or loss:			
Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss		(1,271,304)	136,572
<b>Total comprehensive income for the year</b>		14,084,453	13,870,981

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of  
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The head of the accounting  
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The notes on pages 13 to 205 form part of these financial statements.

**CITIC CORPORATION LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

Item	Note	2022	2021
<b>Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		109,269,170	83,859,035
Net decrease in deposits with banks and non-bank financial institutions		9,790,306	-
Net increase in deposits from customers		339,154,711	206,288,608
Net decrease in deposits with central banks		-	8,330,854
Net increase in deposits from banks and non-bank financial institutions		-	8,120,270
Net increase in borrowed funds		-	25,258,171
Interests, fee and commission received		408,887,259	371,110,916
Net increase in sales of repurchased financial assets		120,301,637	20,579,950
Net decrease in financial assets held under resale agreements		78,191,671	28,577,328
Net decrease in investments in financial assets		29,383,879	-
Net decrease in margin accounts		6,298,412	-
Net decrease in customer brokerage deposits		6,024,204	-
Refund of taxes		1,973,073	1,187,766
Cash received from other operating activities		79,370,109	23,005,284
<b>Sub-total of cash inflows from operating activities</b>		<b>1,188,644,431</b>	<b>776,318,182</b>
Cash paid for goods and services		(88,939,191)	(76,095,058)
Net increase in loans and advance to customers and other parties		(345,898,920)	(428,841,286)
Net increase in deposits with central banks institutions		(3,363,467)	-
Net decrease in borrowing from central banks		(69,147,437)	(35,254,675)
Net increase in deposits with banks and non-bank financial institutions		-	(2,684,954)
Net decrease in deposits from banks and non-bank financial institutions		(59,125,598)	-
Net increase in deposits with banks and other financial institutions		(86,442,429)	(20,233,315)
Net decrease in deposits from banks and non-bank financial institutions		(7,070,873)	-
Net decrease in financial liabilities held for trading		(680,247)	(7,385,834)
Increase in investments in financial assets held for trading		-	(16,838,689)
Interests, fee and commission paid		(146,464,099)	(125,525,188)
Cash paid to and on behalf of employees		(61,190,178)	(44,401,739)
Cash paid for various taxes		(51,255,169)	(36,004,677)
Cash paid for other operating activities		(113,491,372)	(58,503,661)
<b>Sub-total of cash outflows from operating activities</b>		<b>(1,033,068,980)</b>	<b>(851,769,076)</b>
<b>Net cash flows from operating activities</b>	6(51)(a)	<b>155,575,451</b>	<b>(75,450,894)</b>

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of  
accounting affairs

The head of the accounting  
department

The notes on pages 13 to 205 form part of these financial statements.

**CITIC CORPORATION LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2022	2021
<b>Cash flows from investing activities:</b>			
Cash received from disposal of financial investments		2,599,629,519	3,142,397,003
Cash received from returns on investments		3,689,959	2,353,371
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		232,964	872,466
Net cash received from disposal of associates and joint ventures		925,682	1,499,518
Net cash received from acquisition of subsidiaries		426,350,593	-
Cash received from other investing activities		686,217	762,319
<b>Sub-total of cash inflows from investing activities</b>		<b>3,031,514,934</b>	<b>3,147,884,677</b>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(11,895,775)	(8,978,981)
Cash paid for acquisition of financial investments		(2,706,071,674)	(3,338,973,479)
Net cash Payment for disposal of subsidiaries		(1,011)	(49,619)
Net cash payment for acquisition of subsidiaries		-	(216,154)
Net cash payment for acquisition of associates and joint ventures		(4,518,869)	(643,653)
Cash paid for other investing activities		(1,073,077)	(2,346,178)
<b>Sub-total of cash outflows from investing activities</b>		<b>(2,723,560,406)</b>	<b>(3,351,208,064)</b>
<b>Net cash flows from investing activities</b>		<b>307,954,528</b>	<b>(203,323,387)</b>
<b>Cash flows from financing activities:</b>			
Cash received from capital contributions		100,107	105,379
(Including: Cash received by subsidiaries from non-controlling interests)		100,107	105,379
Cash received from new banks and other loans		50,785,432	24,249,219
Cash received from issuance of new debt instruments		903,159,694	906,585,915
Cash received from issue of other equity instruments by subsidiaries		3,990,041	43,852,386
Transactions with non-controlling interests		-	655,139
Cash received from other financing activities		313,788	1,128,819
<b>Sub-total of cash inflows from financing activities</b>		<b>958,349,062</b>	<b>976,576,857</b>
Cash paid for repayment of banks and other loans and debt instruments issued		(987,423,075)	(716,053,615)
Principal and interest elements of lease payment		(4,281,692)	(3,885,611)
Cash paid for dividends, profit distributions or interest (Including: Dividends and profits paid by subsidiaries to non-controlling interests)		(63,724,720)	(45,637,251)
		(18,344,912)	(8,241,952)
Transactions with non-controlling interests		(5,767)	-
Cash paid for other financing activities		(887,622)	(3,678,939)
(Including: repayment of perpetual capital securities)		-	(3,323,718)
<b>Sub-total of cash outflows from financing activities</b>		<b>(1,056,322,876)</b>	<b>(769,255,416)</b>
<b>Net cash flows from financing activities</b>		<b>(97,973,814)</b>	<b>207,321,441</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>			
		10,422,761	(4,944,268)
<b>Net increase/(decrease) in cash and cash equivalents</b>	6(51)(b)	<b>375,978,926</b>	<b>(76,397,108)</b>
Add: Cash and cash equivalents at the beginning of the year	6(51)(c)	275,541,896	351,939,004
<b>Cash and cash equivalents at the end of the year</b>	6(51)(c)	<b>651,520,822</b>	<b>275,541,896</b>

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of  
accounting affairs

The head of the accounting  
department

The notes on pages 13 to 205 form part of these financial statements.

**CITIC CORPORATION LIMITED**

**COMPANY CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

Item	Note	2022	2021
<b>Cash flows from operating activities:</b>			
Interests, fee and commission received		177,567	327,568
Cash received from other operating activities		14,115,686	12,443,281
<b>Sub-total of cash inflows from operating activities</b>		14,293,253	12,770,849
Interests, fee and commission paid		(9,548)	(4,195)
Cash paid for various taxes		(182,304)	(20,506)
Cash paid for other operating activities		(1,234,527)	(1,745,446)
<b>Sub-total of cash outflows from operating activities</b>		(1,426,379)	(1,770,147)
<b>Net cash flows from operating activities</b>	6(51)(a)	12,866,874	11,000,702
<b>Cash flows from investing activities:</b>			
Cash received from disposal of investments		11,063,007	79,078,959
Cash received from profits of investments		395,821	186,209
<b>Sub-total of cash inflows from investing activities</b>		11,458,828	79,265,168
Cash paid for acquisition of investments		(19,756,821)	(76,821,254)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(1,551)	(6,997)
Entrusted loans granted to subsidiaries		(4,280,000)	-
<b>Sub-total of cash outflows from investing activities</b>		(24,038,372)	(76,828,251)
<b>Net cash flows from investing activities</b>		(12,579,544)	2,436,917
<b>Cash flows from financing activities:</b>			
Cash received from issuance of new debt instruments		-	3,000,000
Cash received from new bank and other loans		11,000,000	3,000,000
<b>Sub-total of cash inflows from financing activities</b>		11,000,000	6,000,000
Cash paid for repayment of bank and other loans and debt instruments issued		(15,514,000)	(6,000,000)
Interest paid		(2,055,579)	(2,034,703)
Cash paid for dividends or profit distributions		(10,040,276)	(7,964,741)
Cash paid for other financing activities		(382)	(3,000)
<b>Sub-total of cash outflows from financing activities</b>		(27,610,237)	(16,002,444)
<b>Net cash flows from financing activities</b>		(16,610,237)	(10,002,444)
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		34,586	(29,961)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	6(51)(b)	(16,288,321)	3,405,214
Add: Cash and cash equivalents at the beginning of the year	6(51)(b)	18,242,821	14,837,607
<b>Cash and cash equivalents at the end of the year</b>	6(51)(c)	1,954,500	18,242,821

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of  
accounting affairs

The head of the accounting  
department

The notes on pages 13 to 205 form part of these financial statements

**CITIC CORPORATION LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

Item	Note	Attributable to owners of the Company							Non-controlling interests	Total
		Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Sub-total		
<b>Balance at 1 January 2022</b>		139,000,000	40,192,177	3,003,336	12,328,674	51,320,806	241,402,377	487,247,370	331,027,224	818,274,594
<b>Movements for the year ended 31 December 2022</b>										
Total comprehensive income										
Net profit		-	-	-	-	-	54,015,355	54,015,355	40,322,538	94,337,893
Other comprehensive loss		-	-	(2,840,756)	-	-	-	(2,840,756)	(243,804)	(3,084,560)
Total comprehensive income		-	-	(2,840,756)	-	-	54,015,355	51,174,599	40,078,734	91,253,333
Capital contribution and withdrawal by owners										
1. Capital contribution by owners		-	-	-	-	-	-	-	100,107	100,107
2. Acquisition of non-wholly owned subsidiaries and transfer-out of the capital reserve recognised under the equity method based on the interests in the acquiree before the merger date	6(61)	-	(1,728,993)	-	-	-	-	(1,728,993)	215,439,336	213,710,343
3. Disposal of subsidiaries		-	-	-	-	-	-	-	(37,188)	(37,188)
4. Issue of other equity instruments by subsidiaries		-	-	-	-	-	-	-	3,990,041	3,990,041
Profit distribution										
1. Appropriation to surplus reserve	6(37)	-	-	-	1,535,575	-	(1,535,575)	-	-	-
2. Appropriation to general reserve	6(38)	-	-	-	-	4,172,066	(4,172,066)	-	-	-
3. Profit distribution to owners	6(39)	-	-	-	-	-	(16,342,163)	(16,342,163)	(18,344,912)	(34,687,075)
Internal transfer of equity:										
Disposal of equity investments at fair value through other comprehensive income		-	-	44,180	-	-	(44,180)	-	-	-
Others		-	(19,463)	-	-	-	-	(19,463)	23,383	3,920
<b>Balance at 31 December 2022</b>		139,000,000	38,443,721	206,760	13,864,249	55,492,872	273,323,748	520,331,350	572,276,725	1,092,608,075

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of accounting affairs

The head of the accounting department

The notes on pages 13 to 205 form part of these financial statements.

**CITIC CORPORATION LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	Attributable to owners of the Company							Non-controlling interests	Total
		Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Sub-total		
<b>Balance at 1 January 2021</b>		139,000,000	40,218,269	2,435,506	10,955,233	48,117,580	215,665,658	456,392,246	274,007,293	730,399,539
<b>Movements for the year ended 31 December 2021</b>										
Total comprehensive income										
Net profit		-	-	-	-	-	39,063,324	39,063,324	23,661,130	62,724,454
Other comprehensive loss		-	-	583,047	-	-	-	583,047	394,240	977,287
Total comprehensive income		-	-	583,047	-	-	39,063,324	39,646,371	24,055,370	63,701,741
Capital contribution and withdrawal by owners										
1. Capital contribution by owners		-	-	-	-	-	-	-	105,379	105,379
2. Repayment of other equity instruments by subsidiaries		-	-	-	-	-	-	-	(3,323,718)	(3,323,718)
3. Transactions with non-controlling Interests		-	(21,208)	-	-	-	-	(21,208)	676,347	655,139
4. Disposal of subsidiaries		-	-	-	-	-	-	-	(136,891)	(136,891)
5. issue of other equity instruments by subsidiaries		-	-	-	-	-	-	-	43,852,386	43,852,386
Profit distribution										
1. Appropriation to surplus reserve	6(37)	-	-	-	1,373,441	-	(1,373,441)	-	-	-
2. Appropriation to general reserve	6(38)	-	-	-	-	3,203,226	(3,203,226)	-	-	-
3. Profit distribution to owners	6(39)	-	-	-	-	-	(8,765,155)	(8,765,155)	(8,241,952)	(17,007,107)
Internal transfer of equity:										
Disposal of equity investments at fair value through other comprehensive income		-	-	(15,217)	-	-	15,217	-	-	-
Others		-	(4,884)	-	-	-	-	(4,884)	33,010	28,126
<b>Balance at 31 December 2021</b>		139,000,000	40,192,177	3,003,336	12,328,674	51,320,806	241,402,377	487,247,370	331,027,224	818,274,594

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of accounting affairs

The head of the accounting department

The notes on pages 13 to 205 form part of these financial statements.

**CITIC CORPORATION LIMITED**

**COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total
<b>Balance at 1 January 2022</b>		139,000,000	49,706,126	1,812,196	12,328,674	36,386,456	239,233,452
<b>Movements for the year ended 31 December 2022</b>							
Total comprehensive income		-	-	(1,271,304)	-	15,355,757	14,084,453
Appropriation to surplus reserve	6(37)	-	-	-	1,535,575	(1,535,575)	-
Profit distribution to owners	6(39)	-	-	-	-	(16,342,163)	(16,342,163)
Diluted share of net assets in associates		-	(95,317)	-	-	-	(95,317)
<b>Balance at 31 December 2022</b>		139,000,000	49,610,809	540,892	13,864,249	33,864,475	236,880,425
<b>Balance at 1 January 2021</b>		139,000,000	49,706,126	1,675,624	10,955,233	32,790,643	234,127,626
<b>Movements for the year ended 31 December 2021</b>							
Total comprehensive income		-	-	136,572	-	13,734,409	13,870,981
Appropriation to surplus reserve	6(37)	-	-	-	1,373,441	(1,373,441)	-
Profit distribution to owners	6(39)	-	-	-	-	(8,765,155)	(8,765,155)
<b>Balance at 31 December 2021</b>		139,000,000	49,706,126	1,812,196	12,328,674	36,386,456	239,233,452

Approved by the board of directors on 31 March 2023.

Legal Representative

The person in charge of accounting affairs

The head of the accounting department

The notes on pages 13 to 205 form part of these financial statements.

# CITIC CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

### 1 General information

CITIC Corporation Limited (formerly known as “CITIC Limited” and herein referred to as “the Company”) was jointly established by CITIC Group Corporation (“CITIC Group”) and Beijing CITIC Enterprise Management Company Limited (a wholly-owned subsidiary of CITIC Group, “CITIC Enterprise Management”) on 27 December 2011 and obtained a business license (No. 100000000044124(4-1)) issued by the State Administration of Industry and Commerce of the Peoples Republic of China (“PRC”). The Company’s head office is located in Beijing and its registered address is 89-102 Floor, CITIC Building, Building, 10 Guanghua Road, Chaoyang District, Beijing. The registered capital of the Company is RMB139 billion.

CITIC Pacific Limited (“Former CITIC Pacific”) is incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The Company held 57.51% equity interests in Former CITIC Pacific through its overseas wholly-owned subsidiaries. The Company’s overseas wholly-owned subsidiaries transferred their shares of Former CITIC Pacific to certain overseas wholly-owned subsidiaries of CITIC Group on 8 May 2014.

On 16 April 2014, CITIC Group, CITIC Enterprise Management and Former CITIC Pacific entered into a share transfer agreement, pursuant to which Former CITIC Pacific acquired 100% equity interests in the Company from CITIC Group and CITIC Enterprise Management (“the Acquisition”). The Acquisition was completed on 25 August 2014. Upon the completion of the Acquisition, the name of the Company was changed from CITIC Limited to CITIC Corporation Limited and the name of Former CITIC Pacific was changed from CITIC Pacific Limited to CITIC Limited (“CITIC Limited”). The Company became a wholly-owned subsidiary of CITIC Limited.

The Company and its subsidiaries (“the Group”) is principally engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption, new-type urbanization and other businesses.

Approved by the board of directors on 31 March 2023.

## **CITIC CORPORATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### **2 Basis of preparation of financial statements**

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standard for Business Enterprises” or “CAS”).

The financial statements have been prepared on the going concern basis.

(1) **Statement of compliance with the Accounting Standard for Business Enterprises**

These financial statements of the Company for the year ended 31 December 2022 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and the Company’s financial position as at 31 December 2022, and of their financial performance, cash flows and other information for the year then ended.

(2) **Accounting year**

The accounting year of the Group is from 1 January to 31 December.

(3) **Functional currency and presentation currency**

The Functional currency of the Company is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company’s subsidiaries have functional currencies that are different from the Company’s functional currency. Their financial statements have been translated based on the accounting policy set out in Note 3(2).

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### 3 Significant accounting policies and accounting estimates

(1) Business combinations and consolidated financial statements

(a) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital premium in the capital reserve with any excess adjusted against retained earnings. Any costs directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining entities obtains control of other combining enterprises.

(b) Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where the aggregate of acquisition date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds the acquirer's interest in the acquisition date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. If is less than the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

(c) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries, as well as structured entities controlled by the Group. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### 3 Significant accounting policies and accounting estimates (Continued)

- (1) Business combinations and consolidated financial statements (Continued)
- (c) Consolidated financial statements (Continued)

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts in the financial statements of the ultimate controlling party are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving entities under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date. For a business combination not involving entities under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date and recognises any resulting difference between the fair value and the carrying amount as investment income for the current period. In addition, any amount recognised in other comprehensive income that can be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners' equity under equity, are transferred to investment income in the period in which the acquisition occurs.

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the non-controlling interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (capital surplus) in the consolidated balance sheet, with any excess adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, non-controlling interests and other related items in owners' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any resulting gains or losses are recognised as investment income of the current period.

Non-controlling interests are presented separately in the consolidated balance sheet within owners' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### 3 Significant accounting policies and accounting estimates (Continued)

##### (1) Business combinations and consolidated financial statements (Continued)

##### (c) Consolidated financial statements (Continued)

If there is a difference between the accounting entity of the Group and the accounting entity of the company or a subsidiary on measuring the same transaction, the transaction will be adjusted from the perspective of the Group.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

##### (2) Translation of foreign currencies

Foreign currency transactions are, on initial recognition, translated by applying the foreign exchange rates ruling at the transaction dates. Monetary items denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date, the resulting exchange differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the transaction dates. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates ruling at the dates the fair value was determined. The exchange differences are recognised in profit or loss.

The financial statements of the Group's subsidiaries with a foreign functional currency are translated into Renminbi for the preparation of the Group's consolidated financial statements. The assets and liabilities in these financial statements are translated into Renminbi at the foreign exchange rates ruling at the reporting date. The equity items, except for "retained earnings", are translated to Renminbi at the foreign exchange rates at the dates on which such items arose.

Income and expenses in the profit or loss are translated into Renminbi at the foreign exchange rates or the rates that approximate the foreign exchange rates at the transaction dates. The resulting exchange differences are presented as "Other comprehensive income" in the consolidated balance sheet within the shareholder's equity. The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency are reported in the statement of cash flows.

Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

##### (3) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### 3 Significant accounting policies and accounting estimates (Continued)

##### (4) Inventories

##### (a) Manufacturing, resources and energy segments

Inventories of the manufacturing, and resources and energy segments are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out, specific identification or weighted average cost formula as appropriate, and comprises all costs of purchase, costs of conversion (including systematically allocated production overhead) and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised in profit or loss in the period in which the reversal occurs.

##### (b) Real estate segment

Inventories in respect of property development activities under the real estate segment are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

##### - Property under development

The cost of properties under development includes the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

##### - Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### 3 Significant accounting policies and accounting estimates (Continued)

(5) Long-term equity investments

(a) Investments in subsidiaries

Investments in subsidiaries are measured as follows:

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved in stages, the initial cost comprises the carrying value of the previously-held equity investment in the acquiree immediately before acquisition date, and the additional investment cost at the acquisition date.
- An investment in a subsidiary acquired otherwise than through a business combination is initially recognised in accordance with the principles described in: at the amount of cash paid if the company acquires the investment by cash or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the subsidiary as investment income in the current period. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses.

(b) Investments in joint venture and associates

A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances; An associate is the investee over which the Group has significant influence on its financial and operating policy decisions.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### 3 Significant accounting policies and accounting estimates (Continued)

##### (5) Long-term equity investments (Continued)

##### (b) Investments in joint venture and associates (Continued)

An investment in a joint venture or an associate is initially recognised in accordance with the following principles: at the amount of cash paid if the Group acquires the investment by cash or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

An investment in a joint venture or an associate is accounted for using the equity method, unless the investment is classified as held for sale.

Under the equity method:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in charged to profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
[English translation for reference only]

#### 3 Significant accounting policies and accounting estimates (Continued)

##### (5) Long-term equity investments (Continued)

##### (b) Investments in joint venture and associates (Continued)

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group makes provision for impairment of investments in joint ventures and associates in accordance with the principles described in Note(13).

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the cost on initial recognition of a financial asset.

##### (6) Investment properties

Investment properties which are initially recognised at cost are interests in buildings and/or land which are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties transfer to property, plant and equipment or intangible assets at the commencement of owner-occupation. The carrying amount of property, plant and equipment and intangible assets are based on the fair value of investment properties on the day of conversion. The difference between the fair value and the previous carrying amount is recognised in profit or loss for the current period. Owner-occupied properties transfer to investment properties that will be carried at fair value. If the fair value on the day of conversion is less than the previous carrying amount, the difference is recognised in profit or loss for the current period; If the fair value on the day of conversion is greater than the previous carrying amount, the difference is recognised directly in other comprehensive income, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss.

Investment properties are stated in the balance sheet at fair values which are reviewed annually. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (7) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Group for use in the production of goods, supply of services, for rental to others or for administrative purposes with useful lives over one year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Construction in progress is stated in the balance sheet at cost less impairment losses.

Fixed assets shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use. Costs of environmental protection and ecological restoration arising from obligations incurred when fixed assets are disposed of are included in the initial cost of fixed assets.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets if the criteria to recognise fixed assets are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale.

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**3 Significant accounting policies and accounting estimates (Continued)**

(7) Fixed assets and construction in progress (Continued)

The estimated useful lives and residual rates of each class of fixed assets are as follows:

	Estimated useful life	Residual rate
Plant and buildings	10-50 years	5%
Machinery and equipment	3-26 years	5%
Office equipment and other equipment, vehicles and vessels	3-10 years	0-15%
Others	3-10 years	0-10%

Useful lives, residual value and depreciation methods are reviewed at least at each year-end.

(8) Leases

The Group recognises the leases as a ROU asset and a corresponding liability by the lessee at the commencement date.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (8) Leases (Continued)

##### (a) Lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and the ROU asset is adjusted accordingly.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (8) Leases (Continued)

##### (b) ROU assets

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. As lessees, the Group recognises finance leases as finance lease receivables, which are measured at amortised cost. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (9) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and if any, impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss over the assets' estimated useful lives. The following intangible assets are amortised from the date they are available for use as follows:

- Land use rights      Over the estimated useful lives of 10-50 years
- Mining assets      Over the estimated useful lives using the unit-of-production method
- Franchise rights    Over the estimated useful lives of the Franchise right
- Software            Over the estimated useful lives of the Software

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

##### (10) Goodwill

Goodwill represents the excess of the consideration transferred, including the amount of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and the equity securities issued by the acquirer at the date of acquisition, over the fair value of the Group's share of the identifiable net assets acquired, when the excess is positive, otherwise it's recognised directly in profit or loss.

Impairment losses on goodwill can not be reversed in the future.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (11) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount, any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions:

- (1) represents a separate major line of business or geographical area of operations;
- (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- (3) is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (12) Financial instruments

Financial instruments refer to a contract that forms one party's financial asset and another party's liabilities or equities. Financial assets and financial liabilities are recognised when the Group becomes a party of the financial instrument contracts.

##### (a) Financial assets

###### (i) Classification and Measurement

The Group classifies its financial assets into the following categories based on their business model and the contractual cash flow characteristics:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income ("FVOCI");
- Financial assets at fair value through profit or loss ("FVPL").

At initial recognition, the Group measures a financial asset at its fair value. For financial assets that are at FVPL, the transaction costs are expensed in profit or loss; for financial assets with other categories, the transaction costs are recognised in the initial carrying amounts. For trade and other receivables arising from rendering goods or services with no significant financing component, the Group measures their initial carrying amount as the cash flows that the Group is entitled and expected to receive.

###### *Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, and are measured at the following three categories:

- Amortised cost:

The business model the Group manages these financial assets is to collect the contractual cash flows where those cash flows' characteristics are consistent with those of the basic loans arrangement, i.e, the contractual cash flows of these financial assets at certain date represent solely payments of principal and interest based on the principal amount ("SPPI"),and that are not designated at FVPL. Interest income from these financial assets is recognised using the effective interest rate method.

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### 3 Significant accounting policies and accounting estimates (Continued)

#### (12) Financial Instruments (Continued)

##### (a) Financial assets (Continued)

##### (i) Classification and Measurement (Continued)

##### *Debt instruments (Continued)*

##### - FVOCI:

The business model the Group manages these financial assets is to collect contractual cash flows and to sell the assets, and those cash flows' characteristics are consistent with those of the basic loans arrangements, i.e, the contractual cash flows of these financial assets at certain date represent solely payments of principal and interest based on the principal amount ("SPPI"), and that are not designated at FVPL. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income on the instrument's amortised cost which are recognised in profit or loss.

##### - FVPL:

Assets that do not meet the criteria for amortised cost or FVOCI are at FVPL. The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting the liabilities. A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met: (i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; (ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The Group subsequently measures all equity investments at FVPL, except where the Group has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. When this election is made, fair value gains and losses are recognised in other comprehensive income ("OCI") and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, are recognised in profit or loss when the Group's right to receive payments is established.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3 Significant accounting policies and accounting estimates (Continued)

#### (12) Financial Instruments (Continued)

##### (a) Financial assets (Continued)

##### (ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets at amortised cost, debt instrument assets carried at FVOCI, lease receivables, contract assets, loan commitments and financial guarantee contracts for the issuer which are not measured at fair value through profit or loss.

When calculating the probability-weighted present value of the difference between the contractual and forecasted cash flows to be received, the Group takes reasonable and supportable information such as the past events, current conditions and forecasts of future economic conditions into consideration and uses probabilities of default as the weightings. The difference is recognised as the ECL.

For notes receivable, accounts receivable and contract assets, whether there is significant financing component or not, the Group recognises life-time ECL.

Except for the above trade and other receivables and contract assets, at each balance sheet date, the Group calculates the ECL of financial instruments in different stages. Stage 1 refers to financial instruments that have not had a significant increase in credit risk since initial recognition, which recognise the 12-month ECL; Stage 2 refers to financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment, which recognise the life-time ECL; Stage 3 refers to financial assets for which there are objective evidence of impairment at the reporting date since initial recognition, which recognise the life-time ECL.

For the financial instruments with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month ECL.

For financial assets in stage 1 and stage 2, interest income is calculated based on the gross carrying amount of the asset, that is, without deduction for credit allowance, and the effective interest rates. For financial assets in stage 3, interest income is calculated on the net carry amount, that is, net of credit allowances, and the effective interest rates.

The Group recognises the provision or reversal for losses in profit or loss for the current period. For debt instruments classified as fair value through other comprehensive income, the Group recognises the impairment loss or gain in profit or loss and at the same time adjusts other comprehensive income.

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (12) Financial Instruments (Continued)

##### (a) Financial assets (Continued)

##### (iii) Derecognition

The Group derecognises a financial asset if the portion being considered for derecognition meets one of the following conditions:

- The contractual rights to receive the cash flows from the financial asset expire;
- The financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of such financial asset;
- The financial asset has been transferred, the Group has not retained any control over the financial asset, even if the Group neither transfers nor retains substantially all the risks and rewards of ownerships of the financial asset.

When the Group's equity instruments at FVOCI are derecognised, the difference between the carrying amount and the consideration is recognised in retained earnings, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to the retained earnings; for other financial assets, the difference between the carrying amount and the aggregate amount of consideration and accumulated fair value gain or loss recognised in other comprehensive income is recognised in profit and loss.

As part of its operations, the Group securitises financial assets, generally through the sale of these assets to structured entities which issue securities to investors. When the securitisation of financial assets qualifies for de-recognition, the relevant financial assets are de-recognised in their entirety and a new financial asset or liabilities is recognised regarding the interest in the unconsolidated securitisation vehicles that the Group acquired. When the securitisation of financial assets does not qualify for de-recognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability. When the securitisation of financial assets partially qualifies for de-recognition, where the Group has not retained control, it derecognises these financial assets. Otherwise the Group continues to recognise these financial assets to the extent of its continuing involvement and recognises an associated liability.

The de-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (12) Financial Instruments (Continued)

##### (a) Financial assets (Continued)

##### (iv) modification of investment in financial assets

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate;
- Change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

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**3 Significant accounting policies and accounting estimates (Continued)**

(12) Financial Instruments (Continued)

(b) Financial liabilities

The financial liabilities are classified into those measured at amortised cost and those at fair value through profit and loss at initial recognition.

The Group's major financial liabilities are those measured at amortised cost which are measured initially at fair value less transaction costs and are measured subsequently using the effective interest method.

Financial liabilities or a portion thereof, are derecognised when their current obligation are fully or partially expired. The difference between the carrying amount of the derecognised portion and the consideration is recognised in profit or loss.

(c) Fair value measurement principles

Fair value measurement principles of financial instruments are set out in note3(14).

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (12) Financial Instruments (Continued)

##### (e) Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged.

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (13) Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right of use assets
- intangible assets
- goodwill
- long-term equity investments

If any indication exists, the recoverable amount of the asset is estimated.

In addition, the Group estimates the recoverable amount of intangible assets not ready for use at least annually and the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

The recoverable amount of an asset (or asset group, set of asset groups, same as below) is the higher of its fair value less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

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**3 Significant accounting policies and accounting estimates (Continued)**

(13) Impairment of non-financial assets(Continued)

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets (if any) in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(14) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is based on the relevant government yield curve as at the balance sheet date plus an adequate constant credit spread. Where other pricing models are used, inputs are based on market data at the balance sheet date.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (15) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

##### (a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance, housing fund, labour union fee and staff and workers' education fee, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

##### (b) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

The Group's employees have joined its annuity scheme which was established by the Group in accordance with policies regarding the state owned enterprise annuity policy. The Group has made annuity contributions in proportion to its employees' gross wages which are expensed in profit or loss when the contributions are made.

The Group also operates defined contribution retirement schemes and Mandatory Provident Fund schemes for certain subsidiaries operating in overseas. Contributions are charged to profit or loss as and when the contribution fall due.

##### (c) Post-employment benefits: Defined benefit plans

The defined benefit plans of the Group are supplementary retirement benefits provided to the domestic employees.

##### (d) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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**3 Significant accounting policies and accounting estimates (Continued)**

(16) Income tax

Income tax for the year comprises current tax and deferred tax.

The balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; or in respect of those temporary differences which arise either from goodwill not deductible for tax purposes, or relating to investments in subsidiaries to the extent that the Group controls the timing of the reversal and it is probable that the temporary differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Provision for withholding tax that will arise on the remittance of retained earnings is only made where there is a current intention to remit such earnings.

Deferred tax assets are recognised to the extent that their future utilisation is probable. Deferred tax arising from revaluation of investment properties is recognised on the rebuttable presumption that the recovery of the carrying amount of the properties would be through sale and calculated at the applicable tax rates.

Current tax assets and liabilities are offset, and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (17) Financial guarantees issues, provisions and contingent liabilities

###### (a) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model with and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of New Revenue Standard.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

###### (b) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised: (a) less accumulated amortisation where appropriate, (b) the amount that would be determined in accordance with Note 3(17)(c). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 3(17)(c).

###### (c) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (17) Provisions and contingent liabilities (Continued)

##### (c) Other provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### (18) Revenue recognition

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good to a customer, which is when the customer obtains control of a good, has the ability to direct the use of, and obtain substantially all of the remaining benefits from that good. If the control of the goods and services is transferred over a period of time, the Group recognises revenue by reference to the extent of progress toward completion in fulfilling its performance obligations during the entire contract period.

For the amounts of revenue recognised for goods transferred and services provided, the Group recognises any unconditional rights to consideration separately as a receivable and the rest as a contract asset, and recognises provisions for loss allowance of the receivable and the contract asset using ECL model; if the consideration received or receivable exceeds the obligation performed by the Group, a contract liability is recognised. The Group presents a net contract asset or a net contract liability under each contract.

Contract costs include costs to fulfill a contract and of obtaining a contract. The cost incurred for providing services by the Group is recognised as the costs to fulfill a contract, and is amortised based on the progress towards completion of the service provided when recognising revenue. The incremental cost incurred by the Group to obtain contract is recognised as the costs of obtaining a contract. For costs of obtaining a contract that will be amortised within one year, the Group recognises it in profit and loss when incurred. For the costs of obtaining a contract that will be amortised for more than one year period, it is amortised in profit and loss based on same progress towards completion as recognising revenue. The Group recognises the excess of the carrying amounts of contract costs over the expected remaining consideration less any costs not yet recognised as an impairment loss. As at the balance sheet date, the Group presents the costs to fulfill and of obtaining a contract, in the net amount after deducting relevant asset impairment provisions as inventories and other assets respectively.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (18) Revenue recognition (Continued)

The Group recognises revenue for each of its activities in the income statement in accordance with below policies:

##### (a) Interest Income

Interest income is recognised according to New Financial Instruments Standard, refer to Note 3(12) financial instruments for details.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, call and similar options) but does not consider future credit losses. The calculation includes all fees and interests paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

##### (b) Fee and commission income

Fee and commission income is recognized when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service. Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognized as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan or anticipating will not, the fee is recognized as revenue on expiry.

##### (c) Sales of goods

Revenue from the sale of goods is recognised when the goods are transferred to and accepted by a customer.

When volume discounts are provided to customers, the Group, based on historical experiences, estimates the volume discounts using the expected value method, and recognises revenue net of the estimated volume discounts.

When the customer has a right to return the product within a given period, the Group recognises a provision for returns using the expected value method based on historical experience, and reduce the revenue by the expected value of the returns. The Group recognises provisions for the expected refunds to customers; meanwhile, other assets are to be recognised according to the carry amount of the goods expected to be returned, deducting the expected cost for taking the related goods back.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

(18) Revenue recognition (Continued)

(c) Sales of goods (Continued)

The Group offers warranties for specific products. If the duration and terms of the warranties are offered in accordance with the requirements of laws and regulations and the Group does not provide any additional services or warranties, such warranties are not recognised as separate performance obligation.

(d) Services rendered to customers

Revenue for construction services of the Group is recognised over the period of the contract by reference to the progress towards completion. Progress towards completion is calculated based on actual costs incurred as to the end of each period as a proportion to the total forecasted costs of the contract. As at each balance sheet date, the Group reassesses the progress towards completion to reflect the changes in performance.

Revenue for other services provided by the Group is recognised based on the pattern of performance obligation of specific services, either over the period in which the services are rendered or at the point of service completion. For revenue recognised over the period by reference to the progress towards completion, progress towards completion is calculated based on actual costs incurred as to the end of each period as a proportion to the total forecasted costs of the contract. As at each balance sheet date, the Group reassesses the estimate of the progress towards completion to reflect the changes in performance.

(e) Revenue from Lease

Revenue from Lease is recognised according to the new leasing standard, refer to Note 3(8) for details.

(19) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contribution from the government in the capacity as an investor in the Group. Specific transfers from the government, such as investment grants that have been clearly defined in official documents as part of “capital reserve” are also dealt with as capital contributions, rather than government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (19) Government grants (Continued)

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, cost expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

For the policy loans with favourable interest rates, the Group records the loans at the actual amounts and calculates the interests by loan principals and the favourable interest rates. The interest subsidies directly received from government are recorded as a reduction of interest expenses.

##### (20) Special reserve

The Group recognises a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expense. When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilisation of the safety production fund for fixed assets, the specific reserve is reduced as the fixed assets are recognised, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognised in accumulated depreciation, with respect to the related fixed assets. As a consequence, such fixed assets are not depreciated in subsequent periods.

##### (21) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

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### 3 Significant accounting policies and accounting estimates (Continued)

#### (21) Borrowing costs (Continued)

- To the extent that the Group borrows funds generally and uses them for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalization is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally for a period of more than three months.

#### (22) Hedging

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items as well as risk management goals and strategies of various hedging transactions. When a hedge no longer meets the criteria for hedge accounting or the Group's risk management goals, the Group terminates the use of hedge accounting prospectively. Situations for the Group to terminate the use of hedge accounting include hedging instrument expires, or is sold, terminated and settled.

#### (a) Fair value hedge

A hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss. If the hedged item is an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, the hedged exposure referred to fair value must be one that could affect other comprehensive income. In that case, and only in that case, the recognised hedge ineffectiveness is presented in other comprehensive income.

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**3 Significant accounting policies and accounting estimates (Continued)**

(22) Hedging (Continued)

(a) Fair value hedge (Continued)

The gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument for which the Group has elected to present changes in fair value in other comprehensive).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item (if applicable) and be recognised in profit or loss. However, if the hedged item is an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income.

(b) Cash flow hedge

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability. For cash flow hedges other than those covered by the preceding policy statement, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

However, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

When the Group discontinues hedge accounting for a cash flow hedge, it shall account for the amount that has been accumulated in the cash flow hedge reserve as follows: if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur, if the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment .

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (22) Hedging (Continued)

##### (c) Hedge of a net investment in a foreign operation

A hedge of net investment in a foreign operation refers to hedge of the foreign exchange exposure arising from net investment in a foreign operation. The “net investment in a foreign operation” refers to an enterprise's equity proportion in the net assets in a foreign operation.

Hedge of a net investment in a foreign operation is accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income; and the ineffective portion is recognised in profit or loss. The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge is reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

##### (d) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group continuously evaluate whether the hedging relationship is effective from the hedge date and after.

The hedge relationship meets hedging effectiveness requirements if the hedging meets the following conditions:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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### 3 Significant accounting policies and accounting estimates (Continued)

#### (23) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers, for which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

The Group's provision for impairment of assets formed by financing business is detailed in Note 3(28) Significant accounting estimates and judgements (b) Measurement of ECL.

#### (24) Fiduciary activities

The Group acts in a fiduciary capacity as a custodian, trustee, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are excluded from the financial statement as the risks and rewards of the assets reside with the customers.

Entrusted lending is the business where the Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the “entrusted funds”) to the Group, and the Group grants loans to third parties (the “entrusted loans”) at the instruction of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as off-balance sheet items at their principal amounts and no impairment assessments are made for these entrusted loans.

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (25) Profit distributions

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

##### (26) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity (one entity is an associate of a third entity and the Group is a joint venture of the third party).
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (27) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following respective conditions:

- engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and
- for which financial information regarding financial position, results of operations and cash flows are available.

Business segments are identified based on the Group's internal management requirements as well as following aspects. If two or more business segments or regional segments satisfy the following conditions at the same time, they may be merged:

- the nature of each products and service;
- the nature of production processes;
- the type or class of customers;
- the methods used to distribute products or provide services; and
- the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (28) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and associated key assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### (a) Classification of financial assets

The critical judgments the Group has in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include evaluation and reporting of financial asset performance to key management personnel, risks affecting the performance of financial assets and their management methods, and the way related business management personnel receive payments.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests is only included currency time value, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

##### (b) Measurement of ECL

Measurement of ECL for financial assets at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 6(53)(a).

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**3 Significant accounting policies and accounting estimates (Continued)**

(28) Significant accounting estimates and judgements (Continued)

(b) Measurement of ECL (Continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 6(53)(a).

(c) Provision for inventories

The Group reviews the carrying amounts of inventories at each balance sheet date to determine whether the inventories are carried at lower of cost and net realisable value. The Group estimates the net realisable value, based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down. The change in the write-down would affect the Group's profit or loss during the year.

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**3 Significant accounting policies and accounting estimates (Continued)**

(28) Significant accounting estimates and judgements (Continued)

(d) Impairment of non-financial assets

Goodwill and assets with any indication of impairment such as fixed assets, intangible assets, ROU assets and interests in associates and joint ventures are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

(e) Depreciation and amortisation of fixed assets and intangible assets

Fixed assets and intangible assets with limited useful lives are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (28) Significant accounting estimates and judgements (Continued)

##### (f) Fair value of financial instruments

For financial instruments without active market, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign currency exchange rates. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at the end of each reporting period. However, where market data are not available, management needs to make estimates on such unobservable market inputs, based on assumptions. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

##### (g) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets, which principally relate to tax losses and deductible temporary differences, are recognised when the future taxable profit will be available against such deferred tax assets. Hence, it requires formal assessment by management regarding the future profitability to utilize the deferred tax assets. The outcome of their actual utilisation may be different.

##### (h) Assets acquired/liabilities assumed in business combination

Assets acquired/liabilities assumed in business combination are recognised at fair value in connection with the Group's acquisition of an entity. The fair values of the acquired assets/assumed liabilities are determined based on valuation methodologies and techniques that involved the use of a third-party valuation firm's expertise. The judgements and assumptions used in that valuation of assets and liabilities along with the assumptions on the useful lives of acquired assets have an effect on the consolidated financial statements.

##### (i) De-recognition of financial assets

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitisation, financial assets sold under repurchase agreements, and etc. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial de-recognition.

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#### 3 Significant accounting policies and accounting estimates (Continued)

##### (28) Significant accounting estimates and judgements (Continued)

##### (i) De-recognition of financial assets (Continued)

Where the Group enters into structured transactions by which it transferred financial asset to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following de-recognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets was transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the de-recognition criteria are met based on the following considerations.

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the “pass through” of those cash flows to independent third parties;
- the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models. Significant judgment is applied in the Group’s assessment with regard to the parameters and assumptions applied in the models, estimated cash flows before and after the transfers, the discount rates used based on current market interest rates, variability factors considered and the allocation of weightings in different scenarios;
- where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

##### (j) Control and consolidation

The Group makes significant judgment to assess whether or not to consolidate structured entities. When performing this assessment, the Group:

- assesses its contractual rights and obligations in light of the transaction structures, and evaluates the Group’s power over the structured entities;
- performs independent analyses and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned, retention of residual income, and, if any, liquidity and other support provided to the structured entities; and
- assesses its ability to exercise its power to influence the variable returns assessed whether the Group acts as a principal or an agent through analysis of the scope of the Group’s decision-making authority, remuneration entitled, other interests the Group holds, and the rights held by other parties.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 3 Significant accounting policies and accounting estimates (Continued)

(28) Significant accounting estimates and judgements (Continued)

(j) Control and consolidation (Continued)

The Group holds less than 50% shares and voting rights in certain subsidiaries. When assessing whether it has substantive control over these investees, the Group has taken certain factors into account including the size of the Group's shareholding relative to other shareholders, dispersion of the voting rights of the other shareholders, the Group's relationship with other investors, any history of any other shareholders collaborating to exercise their votes collectively or to out vote the Group; the group's relationship with the key management personnel of the investees, whether the Group has the right to appoint or approve the majority of the board seats and other key management personnel of the investees, whether the Group controls certain assets such as licences or trademarks that are critical to the operations of the investees, whether the Group and other shareholders' rights over the investees are substantive, and any other contractual arrangements. The Group considers factors that are applicable to a specific individual investee on an ongoing basis when determining whether it has substantive rights over the investees.

(29) Significant changes in accounting policies

The Ministry of Finance released the Circular on Issuing Interpretation No. 15 of Accounting Standards for Business Enterprises (Interpretation No. 15) in 2021, and Interpretation No. 16 of Accounting Standards for Business Enterprises (Interpretation No. 16), and Q&A on Implementation of Accounting Standards for Business Enterprises, etc. in 2022 and 2023. The financial statements for the year ended 31 December 2022 have been prepared by the Group and the Company in accordance with the above circulars and Q&A. The revisions have no significant impacts on the financial statements of the Group and the Company.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 4 Taxation

The types of taxes applicable to the Group's sale of goods and rendering of services include value added tax ("VAT") and land appreciation tax.

(1)	Tax Name	Tax basis
	VAT	Output VAT is 6-13% of product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable. If the simplified tax calculation method is adopted, the VAT payable shall be calculated at the rate of 3% or 5% of the taxable services revenue, and the input tax shall not be deducted.
	Land appreciation tax	Appreciation amount in transferring property and applicable tax rate

- (2) The statutory income tax rate of the Company for the year ended 31 December 2022 is 25% (2021: 25%).

Except for certain subsidiaries of the Group which are entitled to preferential tax treatment, the statutory income tax rate applicable to the Group's other domestic subsidiaries for the year ended 31 December 2022 is 25% (2021: 25%).

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

- (3) Taxes payable

The Group

	31 December 2022	31 December 2021
Income tax payable	11,998,199	8,581,006
VAT unpayable	4,736,445	6,388,086
Others	1,706,699	933,570
	<u>18,441,343</u>	<u>15,902,662</u>

# CITIC CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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### 5 Subsidiaries

(1) As at 31 December 2022, the consolidated financial statements included the following subsidiaries:

Name of subsidiary	Place of registration	Principal place of business	Registered principal activities	Registered capital		Percentage of equity attributable to the Company direct / indirect
				In thousands	Currency	
China CITIC Bank Corporation Limited("CITIC Bank")	Mainland China	Mainland China	Banking industry	48,934,797	RMB	65.39%
CITIC Securities Co., Ltd. ("CITIC Securities") (note (a))	Mainland China	Mainland China	Securities related services	12,926,776	RMB	15.52%
CITIC Trust Co., Ltd.	Mainland China	Mainland China	Trust industry	11,276,000	RMB	100.00%
CITIC Finance Company Limited	Mainland China	Mainland China	Financial services	4,751,348	RMB	68.17%
CITIC Consumer Finance Co., Ltd	Mainland China	Mainland China	Consumer finance	700,000	RMB	70.00%
CITIC Resources Holdings Limited (note (b))	Bermuda	Hong Kong	Resources and energy	500,000	HKD	59.50%
CITIC Australia Pty limited	Australia	Australia	Resources and energy	85,882	AUD	100.00%
CITIC Kazakhstan LLP	Kazakhstan	Kazakhstan	and energy	10	USD	100.00%
CITIC Heavy Industries Co., Ltd.	Mainland China	Mainland China	Manufacturing	4,339,419	RMB	67.27%
CITIC Construction Company Limited	Mainland China	Mainland China	Engineering construction	6,637,000	RMB	100.00%
CITIC Engineering Design and Construction Co., Ltd	Mainland China	Mainland China	Engineering construction	1,060,000	RMB	100.00%
CITIC Urban Development & Operation Co., Ltd.	Mainland China	Mainland China	Real estate development	7,860,000	RMB	100.00%
CITIC Heye Investment Co., Ltd.	Mainland China	Mainland China	Real estate development	2,447,812	RMB	100.00%
CITIC Capital Mansion Co., Ltd.	Mainland China	Mainland China	Development management	800,000	RMB	100.00%
CITIC Building Property Management Co., Ltd.	Mainland China	Mainland China	Development management	27,400	RMB	100.00%
CITIC Industrial Investment Group Corp., Ltd.	Mainland China	Mainland China	Infrastructure and elderly service	2,600,000	RMB	100.00%
CITIC Environment Investment Group Co., Limited	Mainland China	Mainland China	Energy conservation and environment protection	8,000,000	RMB	100.00%
China Zhonghaizhi Corporation	Mainland China	Mainland China	General aviation	1,000,000	RMB	51.03%
CITIC Investment Holdings Limited	Mainland China	Mainland China	Investment and holding	928,000	RMB	100.00%
CITIC Asia SatelliteHolding Company Limited (note (c))	British Virgin Islands	Hong Kong	Information industry	100,000	USD	100.00%
CITIC Press Corporation	Mainland China	Mainland China	Publishing	190,152	RMB	73.50%
CITIC Holdings Co., Ltd.	Mainland China	Mainland China	Service	650,000	RMB	100.00%
CITIC Dicastal Company Limited	Mainland China	Mainland China	Manufacturing	2,075,098	RMB	42.11%
China CITIC Financial Holdings Co., Ltd. (note (d))	Mainland China	Mainland China	Financial services	5,000,000	RMB	100.00%

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5 Subsidiaries (Continued)

- (1) As at 31 December 2022, the consolidated financial statements included the following subsidiaries (Continued):

Notes:

- (a) CITIC Securities Co., LTD. ("CITIC Securities") has been included in the scope of the consolidation financial statements since 13 April, 2022, refer to Note 6(61)(a) for details.
- (b) CITIC Resources Holdings Limited ("CITIC Resources") is directly held by CITIC Australia Limited and Keentech Group Limited, a wholly-owned subsidiary of the Group.
- (c) CITIC Asia Satellite Holdings Limited is directly held by CITIC Projects Management (HK) Limited, a wholly-owned subsidiary of the Group.
- (d) China CITIC Financial Holdings Co., Ltd. was established on 24 March 2022 by the Company.
- (e) There is no material difference between the proportion of the Group's direct and indirect shareholdings in the above subsidiaries and the proportion of the Group's direct and indirect voting rights in them.

- (2) Material non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests ("NCI") are set out below:

Name of subsidiary	Proportion of equity interest held by NCI	Profit for 2022 allocated to NCI	Dividends paid to NCI during 2022	Accumulated balances of NCI at 31 December 2022
CITIC Bank Corporation Limited	34.61%	25,472,108	10,371,772	325,869,683
CITIC Heavy Industries Limited Corporation Limited ("CITIC Heavy Industries")	32.73%	67,443	34,659	2,706,567
CITIC Resources	40.50%	520,492	-	2,820,194
CITIC Dicastal	57.89%	618,259	232,491	5,703,046
CITIC Securities	84.48%	14,478,104	7,589,173	221,406,944

Name of subsidiary	Proportion of equity interest held by NCI	Profit for 2021 allocated to NCI	Dividends paid to NCI during 2021	Accumulated balances of NCI at 31 December 2021
CITIC Bank Corporation Limited	34.61%	21,961,612	10,925,513	308,242,314
CITIC Heavy Industries Limited Corporation Limited ("CITIC Heavy Industries")	32.73%	70,174	33,555	2,665,304
CITIC Resources	40.50%	379,997	-	2,282,245
CITIC Dicastal	57.89%	580,154	223,712	5,242,603

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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**5 Subsidiaries (Continued)**

(2) Material non-controlling interests (Continued)

The following table sets forth the key financial information on the above-mentioned subsidiaries. Relevant figures represent amounts before intra-group offsetting conducted by the Group:

Listed in	CITIC Bank		CITIC Heavy Industries		CITIC Resources		CITIC Dicastal		CITIC Securities 31 December 2022/Combina tion date to 31 December 2022 Hong Kong, Shanghai
	2022	2021	2022	2021	2022	2021	2022	2021	
	Hong Kong and Shanghai		Shanghai		Hong Kong		Unlisted		
Total assets	8,547,543,096	8,042,884,263	19,502,469	20,377,940	11,111,895	10,386,576	38,021,774	33,253,011	1,311,382,161
Total liabilities	(7,861,712,065)	(7,400,256,968)	(11,660,130)	(12,639,981)	(4,175,036)	(4,726,067)	(28,171,993)	(24,180,425)	(1,052,793,484)
Operating income	211,392,141	204,557,496	8,826,996	7,550,020	5,042,784	3,611,457	42,772,635	31,994,513	49,640,258
Net profit	62,950,552	56,377,691	165,332	222,608	1,203,600	925,114	1,067,988	1,002,209	16,953,871
Total comprehensive income	59,251,004	57,871,554	177,455	171,119	1,028,097	959,870	1,189,207	1,029,492	18,090,040
Cash flows from operating activities	195,065,600	(75,393,371)	1,213,209	681,951	1,851,127	919,309	1,771,386	1,720,434	(13,736,318)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**6 Notes to the consolidated financial statements**

(1) Cash and deposits

The Group

	31 December 2022	31 December 2021
Cash	5,589,090	5,903,187
Bank deposits	297,209,227	16,756,871
Balances with central banks (note (a))		
- Statutory deposit reserve funds (note (b))	367,350,378	363,794,465
- Surplus deposit reserve funds (note (c))	104,314,918	65,570,664
- Fiscal deposits (note (d))	298,307	2,711,463
- Foreign exchange reserves (note (e))	1,693,281	-
Deposits with banks and non-bank financial institutions	<u>84,270,919</u>	<u>115,499,625</u>
	<u>860,726,120</u>	<u>570,236,275</u>
Accrued interest	<u>2,023,621</u>	<u>1,098,477</u>
	<u>862,749,741</u>	<u>571,334,752</u>
Less: allowance for impairment losses on deposits with banks and non-bank financial institutions (Note 6(21))	<u>(98,211)</u>	<u>(145,337)</u>
	<u>862,651,530</u>	<u>571,189,415</u>

Notes:

- (a) The balances with central banks represent deposits placed with central banks by CITIC Bank and CITIC Finance Company Limited (“CITIC Finance”).
- (b) CITIC Bank and CITIC Finance place statutory deposit reserve funds with the People’s Bank of China and overseas central banks where they have operations. The statutory deposit reserve funds are not available for use in their daily business.

As at 31 December 2022, the statutory deposit reserve funds placed by CITIC Bank with the People’s Bank of China was calculated at 7.5% (31 December 2021: 8%) of eligible RMB deposits for domestic branches of CITIC Bank and at 6% (31 December 2021: 8%) of eligible RMB deposits from overseas financial institutions respectively. In addition, CITIC Bank was also required to deposit an amount equivalent to 6% (31 December 2021: 9%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve funds.

As at 31 December 2022, the statutory RMB deposit reserve rate applicable to Zhejiang Lin’an CITIC Rural Bank Corporation Limited in mainland China, a subsidiary of CITIC Bank, according to the corresponding regulations of the People’s Bank of China, was at 5% (31 December 2021: 5%).

The amounts of statutory deposit reserve funds placed with the central banks of overseas countries are determined by respective jurisdictions. The statutory deposit reserve funds are interest bearing except for the foreign currency reserve funds deposits placed with the People’s Bank Of China.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the consolidated financial statements (Continued)

##### (1) Cash and deposits (Continued)

Notes (Continued):

##### (b) (Continued):

As at 31 December 2022, the statutory deposit reserve funds placed by CITIC Finance with the People's Bank of China was calculated at 5% (31 December 2021: 5%) of eligible RMB deposits from the customers of CITIC Finance. As at 31 December 2022, CITIC Finance is also required to deposit an amount equivalent to 6% (31 December 2021: 9%) of its foreign currency deposits from the customers as statutory deposit reserve funds.

(c) The surplus deposit reserve funds are maintained with the People's Bank of China for the purposes of clearing.

(d) Fiscal deposits placed with the People's Bank of China that are not available for use in the Group's daily operations, and are non-interest bearing(unless otherwise stipulated by the local People's Bank of China).

(e) The foreign exchange reserve is maintained with the People's Bank of China in accordance with the related notice issued by the People's Bank of China. The reserve is provided as of 20% of customer-driven foreign exchange reserve forward transactions volume on a monthly basis. Such foreign exchange reserve is non-interest bearing and will be repayable in 12 months according to the Notice.

(f) In addition to the statutory deposit reserve funds, fiscal deposits and foreign exchange reserves, RMB 8,444 million (31 December 2021: RMB 1,066 million) included in cash and deposits as at 31 December 2022 are restricted in use. They mainly include guaranteed deposits.

The Company

	31 December 2022	31 December 2021
Bank deposits	2,328,805	18,338,957
Other cash balances (notes(a))	125,708	203,864
	<u>2,454,513</u>	<u>18,542,821</u>
Accrued interest	4,120	6,449
	<u>2,458,633</u>	<u>18,549,270</u>

Notes:

(a) Other cash balances refer to the cash at bank and on hand deposited in the trading accounts of securities companies by the Company.

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**6 Notes to the consolidated financial statements (Continued)**

(2) Settlement reserve

The Group

(a) By category

	31 December 2022	31 December 2021
Deposit of customer reserve	27,439,624	-
Deposit of company reserve	14,451,415	-
	<u>41,891,039</u>	<u>-</u>

(b) By currency

	31 December 2022		
	Original currency	Exchange rate	RMB equivalent
General deposit of customer reserve			
RMB	22,592,782	1.00	22,592,782
USD	116,334	6.96	810,222
HKD	817,403	0.89	730,162
Other currencies			<u>170,265</u>
			<u>24,303,431</u>
Credit deposit of customer reserve			
RMB	3,136,193	1.00	<u>3,136,193</u>
Total deposit of customer reserve			<u>27,439,624</u>
Self-owned deposit of company reserve			
RMB	14,190,094	1.00	14,190,094
USD	2,489	6.96	17,334
HKD	173,898	0.89	155,338
Other currencies			<u>88,649</u>
Total deposit of company reserve			<u>14,451,415</u>
			<u>41,891,039</u>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the consolidated financial statements (Continued)

##### (3) Placements with banks and non-bank financial institutions

The Group

	31 December 2022	31 December 2021
Banks	56,517,139	52,310,816
Non-bank financial institutions	159,939,340	89,070,318
	<u>216,456,479</u>	<u>141,381,134</u>
Accrued interest	1,038,105	768,726
	<u>217,494,584</u>	<u>142,149,860</u>
Less: allowance for impairment losses(Note 6(21))	(140,573)	(88,865)
	<u>217,354,011</u>	<u>142,060,995</u>

##### (4) Derivative financial instruments

Derivatives include forward, swap and option transactions undertaken by the Group in foreign exchange, precious metals, interest rate and credit derivatives related to trading, asset and liability management and customer initiated transactions. These derivative positions are managed through entering back-to-back deals with external parties to ensure the remaining exposures are within acceptable risk levels. Meanwhile, derivatives are also used for proprietary trading purposes to manage its own asset and liability and structural positions. Derivatives, except for those which are designated as hedging instruments, are held for trading. Derivatives classified as held for trading are for trading and customer initiated transactions purpose, and those for risk management purposes but do not meet the criteria for hedge accounting.

Subsidiaries under non-financial services segment of the Group enter into forward and swap contracts to hedge their exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

The following tables and notes provide an analysis of the nominal amounts of derivatives and the corresponding fair values as at the balance sheet date. The nominal amounts of the derivatives provide a basis for comparison with fair values of derivatives recognised on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the derivatives and, therefore, do not indicate the Group's exposure to credit or market risks. Hedging instruments are derivatives used as hedge accounting, and non-hedging instruments are derivatives not used as hedge accounting.

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**6 Notes to the consolidated financial statements (Continued)**

(4) Derivative financial instruments (Continued)

The Group

	31 December 2022			31 December 2021		
	Nominal amount	Assets	Liabilities	Nominal amount	Assets	Liabilities
<b>Hedging instruments</b>						
Fair value hedge						
- Interest rate derivatives	600,478	9,243	30	-	-	-
Cash flow hedge						
- Currency derivatives	-	-	-	546,260	4,905	348,608
- Other derivatives	92,002	92,002	-	83,546	12,274	526
<b>Non-hedging instruments</b>						
- Interest rate derivatives	4,932,626,781	22,729,891	21,350,960	2,630,540,123	8,642,689	8,538,908
- Currency derivatives	3,327,703,312	33,661,904	33,651,247	1,936,863,108	13,930,280	14,211,420
- Equity derivatives	507,787,735	19,695,668	11,610,629	-	-	-
- Precious metals derivatives	35,522,772	250,323	597,780	17,043,410	148,149	151,050
- Credit derivatives	12,110,451	78,606	151,622	-	-	-
- Other derivatives	831,431,631	3,764,361	4,360,011	-	-	-
	<u>9,647,875,162</u>	<u>80,281,998</u>	<u>71,722,279</u>	<u>4,585,076,447</u>	<u>22,738,297</u>	<u>23,250,512</u>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the consolidated financial statements (Continued)

##### (4) Derivative financial instruments (Continued)

##### (a) Nominal amount analysed by remaining maturity

	31 December 2022	31 December 2021
Within 3 months	3,375,614,752	2,067,777,904
Between 3 months and 1 year	3,190,146,634	1,376,926,898
Between 1 and 5 years	2,537,545,220	1,109,268,473
Over 5 years	<u>544,568,556</u>	<u>31,103,172</u>
	<u>9,647,875,162</u>	<u>4,585,076,447</u>

The remaining term to maturity of derivatives does not represent the Group's intended holding period.

##### (b) Credit risk weighted amounts

The credit risk weighted amounts are solely in connection with the derivatives held by CITIC Bank, and have been computed in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" promulgated by the China Banking Regulatory Commission in the year of 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments including those customer-driven back-to-back transactions. As at 31 December 2022, the credit risk weighted amount for counterparty was RMB 24,579 million (31 December 2021: RMB 22,204 million).

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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[English translation for reference only]**6 Notes to the consolidated financial statements (Continued)****(5) Trade and other receivables**

## The Group

	31 December 2022	31 December 2021
Bills receivables (note (a), (b) & (d))	1,986,785	1,620,224
Trade receivables (note (b), (c) )	40,311,050	33,805,493
Prepayments (note (e))	11,357,993	10,976,162
Other receivables (note (f))	100,018,696	67,975,151
Dividends receivables	96,946	102,139
Accounts due from brokers	26,731,357	-
Long term receivables(note(g))	19,660,242	13,332,163
	<u>200,163,069</u>	<u>127,811,332</u>
Less: allowance for impairment losses (Note 6(21))	<u>(15,262,815)</u>	<u>(11,779,428)</u>
	<u>184,900,254</u>	<u>116,031,904</u>

## The Company

	31 December 2022	31 December 2021
Other receivables (note (f))	5,733,718	5,613,188
Receivables due from subsidiaries	24,166,762	21,956,168
Prepayments	134,681	-
Dividends receivables	511,566	582,221
	<u>30,546,727</u>	<u>28,151,577</u>
Less: allowance for impairment losses	<u>(1,804,603)</u>	<u>(1,652,300)</u>
	<u>28,742,124</u>	<u>26,499,277</u>

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(5) Trade and other receivables (Continued)

(a) Bills receivables

	31 December 2022	31 December 2021
Bank acceptance bills	1,600,020	1,434,724
Commercial acceptance bills	<u>386,765</u>	<u>185,500</u>
	<u>1,986,785</u>	<u>1,620,224</u>

(b) Overdue analysis of trade and bill receivables at amortised cost

As at 31 December 2022, the Group measures expected credit losses which uses a lifetime expected loss allowance for all account and bills receivables. As at the balance sheet date, the analysis of trade and bills receivables at amortised cost of the Group based on the days overdue is as follows:

	As at 31 December 2022		
	Expected credit loss rate	Gross carrying amount	Loss allowance provision
Current	3%	21,519,643	(753,114)
Up to 3 months overdue	4%	1,112,926	(40,641)
3 months to 1 year overdue	4%	2,940,804	(131,997)
Over 1 year overdue	55%	<u>15,564,432</u>	<u>(8,530,035)</u>
		<u>41,137,805</u>	<u>(9,455,787)</u>

	As at 31 December 2021		
	Expected credit loss rate	Gross carrying amount	Loss allowance provision
Current	2%	21,752,870	(497,384)
Up to 3 months overdue	2%	1,207,463	(24,228)
3 months to 1 year overdue	4%	3,010,169	(115,165)
Over 1 year overdue	60%	<u>9,104,403</u>	<u>(5,474,184)</u>
		<u>35,074,905</u>	<u>(6,110,961)</u>

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(5) Trade and other receivables (Continued)

(b) Overdue analysis of trade and bill receivables at amortised cost(Continued)

Note:

Each business unit has its own defined credit policy that is specific to the respective business environment and market practice.

(c) Trade receivables at amortised cost

(i) Ageing analysis

the ageing analysis of account receivables at amortised cost of the Group based on invoice date is as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	20,146,286	21,919,006
Between 1 and 2 years (inclusive)	5,980,855	4,742,894
Between 2 and 3 years (inclusive)	2,942,317	1,153,437
Over 3 years	11,241,592	5,990,156
	<u>40,311,050</u>	<u>33,805,493</u>
Less: allowance for impairment losses	<u>(9,454,008)</u>	<u>(6,109,452)</u>
	<u>30,857,042</u>	<u>27,696,041</u>
(ii) Customer type:		
	31 December 2022	31 December 2021
Related parties	2,595,087	2,243,313
Other customers	37,715,963	31,562,180
	<u>40,311,050</u>	<u>33,805,493</u>
Less: allowance for impairment losses	<u>(9,454,008)</u>	<u>(6,109,452)</u>
	<u>30,857,042</u>	<u>27,696,041</u>

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**6 Notes to the consolidated financial statements (Continued)**

(5) Trade and other receivables (Continued)

(c) Trade receivables at amortised cost (Continued)

(iii) The movements in provisions are as follows:

	2022	2021
Balance at the beginning of the year	6,109,452	4,435,960
Charge	4,987,337	1,783,341
Write-off	(1,854,335)	(58,419)
Disposal of subsidiaries	(2,346)	(3,313)
Exchange differences and others	213,900	(48,117)
Balance at the end of the year	<u>9,454,008</u>	<u>6,109,452</u>

(d) By 31 December 2022, the book value of the Group's bills receivables is RMB 1,160 million (31 December 2021: RMB 351 million).

(e) Prepayments

The ageing analysis of prepayments is as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	8,225,717	8,133,003
Between 1 and 2 years (inclusive)	1,022,247	1,762,401
Between 2 and 3 years (inclusive)	1,178,360	873,530
Over 3 years	931,669	207,228
	<u>11,357,993</u>	<u>10,976,162</u>
Less: allowance for impairment losses (Note 6(21))	<u>(73,214)</u>	<u>(61,491)</u>
	<u>11,284,779</u>	<u>10,914,671</u>

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**6 Notes to the consolidated financial statements (Continued)**

(5) Trade and other receivables (Continued)

(e) Prepayments(Continued)

Prepayments by customer type:

	31 December 2022	31 December 2021
Related parties	377,503	421,904
Other customers	10,980,490	10,554,258
	<u>11,357,993</u>	<u>10,976,162</u>
Less: allowance for impairment losses	(73,214)	(61,491)
	<u>11,284,779</u>	<u>10,914,671</u>

(f) Other receivables

Other receivables by customer type:

The Group

	31 December 2022	31 December 2021
Related parties	21,870,200	19,448,931
Other customers	78,148,496	48,526,220
	<u>100,018,696</u>	<u>67,975,151</u>
Less: allowance for impairment losses	(5,513,953)	(5,394,974)
	<u>94,504,743</u>	<u>62,580,177</u>

The Company

	31 December 2022	31 December 2021
Related parties	5,727,019	5,606,489
Other customers	6,699	6,699
	<u>5,733,718</u>	<u>5,613,188</u>
Less: allowance for impairment losses	(6,699)	(6,699)
	<u>5,727,019</u>	<u>5,606,489</u>

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**6 Notes to the consolidated financial statements (Continued)**

(5) Trade and other receivables (Continued)

(f) Other receivables (Continued)

An analysis of the movements in provisions for impairment of other receivables for the year is as follows:

The Group

	2022	2021
Balance at the beginning of the year	5,394,974	4,463,598
Charge	(286,514)	902,479
Write-off	(46,242)	(229,562)
Disposal of subsidiaries	-	(3,931)
Exchange differences and others	451,735	262,390
Balance at the end of the year	<u>5,513,953</u>	<u>5,394,974</u>

The Company

	2022	2021
Balance at the beginning of the year	6,699	6,699
Charge	-	-
Balance at the end of the year	<u>6,699</u>	<u>6,699</u>

(g) The long term receivables primarily include PPP (Public-Private Partnership) project receivables and first-level land development. As at 31 December 2022, the allowance for impairment losses of the Group's long term receivables is RMB 220 million (31 December 2021: RMB 212 million).

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**6 Notes to the consolidated financial statements (Continued)**

(6) Contract assets and contract liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

	31 December 2022	31 December 2021
Contract assets	19,270,373	10,676,195
Less: Allowance for impairment allowance (note(a),6(21))	<u>(41,863)</u>	<u>(9,632)</u>
Total contract assets	<u>19,228,510</u>	<u>10,666,563</u>
Advances from customers for contract work	<u>19,507,583</u>	<u>16,345,284</u>
Total contract liabilities	<u>19,507,583</u>	<u>16,345,284</u>

(a) Assessment of allowance for impairment losses of contract assets.

	<u>As at 31 December 2022</u>		
	Expected credit loss rate	Gross carrying amount	Loss allowance provision
Impairment allowance	0.22%	<u>19,270,373</u>	<u>(41,863)</u>
	<u>As at 31 December 2021</u>		
	Expected credit loss rate	Gross carrying amount	Loss allowance provision
Impairment allowance	0.09%	<u>10,676,195</u>	<u>(9,632)</u>

(b) Revenue recognised during the year that related to carried-forward contract liabilities

	During the year ended 31 December 2022	During the year ended 31 December 2021
Revenue from contracts with customers	<u>12,255,302</u>	<u>8,079,180</u>

(c) Revenue to be recognised in relating to unsatisfied performance obligations

As of 31 December 2022, transaction price allocated to unsatisfied contracts of the Group is totalled at 79,730 million (31 December 2021: 80,895 million) of which 25,905 million (31 December 2021: 29,878 million) is expected to be recognised in the next year and the remaining 53,825 million (31 December 2021: 51,017 million) is expected to be recognised after more than one year.

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**6 Notes to the consolidated financial statements (Continued)**

(7) Inventories

(a) An analysis of the movements in inventories of the Group for the year is as follows:

	Balance at the beginning of 2022	Business combinations	Additions	Reductions	Exchange differences and others	Balance at the end of 2022
Raw materials	1,987,991	34,028	15,688,098	(12,406,577)	7,457	5,310,997
Work-in-progress	5,319,284	-	20,129,271	(20,741,807)	49	4,706,797
Finished goods	8,279,053	2,847,924	31,884,515	(33,911,456)	16,848	9,116,884
Properties	18,880,407	1,611,048	14,158,119	(7,649,307)	-	27,000,267
Others	1,395,198	81,125	5,693,120	(4,903,848)	-	2,265,595
	<u>35,861,933</u>	<u>4,574,125</u>	<u>87,553,123</u>	<u>(79,612,995)</u>	<u>24,354</u>	<u>48,400,540</u>
Less: provision for decline in value of inventories (Note 6(21))	<u>(862,206)</u>	<u>-</u>	<u>(306,679)</u>	<u>204,073</u>	<u>(2,074)</u>	<u>(966,886)</u>
	<u>34,999,727</u>	<u>4,574,125</u>	<u>87,246,444</u>	<u>(79,408,922)</u>	<u>22,280</u>	<u>47,433,654</u>

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**6 Notes to the consolidated financial statements (Continued)**

## (7) Inventories(Continued)

## (a) An analysis of the movements in inventories of the Group for the year is as follows (Continued):

	Balance at the beginning of 2021	Additions	Reductions	Exchange differences and others	Balance at the end of 2021
Raw materials	2,109,756	16,240,590	(16,345,742)	(16,613)	1,987,991
Work-in-progress	4,459,436	17,946,720	(17,062,677)	(24,195)	5,319,284
Finished goods	5,280,655	48,613,306	(45,582,446)	(32,462)	8,279,053
Properties	12,737,909	8,041,729	(1,899,231)	-	18,880,407
Others	1,019,685	3,740,927	(3,365,389)	(25)	1,395,198
	<u>25,607,441</u>	<u>94,583,272</u>	<u>(84,255,485)</u>	<u>(73,295)</u>	<u>35,861,933</u>
Less: provision for decline in value of inventories (Note 6(21))	<u>(830,381)</u>	<u>(126,702)</u>	<u>69,005</u>	<u>25,872</u>	<u>(862,206)</u>
	<u>24,777,060</u>	<u>94,456,570</u>	<u>(84,186,480)</u>	<u>(47,423)</u>	<u>34,999,727</u>

As at 31 December 2022, the Group's inventories include an amount of RMB 20,431 million expected to be recovered after more than one year (31 December 2021: RMB 16,899 million).

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(7) Inventories (Continued)

(b) An analysis of provision for decline in value of inventories of the Group is as follows:

	Balance at the beginning of 2022	Charge for the year	Written back		Exchange differences and others	Balance at the end of 2022
			Reversal	Write-off		
Raw materials	92,639	12,252	(2,819)	(3,430)	2,075	100,717
Work-in-progress	14,954	1,287	-	(666)	-	15,575
Finished goods	418,219	284,045	(9,632)	(142,258)	(1)	550,373
Properties	268,965	2,277	-	(15,665)	-	255,577
Others	67,429	6,818	-	(29,603)	-	44,644
	<u>862,206</u>	<u>306,679</u>	<u>(12,451)</u>	<u>(191,622)</u>	<u>2,074</u>	<u>966,886</u>
	Balance at the beginning of 2021	Charge for the year	Written back		Exchange differences and others	Balance at the end of 2021
			Reversal	Write-off		
Raw materials	76,655	34,919	(5,942)	(12,331)	(662)	92,639
Work-in-progress	29,251	328	(401)	(5,062)	(9,162)	14,954
Finished goods	385,830	79,127	(7,913)	(22,777)	(16,048)	418,219
Properties	268,965	-	-	-	-	268,965
Others	69,680	12,328	(994)	(13,585)	-	67,429
	<u>830,381</u>	<u>126,702</u>	<u>(15,250)</u>	<u>(53,755)</u>	<u>(25,872)</u>	<u>862,206</u>

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**6 Notes to the consolidated financial statements (Continued)**

(8) Financial assets held under resale agreements

The Group

	31 December 2022	31 December 2021
Debt securities	20,199,841	91,791,583
Stocks	22,718,875	-
Others	2,694,996	-
Accrued interest	<u>99,612</u>	<u>12,385</u>
	45,713,324	91,803,968
Less: allowance for impairment losses(Note6(21))	<u>(222)</u>	<u>(46,782)</u>
	<u>45,713,102</u>	<u>91,757,186</u>

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**6 Notes to the consolidated financial statements (Continued)**

(9) Loans and advances to customers and other parties

(a) Analysed by type of security

The Group

	31 December 2022	31 December 2021
<b>Loans and advances to customers and other parties at amortised cost</b>		
Corporate loans		
- Loans	2,436,586,626	2,274,381,707
- Discounted bills	3,703,557	4,522,575
- Finance lease receivables	46,566,294	46,854,436
	<u>2,486,856,477</u>	<u>2,325,758,718</u>
Personal loans:		
- Residential mortgages	975,807,262	973,390,760
- Credit cards	511,101,255	528,261,357
- Personal consumption	260,435,698	248,589,256
- Business loans	378,818,730	312,583,619
- Finance lease receivables	370,060	-
	<u>2,126,533,005</u>	<u>2,062,824,992</u>
	<u>4,613,389,482</u>	<u>4,388,583,710</u>
Accrued interest	17,385,006	13,496,538
	<u>4,630,774,488</u>	<u>4,402,080,248</u>
Less: allowance for impairment losses (Note 6(21))	(137,747,446)	(126,379,348)
Carrying amount of loans and advances to customers and other parties at amortised cost	<u>4,493,027,042</u>	<u>4,275,700,900</u>
<b>Loans and advances to customers and other parties at FVPL</b>		
- Loans	3,881,158	-
<b>Loans and advances to customers and other parties at FVOCI</b>		
Corporate loans		
- Loans	54,850,667	38,598,805
- Discounted bills	508,234,007	461,599,095
Carrying amount of loans and advances to customers and other parties at FVOCI	<u>563,084,674</u>	<u>500,197,900</u>
	<u>5,059,992,874</u>	<u>4,775,898,800</u>
Allowance for impairment losses on loans and advances to customers at FVOCI (Note 6(21))	(628,685)	(748,686)

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**6 Notes to the consolidated financial statements (Continued)**

(9) Loans and advances to customers and other parties (Continued)

(a) Analysed by type of security (Continued)

The Company

	31 December 2022	31 December 2021
<b>Loans and advances to customers and other parties at amortised cost</b>		
Corporate loans	5,662,257	1,541,586
Accrued interest	7,064	1,369
	<u>5,669,321</u>	<u>1,542,955</u>
Less: allowance for impairment losses	<u>(275,920)</u>	<u>(332,263)</u>
	<u>5,393,401</u>	<u>1,210,692</u>

(b) Assessment method of allowance for impairment losses

The Group

	As at 31 December 2022				Gross loans and advances at Stage 3 as a percentage of gross total loans and advances
	Stage 1	Stage 2	Stage 3 (note)	Total	
Loans and advances at amortised cost	4,443,811,694	89,433,204	80,144,584	4,613,389,482	1.56%
Accrued interest	14,546,919	2,124,951	713,136	17,385,006	
Less: allowance for impairment losses	<u>(61,854,743)</u>	<u>(22,647,557)</u>	<u>(53,245,146)</u>	<u>(137,747,446)</u>	
Carrying amount of loans and advances at amortised cost	<u>4,396,503,870</u>	<u>68,910,598</u>	<u>27,612,574</u>	<u>4,493,027,042</u>	
Carrying amount of loans and advances at FVOCI	<u>562,209,236</u>	<u>719,983</u>	<u>155,455</u>	<u>563,084,674</u>	
Total carrying amount of loans and advances for which allowance for impairment losses is recognised	<u>4,958,713,106</u>	<u>69,630,581</u>	<u>27,768,029</u>	<u>5,056,111,716</u>	
Allowance for impairment losses of loans and advances at FVOCI	<u>(522,880)</u>	<u>(26,814)</u>	<u>(78,991)</u>	<u>(628,685)</u>	

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**6 Notes to the consolidated financial statements (Continued)**

(9) Loans and advances to customers and other parties (Continued)

(b) Assessment method of allowance for impairment losses (Continued)

The Group (Continued)

	As at 31 December 2021				Gross loans and advances at Stage 3 as a percentage of gross total loans and advances
	Stage 1	Stage 2	Stage 3 (note)	Total	
Loans and advances at amortised cost	4,225,655,202	87,660,787	75,267,721	4,388,583,710	1.55%
Accrued interest	12,033,709	1,241,959	220,870	13,496,538	
Less: allowance for impairment losses	<u>(51,504,772)</u>	<u>(25,866,368)</u>	<u>(49,008,208)</u>	<u>(126,379,348)</u>	
Carrying amount of loans and advances at amortised cost	<u>4,186,184,139</u>	<u>63,036,378</u>	<u>26,480,383</u>	<u>4,275,700,900</u>	
Carrying amount of loans and advances at FVOCI	<u>499,144,727</u>	<u>775,432</u>	<u>277,741</u>	<u>500,197,900</u>	
Total carrying amount of loans and advances for which allowance for impairment losses is recognised	<u>4,685,328,866</u>	<u>63,811,810</u>	<u>26,758,124</u>	<u>4,775,898,800</u>	
Allowance for impairment losses of loans and advances at FVOCI	<u>(552,091)</u>	<u>(28,556)</u>	<u>(168,039)</u>	<u>(748,686)</u>	

Notes:

Loans and advances at stage 3 are credit-impaired, details are as follows:

	31 December 2022	31 December 2021
Secured portion	43,327,273	51,802,226
Unsecured portion	<u>37,685,902</u>	<u>23,964,106</u>
Total loans and advances that are credit-impaired	<u>81,013,175</u>	<u>75,766,332</u>
Allowance for impairment losses	<u>(53,324,137)</u>	<u>(49,176,247)</u>

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**6 Notes to the consolidated financial statements (Continued)**

(9) Loans and advances to customers and other parties (Continued)

(b) Assessment method of allowance for impairment losses (Continued)

The fair value of the collateral is determined by management's valuation of the most recent available, including externally assessed value, based on its current experience with the disposal of collateral and market conditions. As of December 31, 2022, the maximum exposure covered by the fair value of the collateral corresponding to such loans was RMB 42,542 million (As of December 31, 2021: RMB 52,675 million).

(c) Analysis of overdue loans by overdue period

The Group

	As at 31 December 2022				
	Overdue within 3 months	Overdue between 3 months and 1 year	Overdue between 1 year and 3 years	Overdue over 3 years	Total
Unsecured loans	17,097,325	9,364,911	1,696,112	279,666	28,438,014
Guaranteed loans	2,892,841	2,341,248	2,365,039	1,989,735	9,588,863
Secured loans					
- Loans secured by collateral	12,441,746	13,045,934	7,090,887	2,336,847	34,915,414
- Pledged loans	2,751,146	6,600,997	2,188,733	762,911	12,303,787
	<u>35,183,058</u>	<u>31,353,090</u>	<u>13,340,771</u>	<u>5,369,159</u>	<u>85,246,078</u>
	As at 31 December 2021				
	Overdue within 3 months	Overdue between 3 months and 1 year	Overdue between 1 year and 3 years	Overdue over 3 years	Total
Unsecured loans	18,702,827	10,411,909	896,270	286,797	30,297,803
Guaranteed loans	2,154,982	2,206,826	2,092,721	228,476	6,683,005
Secured loans					
- Loans secured by collateral	15,285,445	9,434,004	14,324,273	991,678	40,035,400
- Pledged loans	7,229,004	5,501,498	1,121,327	119,763	13,971,592
	<u>43,372,258</u>	<u>27,554,237</u>	<u>18,434,591</u>	<u>1,626,714</u>	<u>90,987,800</u>

Overdue loans represent loans of which principal or interest are overdue one day or more.

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**6 Notes to the consolidated financial statements (Continued)**

(10) Margin accounts

The Group

(a) By counterparties

	31 December 2022	31 December 2021
Mainland China:		
Individual	67,350,352	-
Institution	34,738,834	-
Less: allowance for impairment losses	-	-
	<u>102,089,186</u>	<u>-</u>
Outside Mainland China:		
Less: allowance for impairment losses	4,887,147	-
	-	-
	<u>4,887,147</u>	<u>-</u>
	<u>106,976,333</u>	<u>-</u>

(b) Listed by types

	31 December 2022	31 December 2021
Margin accounts from financing and securities	102,036,711	-
Financing	4,939,622	-
Less: allowance for impairment losses	-	-
	<u>106,976,333</u>	<u>-</u>

(c) Information on collaterals

	31 December 2022	31 December 2021
Cash	19,436,682	-
Debt securities	1,204,056	-
Stocks	375,572,274	-
Funds	35,581,991	-
	<u>431,795,003</u>	<u>-</u>

As at 31 December 2022, the outstanding amount from customers after the termination of the mandatory settlement contract for the Group's margin accounts amounted to RMB 646 million.

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**6 Notes to the consolidated financial statements (Continued)**

(11) Investments in financial assets

(a) Analysed by types

The Group

	31 December 2022	31 December 2021
<b>Financial assets held for trading</b>		
Investment funds	551,914,338	419,468,063
Debt securities	242,969,559	61,967,376
Trust investment plans	6,314,859	3,740,303
Certificates of deposit and certificates of interbank deposit	48,082,737	30,776,070
Equity investment	222,026,136	11,128,399
Investment management products managed by securities companies	19,148,847	9,103,303
Wealth management products	3,021,772	2,071,163
Others	35,619,267	360,607
	<u>1,129,097,515</u>	<u>538,615,284</u>
<b>Bond investments</b>		
Investment in creditor's rights on assets	1,900,000	-
Debt securities	873,627,187	903,385,388
Trust investment plans	226,256,820	237,810,557
Certificates of deposit and certificates of interbank deposit	3,923,410	1,383,268
Investment management products managed by securities companies	39,627,749	50,413,311
Others	335,222	528,266
	<u>1,145,670,388</u>	<u>1,193,520,790</u>
Accrued interest	10,495,369	10,459,052
	<u>1,156,165,757</u>	<u>1,203,979,842</u>
Less: allowance for impairment losses (Note 6 (21))	<u>(31,569,912)</u>	<u>(30,051,108)</u>
	<u>1,124,595,845</u>	<u>1,173,928,734</u>
<b>Other bond investments (note(i))</b>		
Debt securities	822,379,313	639,299,576
Investment management products managed by securities companies	-	24,456
Certificates of deposit and certificates of interbank deposit	44,525,241	4,306,450
	<u>866,904,554</u>	<u>643,630,482</u>
Accrued interest	6,462,882	4,879,827
	<u>873,367,436</u>	<u>648,510,309</u>
Allowance for impairment losses on debt investments at FVOCI	<u>(3,069,947)</u>	<u>(2,386,857)</u>
<b>Other equity instruments investments (note(i))</b>		
Equity investment	8,997,392	8,411,341
Investment funds	-	56,921
	<u>8,997,392</u>	<u>8,468,262</u>
	<u>3,136,058,188</u>	<u>2,369,522,589</u>

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(11) Investments in financial assets (Continued)

(a) Analysed by types (Continued)

Notes:

(i) Other bond investments and other equity instruments investments

	As at 31 December 2022		
	Equity instruments	Debt instruments	Total
Cost/amortised cost	9,113,393	873,432,997	882,546,390
Accumulative fair value change in OCI	(116,001)	(6,528,443)	(6,644,444)
Accrued interest	-	6,462,882	6,462,882
Net carrying amount	<u>8,997,392</u>	<u>873,367,436</u>	<u>882,364,828</u>
Allowance for impairment losses (Note 6(21))	N/A	<u>(3,069,947)</u>	<u>(3,069,947)</u>
	As at 31 December 2021		
	Equity instruments	Debt instruments	Total
Cost/amortised cost	8,680,837	640,409,009	649,089,846
Accumulative fair value change in OCI	(212,575)	3,221,473	3,008,898
Accrued interest	-	4,879,827	4,879,827
Net carrying amount	<u>8,468,262</u>	<u>648,510,309</u>	<u>656,978,571</u>
Allowance for impairment losses (Note 6(21))	N/A	<u>(2,386,857)</u>	<u>(2,386,857)</u>

The company

31 December 2022

31 December 2021

**Financial assets held for  
trading**

	31 December 2022	31 December 2021
Investment funds	1,133,104	1,533,868
Debt securities	-	29,254,026
Trust investment plans	1,901,555	1,926,910
Equity investment	<u>1,157,930</u>	<u>1,446,535</u>
	<u>4,192,589</u>	<u>34,161,339</u>

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

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**6 Notes to the consolidated financial statements (Continued)**

## (11) Investments in financial assets (Continued)

## (b) Analysed by counterparties

## The Group

	31 December 2022	31 December 2021
Issued by:		
- Government	1,162,045,834	931,616,679
- Policy banks	109,548,903	135,996,561
- Banks and non-bank financial institutions	1,489,761,722	1,151,411,738
- Corporates	356,234,658	132,503,814
- Public entities	1,593,010	2,760,206
	<u>3,119,184,127</u>	<u>2,354,288,998</u>
Accrued interest	<u>16,874,061</u>	<u>15,233,591</u>
	<u>3,136,058,188</u>	<u>2,369,522,589</u>
-Listed in Hong Kong	101,419,091	47,459,251
-Listed outside Hong Kong	2,534,408,776	1,938,664,624
-Unlisted	483,356,260	368,165,123
	<u>3,119,184,127</u>	<u>2,354,288,998</u>
Accrued interest	<u>16,874,061</u>	<u>15,233,591</u>
	<u>3,136,058,188</u>	<u>2,369,522,589</u>

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

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**6 Notes to the consolidated financial statements (Continued)**

(11) Investments in financial assets (Continued)

(b) Analysed by counterparties (Continued)

The company

	31 December 2022	31 December 2021
Issued by:		
- Banks and non-bank financial institutions	3,034,659	32,387,304
- Corporates	1,157,930	1,446,535
	<u>4,192,589</u>	<u>33,833,839</u>
Accrued interest	-	327,500
	<u>4,192,589</u>	<u>34,161,339</u>
-Listed outside Hong Kong	1,157,930	30,373,061
-Unlisted	3,034,659	3,460,778
	<u>4,192,589</u>	<u>33,833,839</u>
Accrued interest	-	327,500
	<u>4,192,589</u>	<u>34,161,339</u>

Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

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**6 Notes to the consolidated financial statements (Continued)**

(11) Investments in financial assets (Continued)

(c) Analysed by assessment method of allowance for impairment losses

The Group

	As at 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Bond investments	1,083,385,097	5,158,280	57,127,011	1,145,670,388
Accrued interest	10,236,991	138,472	119,906	10,495,369
Less: allowance for impairment losses	<u>(3,517,450)</u>	<u>(1,433,807)</u>	<u>(26,618,655)</u>	<u>(31,569,912)</u>
Carrying amount of bond investments	<u>1,090,104,638</u>	<u>3,862,945</u>	<u>30,628,262</u>	<u>1,124,595,845</u>
Other bond investments	865,688,551	136,153	1,079,850	866,904,554
Accrued interest	6,440,020	-	22,862	6,462,882
Carrying amount of other bond investments	<u>872,128,571</u>	<u>136,153</u>	<u>1,102,712</u>	<u>873,367,436</u>
Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised	<u>1,962,233,209</u>	<u>3,999,098</u>	<u>31,730,974</u>	<u>1,997,963,281</u>
Allowance for impairment losses on other bond investments	<u>(1,555,425)</u>	<u>(98,030)</u>	<u>(1,416,492)</u>	<u>(3,069,947)</u>
	As at 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Bond investments	1,124,181,342	18,075,259	51,264,189	1,193,520,790
Accrued interest	10,065,628	371,629	21,795	10,459,052
Less: allowance for impairment losses	<u>(6,053,090)</u>	<u>(5,567,286)</u>	<u>(18,430,732)</u>	<u>(30,051,108)</u>
Carrying amount of bond investments	<u>1,128,193,880</u>	<u>12,879,602</u>	<u>32,855,252</u>	<u>1,173,928,734</u>
Other bond investments	642,875,023	334,450	421,009	643,630,482
Accrued interest	4,845,425	13,513	20,889	4,879,827
Carrying amount of other bond investments	<u>647,720,448</u>	<u>347,963</u>	<u>441,898</u>	<u>648,510,309</u>
Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised	<u>1,775,914,328</u>	<u>13,227,565</u>	<u>33,297,150</u>	<u>1,822,439,043</u>
Allowance for impairment losses on other bond investments	<u>(975,851)</u>	<u>(158,191)</u>	<u>(1,252,815)</u>	<u>(2,386,857)</u>

**CITIC CORPORATION LIMITED**

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

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**6 Notes to the consolidated financial statements (Continued)**

(12) Refundable deposits

The Group

	31 December 2022	31 December 2021
Trading deposits	52,895,340	-
Credit deposits	1,179,988	-
Performance deposits	<u>15,082,787</u>	-
	<u>69,158,115</u>	<u>-</u>

	31 December 2022		
	Original currency	Exchange rate	RMB equivalent
Trading deposits			
RMB	48,535,559	1.00	48,535,559
USD	440,567	6.96	3,068,371
HKD	1,356,958	0.89	1,212,130
Other currencies			<u>79,280</u>
			<u>52,895,340</u>
Credit deposits			
RMB	1,179,988	1.00	<u>1,179,988</u>
			<u>1,179,988</u>
Performance deposits			
RMB	13,753,524	1.00	13,753,524
USD	189,450	6.96	1,319,444
Other currencies			<u>9,819</u>
			<u>15,082,787</u>
			<u>69,158,115</u>

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(13) Long-term equity investments

The Group

	31 December 2022	31 December 2021
Investments in joint ventures (note (b))	27,936,663	21,002,799
Investments in associates (note (c))	<u>44,253,625</u>	<u>61,034,292</u>
	<u>72,190,288</u>	<u>82,037,091</u>
Less: allowance for impairment losses (Note 6(21))		
- Joint ventures	(1,260,223)	(1,144,587)
- Associates	<u>(3,824,957)</u>	<u>(1,386,899)</u>
	<u>(5,085,180)</u>	<u>(2,531,486)</u>
	<u>67,105,108</u>	<u>79,505,605</u>

The Company

	31 December 2022	31 December 2021
Investments in subsidiaries (note (a))	259,271,970	188,382,499
Investments in joint ventures (note (b))	7,698,044	8,427,075
Investments in associates (note (c))	390,414	32,539,299
	267,360,428	229,348,873
Less: allowance for impairment losses		
- Subsidiaries	<u>(662,271)</u>	<u>(662,271)</u>
	<u>266,698,157</u>	<u>228,686,602</u>

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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**6 Notes to the consolidated financial statements (Continued)**

**(13) Long-term equity investments (Continued)**

(a) The Company's investments in principal subsidiaries are as follows:

	31 December 2022	31 December 2021
CITIC Bank	120,142,372	120,142,372
CITIC Securities	36,759,846	-
China CITIC Financial Holding Co., Ltd.	34,130,323	-
CITIC Urban Development & Operation Co., Ltd.	7,860,000	7,860,000
CITIC Trust Co., Ltd.	16,251,374	16,251,374
CITIC Industrial Investment Group Corp., Ltd.	6,884,723	6,884,723
CITIC Heavy Industries	3,657,012	3,657,012
CITIC Environment Investment Group Co., Limited	5,127,087	3,932,849
CITIC Construction Company Limited	8,996,975	8,996,975
CITIC Finance	2,511,200	2,511,200
Others	16,951,058	18,145,994
	<u>259,271,970</u>	<u>188,382,499</u>

Detailed information of the subsidiaries is set out in Note 5(1).

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**6 Notes to the consolidated financial statements (Continued)**

(13) Long-term equity investments (Continued)

(b) The Group's and the Company's investments in joint ventures are as follows:

The Group

	31 December 2022	31 December 2021
Material joint ventures (note (i))	7,698,044	8,427,075
Immaterial joint ventures (note (ii))	<u>20,238,619</u>	<u>12,575,724</u>
	<u>27,936,663</u>	<u>21,002,799</u>
Less: allowance for impairment losses	<u>(1,260,223)</u>	<u>(1,144,587)</u>
	<u>26,676,440</u>	<u>19,858,212</u>

The Company

	31 December 2022	31 December 2021
Material joint ventures (note (i))	<u>7,698,044</u>	<u>8,427,075</u>

(i) Details of material joint venture are as follows:

Name	Principal place of business	Place of registration	Registered principal activities	Registered capital in thousands	Currency	Percentage of equity attributable to the Company
CITIC-Prudential Life Insurance Co., Ltd.	Mainland China	Mainland China	Insurance and reinsurance	2,360,000	RMB	50%

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(13) Long-term equity investments (Continued)

(b) The Group's and the Company's investments in joint ventures are as follows (Continued):

(i) Details of material joint venture are as follows (Continued):

The following table sets out the key financial information of the Group and the Company's material joint ventures, and the reconciliation of the key financial information to the carrying amount of the Group and the Company's investments in joint ventures using the equity method:

	CITIC-Prudential Life	
	31 December 2022	31 December 2021
Total assets	216,580,520	184,157,034
Including: Cash and deposits	17,207,189	6,837,636
Total liabilities	(202,851,371)	(169,023,128)
Net assets	<u>13,729,149</u>	<u>15,133,906</u>
Equity attributable to:		
- Joint ventures' shareholders	13,146,770	14,578,939
- Non-controlling interests in joint ventures	<u>582,379</u>	<u>554,967</u>
Group's share of net assets	6,573,385	7,289,470
Others	<u>1,124,659</u>	<u>1,137,605</u>
Carrying amount of investments in joint ventures	<u>7,698,044</u>	<u>8,427,075</u>
Operating income	37,315,958	32,711,145
Income tax expenses	(68,857)	(133,557)
Net profit	1,096,149	2,915,117
Other comprehensive income	(2,496,601)	673,432
Total comprehensive income	(1,400,452)	3,588,549
Dividends received from joint ventures during the year	-	395,202

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**6 Notes to the consolidated financial statements (Continued)**

(13) Long-term equity investments (Continued)

(b) The Group's and the Company's investments in joint ventures are as follows (Continued):

(ii) Details of immaterial joint ventures accounted for using the equity method are summarised as follows:

The Group

	31 December 2022	31 December 2021
Aggregate carrying amount of investments	18,978,396	11,431,137
Aggregate amount of share of Net profit	1,048,158	785,713
Other comprehensive loss	(30,316)	(12,406)
Total comprehensive income	<u>1,017,842</u>	<u>773,307</u>

(c) The Group's and the Company's investments in associates are as follows:

The Group

	31 December 2022	31 December 2021
Material associates (note (i))	9,089,682	31,731,998
Immaterial associates (note (ii))	<u>35,163,943</u>	<u>29,302,294</u>
	<u>44,253,625</u>	<u>61,034,292</u>
Less: allowance for impairment losses	<u>(3,824,957)</u>	<u>(1,386,899)</u>
	<u>40,428,668</u>	<u>59,647,393</u>

The Company

	31 December 2022	31 December 2021
Material associates (note (i))	-	31,731,998
Immaterial associates (note (ii))	<u>390,414</u>	<u>807,301</u>
	<u>390,414</u>	<u>32,539,299</u>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

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#### 6 Notes to the consolidated financial statements (Continued)

(13) Long-term equity investments (Continued)

(c) The Group's and the Company's investments in associates are as follows (Continued):

(i) Details of the Group's material associates are as follows:

Name	Principal place of business	Place of registration	Registered principal activities	Registered capital		Percentage of equity attributable to the Company
				in thousands	Currency	
China Securities Co., Ltd. (China Securities)	Mainland China	Mainland China	Securities related services	7,756,695	RMB	4.94%

As at 13 April 2022, CITIC Securities has been included in the scope of the consolidation financial statements(note(61)(a)), and CITIC Securities was an Material associate before the combination date.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the consolidated financial statements (Continued)

(13) Long-term equity investments (Continued)

(c) The Group's and the Company's investments in associates are as follows (Continued):

(i) Details of the Group's material associates are as follows (Continued):

The following table sets out the key financial information of the Group's material associates, and the reconciliation of the key financial information to the carrying amount of the Group and the Company's investments in associates using the equity method:

	<u>China Securities</u> 31 December 2022
Total assets	509,955,498
Including: Cash and deposits	112,192,799
Total liabilities	<u>(416,666,817)</u>
Net assets	<u>93,288,681</u>
Equity attributable to:	
- Associates' shareholders	93,244,346
- Non-controlling interests in associates	<u>44,335</u>
Group's share of net assets	4,606,271
Others	<u>4,483,411</u>
Carrying amount of investments in associates	<u>9,089,682</u>
Fair value of investments in associates held by the group which have quoted market prices	9,092,670
Operating income	27,565,198
Income tax expenses	(1,954,768)
Net profit	7,517,458
Other comprehensive loss	(103,669)
Total comprehensive income	7,413,789
Dividends received from associates during the year	151,225

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**6 Notes to the consolidated financial statements (Continued)**

(13) Long-term equity investments (Continued)

(c) the Group's and the Company's investments in associates are as follows (Continued):

(ii) Details of immaterial associates accounted for using the equity method are summarised as follows:

The Group

	31 December 2022	31 December 2021
Aggregate carrying amount of investments	31,338,986	27,915,395
Aggregate amount of share of net income	2,210,288	2,119,508
Other comprehensive loss	<u>(457,880)</u>	<u>(542,678)</u>
Total comprehensive income	<u>1,752,408</u>	<u>1,576,830</u>

The Company

	31 December 2022	31 December 2021
Aggregate carrying amount of investments	390,414	807,301
Aggregate amount of share of net income/(loss)	114,114	(186,145)
Other comprehensive (loss)/ income	<u>(2,674)</u>	<u>24</u>
Total comprehensive income/(loss)	<u>111,440</u>	<u>(186,121)</u>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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## 6 Notes to the consolidated financial statements (Continued)

### (14) Investment properties

The Group

	2022	2021
At 1 January	9,850,633	9,233,064
Business combinations	1,477,816	-
Additions	63,997	162,793
Disposals	(24,756)	(3,896)
Disposal of subsidiaries	-	(326,437)
Transfers from construction in progress	12,481	334,090
Transfers from fixed assets	-	413,769
Transfers to fixed assets	(227,321)	-
Changes in fair value	(236,721)	81,007
Exchange difference	40,773	(43,757)
At 31 December	<u>10,956,902</u>	<u>9,850,633</u>

As at 31 December 2022, the Group was in the process of applying the investment properties' ownership certificate in respect of certain premises of RMB 42 million (31 December 2021: RMB 31 million). The Group anticipates that there would be no significant issues and costs in completing such procedures.

The Group's investment properties are mainly properties and buildings located in mainland China and Hong Kong held by subsidiaries. These investment properties are located in an active real estate trading market, from which the Group is able to obtain the market price and other relevant information of the same or similar properties to assess the fair value of these investment properties as of December 31, 2022.

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**6 Notes to the consolidated financial statements (Continued)**

(14) Investment properties (Continued)

The Group (Continued)

Investment properties were revalued as at 31 December 2021 and 2022 by the following independent professionally qualified valuers. The management of the Group had discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each balance sheet date.

<u>Properties located in</u>	<u>Valuers in 2022</u>
Mainland China and Hong Kong	Knight Frank Petty Limited Prudential Surveyors (Hong Kong) Limited Martin Reynolds AAPI MRICS CHINA UNITED ASSETS APPRAISAL GROUP Jones Lang LaSalle Corporate Appraisal and Advisory Limited China Enterprise Appraisals Co., Ltd Centaline Surveyors Limited Savills
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited
<u>Properties located in</u>	<u>Valuers in 2021</u>
Mainland China and Hong Kong	ZhongHe Appraisal Co., Ltd. Prudential Surveyors (Hong Kong) Limited CHINA UNITED ASSETS APPRAISAL GROUP Jones Lang LaSalle Corporate Appraisal and Advisory Limited China Appraisal Associates
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited

For disclosure information of fair value, please refer to Note 6(54).

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**6 Notes to the consolidated financial statements (Continued)**

(15) Fixed assets

The Group

	Plant & buildings	Machinery & equipment	Office & other equipment	Motor vehicles	Others	Total
<b>Cost</b>						
Balance at 1 January 2021	39,948,126	21,915,718	13,886,018	4,407,408	1,250,158	81,407,428
Additions	738,574	607,249	2,278,188	38,213	176,483	3,838,707
Transfers from construction in progress	592,807	532,565	10,062	1,304	505,011	1,641,749
Disposals	(42,750)	(221,413)	(950,915)	(78,707)	(59,618)	(1,353,403)
Transfers to investment properties	(435,546)	-	-	-	-	(435,546)
Exchange difference	(115,530)	(282,622)	(31,195)	(520)	(74,609)	(504,476)
Balance at 31 December 2021	<u>40,685,681</u>	<u>22,551,497</u>	<u>15,192,158</u>	<u>4,367,698</u>	<u>1,797,425</u>	<u>84,594,459</u>
Business combinations	5,459,484	237	485,525	2,305,593	1,160	8,251,999
Additions	808,217	178,329	2,667,884	26,638	91,175	3,772,243
Transfers from construction in progress	458,191	442,295	100,102	480	1,197,320	2,198,388
Decrease	(808,262)	(1,595,589)	(2,205,882)	(106,540)	(226,671)	(4,942,944)
Transfers from investment properties	239,285	-	-	-	-	239,285
Exchange difference	174,553	364,444	186,269	217,083	307,791	1,250,140
Balance at 31 December 2022	<u>47,017,149</u>	<u>21,941,213</u>	<u>16,426,056</u>	<u>6,810,952</u>	<u>3,168,200</u>	<u>95,363,570</u>
<b>Less: Accumulated depreciation</b>						
Balance at 1 January 2021	(9,713,621)	(9,166,364)	(9,001,257)	(2,108,058)	(899,906)	(30,889,206)
Charge for the year	(1,369,766)	(941,012)	(1,410,793)	(42,993)	(558,175)	(4,322,739)
Disposal	28,130	156,204	900,826	66,591	5,223	1,156,974
Transfers to investment properties	21,777	-	-	-	-	21,777
Exchange difference	71,969	109,858	25,615	366	22,095	229,903
Balance at 31 December 2021	<u>(10,961,511)</u>	<u>(9,841,314)</u>	<u>(9,485,609)</u>	<u>(2,084,094)</u>	<u>(1,430,763)</u>	<u>(33,803,291)</u>
Charge for the year	(1,482,134)	(955,202)	(1,856,650)	(203,419)	(631,888)	(5,129,293)
Decrease	601,725	1,415,302	2,096,275	100,581	219,444	4,433,327
Transfers from investment properties	(11,964)	-	-	-	-	(11,964)
Exchange difference	(95,538)	(102,030)	(165,235)	(55,198)	(95,899)	(513,900)
Balance at 31 December 2022	<u>(11,949,422)</u>	<u>(9,483,244)</u>	<u>(9,411,219)</u>	<u>(2,242,130)</u>	<u>(1,939,106)</u>	<u>(35,025,121)</u>

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**6 Notes to the consolidated financial statements (Continued)**

(15) Fixed assets (Continued)

The Group (Continued)

	Plant & buildings	Machinery & equipment	Office & other equipment	Motor vehicles	Others	Total
<b>Less: Allowance for impairment Losses (Note 6(21))</b>						
Balance at 1 January 2021	(135,832)	(3,374,690)	(1,310)	(449)	(77,440)	(3,589,721)
Charge for the year	-	(44,910)	(32)	(368)	(74)	(45,384)
Written back on disposal	71	7,946	259	103	47,299	55,678
Exchange difference	<u>4,223</u>	<u>77,119</u>	<u>-</u>	<u>-</u>	<u>1,363</u>	<u>82,705</u>
Balance at 31 December 2021	<u>(131,538)</u>	<u>(3,334,535)</u>	<u>(1,083)</u>	<u>(714)</u>	<u>(28,852)</u>	<u>(3,496,722)</u>
Charge for the year	(135)	(13,258)	(453)	(274)	(2,293)	(16,413)
Transfers from construction in progress	-	-	-	-	(81,973)	(81,973)
Decrease	992	90,052	1,196	765	5,078	98,083
Exchange difference	<u>(10,397)</u>	<u>(236,933)</u>	<u>-</u>	<u>-</u>	<u>(2,261)</u>	<u>(249,591)</u>
Balance at 31 December 2022	<u>(141,078)</u>	<u>(3,494,674)</u>	<u>(340)</u>	<u>(223)</u>	<u>(110,301)</u>	<u>(3,746,616)</u>
<b>Net carrying amount</b>						
At 31 December 2022	<u>34,926,649</u>	<u>8,963,295</u>	<u>7,014,497</u>	<u>4,568,599</u>	<u>1,118,793</u>	<u>56,591,833</u>
At 31 December 2021	<u>29,592,632</u>	<u>9,375,648</u>	<u>5,705,466</u>	<u>2,282,890</u>	<u>337,810</u>	<u>47,294,446</u>

As at 31 December 2022, the Group was in the process of applying the fixed assets' ownership certificate in respect of certain premises of RMB 602 million (31 December 2021: RMB 502 million ). The Group anticipates that there would be no significant issues and costs in completing such procedures.

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**6 Notes to the consolidated financial statements (Continued)**

(15) Fixed assets (Continued)

The Company

	Plant & buildings	Office & other equipment	Motor vehicles	Total
<b>Cost</b>				
Balance at 1 January				
2021	638,723	72,989	15,568	727,280
Additions	-	4,721	-	4,721
Disposals	-	(1,222)	(3,922)	(5,144)
Balance at 31				
December 2021	638,723	76,488	11,646	726,857
Additions	-	1,509	-	1,509
Disposals	-	-	-	-
Balance at 31				
December 2022	638,723	77,997	11,646	728,366
<b>Less: Accumulated depreciation</b>				
Balance at 1 January				
2021	(159,320)	(24,955)	(15,021)	(199,296)
Charge for the year	(30,340)	(14,754)	-	(45,094)
Written back on disposal	-	1,158	3,735	4,893
Balance at 31				
December 2021	(189,660)	(38,551)	(11,286)	(239,497)
Charge for the year	(30,339)	(15,466)	-	(45,805)
Written back on disposal	-	-	-	-
Balance at 31				
December 2022	(219,999)	(54,017)	(11,286)	(285,302)
<b>Net carrying amount</b>				
At 31 December 2022	418,724	23,980	360	443,064
At 31 December 2021	449,063	37,937	360	487,360

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**6 Notes to the consolidated financial statements (Continued)**

(16) Construction in Progress

The Group

Balance at 1 January 2021	7,175,839
Additions	3,482,913
Including: capitalised interest	38,346
Transfers to fixed assets	(1,641,749)
Transfers to investment properties	(334,090)
Decrease	(385,315)
Exchange difference	(10,089)
Balance at 31 December 2021	<u>8,287,509</u>
Business combinations	1,332,009
Additions	3,908,536
Including: capitalised interest	31,223
Transfers to fixed assets	(2,198,388)
Transfers to investment properties	(12,481)
Decrease	(852,304)
Exchange difference	29,878
Balance at 31 December 2022	<u>10,494,759</u>
<b>Less: Allowance for impairment losses(Note 6(21))</b>	
Balance at 1 January 2021	(167,663)
Charge for the year	-
Written back on disposal	2,710
Exchange difference	(445)
Balance at 31 December 2021	<u>(165,398)</u>
Charge for the year	(49,420)
Written back on disposal	65,222
Transfers to fixed assets	81,973
Exchange difference	(4,215)
Balance at 31 December 2022	<u>(71,838)</u>
<b>Net carrying amount</b>	
At 31 December 2022	<u>10,422,921</u>
At 31 December 2021	<u>8,122,111</u>

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**6 Notes to the consolidated financial statements (Continued)**

(17) Right-of-use assets

The Group

	Plant & buildings	Machinery & equipment	Office & other equipment	Motor vehicles	Others	Total
Balance at 1 January 2021	11,668,638	48,112	59,567	15,139	629,836	12,421,292
Additions	3,424,395	25,207	5,551	2,044	87,017	3,544,214
Disposals	(393,920)	(24,365)	(270)	(107)	(51,890)	(470,552)
Modifications to lease agreements	(193)	790	214	-	(1,048)	(237)
Depreciation	(3,494,004)	(40,217)	(3,832)	(1,259)	(97,888)	(3,637,200)
Exchange difference	(28,952)	(1,498)	(527)	(11)	(26)	(31,014)
Balance at 31 December 2021	<u>11,175,964</u>	<u>8,029</u>	<u>60,703</u>	<u>15,806</u>	<u>566,001</u>	<u>11,826,503</u>

**CITIC CORPORATION LIMITED**

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

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**6 Notes to the consolidated financial statements (Continued)**

(17) Right-of-use assets(Continued)

The Group(Continued)

	Plant & buildings	Machinery & equipment	Office & other equipment	Motor vehicles	Others	Total
Balance at 1 January 2022	11,175,964	8,029	60,703	15,806	566,001	11,826,503
Business combinations	1,906,948	-	89	70,911	928	1,978,876
Additions	3,709,855	11,223	38,878	-	158,577	3,918,533
Disposals	(215,868)	(268)	(50)	(11)	(6,865)	(223,062)
Modifications to lease agreements	675,837	-	544	-	-	676,381
Depreciation	(4,155,182)	(14,733)	(22,021)	(11,222)	(103,310)	(4,306,468)
Exchange difference	93,777	94	229	5	355	94,460
Balance at 31 December 2022	<u>13,191,331</u>	<u>4,345</u>	<u>78,372</u>	<u>75,489</u>	<u>615,686</u>	<u>13,965,223</u>

- (i) The expense relating to short-term leases and the expense relating to leases of low-value assets are recognised in profit or loss, during the year ended 31 December 2022 of RMB 485 million(31 December 2021: RMB 308 million ).
- (ii) The expense relating to variable lease payments not included in lease liabilities was RMB 7.36 million (31 December 2021: RMB 6.72 million ).
- (iii) The total cash outflow for leases in 2022 was RMB 4,770 million (31 December 2021: RMB 4,210 million ).

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(18) Intangible assets

The Group

	Land use rights	Mining assets	Franchise right	Software	Others	Total
<b>Cost</b>						
Balance at 1 January 2021	10,252,309	820,649	5,967,425	6,392,506	222,963	23,655,852
Additions	240,533	-	1,405,021	1,355,735	171,462	3,172,751
Disposals	(272,233)	(373,757)	(355,243)	(96,338)	(664)	(1,098,235)
Exchange difference	(14,299)	-	-	(48,059)	(4,020)	(66,378)
Balance at 31 December 2021	<u>10,206,310</u>	<u>446,892</u>	<u>7,017,203</u>	<u>7,603,844</u>	<u>389,741</u>	<u>25,663,990</u>
Business combinations	7,928,422	-	-	287,535	207,801	8,423,758
Additions	173,695	-	535,394	2,248,159	8,102	2,965,350
Disposals	(213,495)	-	(1,692)	(233,324)	(4,245)	(452,756)
Exchange difference	3,354	-	-	186,459	22,450	212,263
Balance at 31 December 2022	<u>18,098,286</u>	<u>446,892</u>	<u>7,550,905</u>	<u>10,092,673</u>	<u>623,849</u>	<u>36,812,605</u>
<b>Less: Accumulated amortisation</b>						
Balance at 1 January 2021	(1,510,882)	(167,625)	(1,012,275)	(3,223,064)	(174,888)	(6,088,734)
Charge for the year	(188,884)	-	(133,802)	(1,201,850)	(47,710)	(1,572,246)
Written back on disposal	81,519	167,625	10,319	25,339	8,875	293,677
Exchange difference	3,572	-	-	31,204	718	35,494
Balance at 31 December 2021	<u>(1,614,675)</u>	<u>-</u>	<u>(1,135,758)</u>	<u>(4,368,371)</u>	<u>(213,005)</u>	<u>(7,331,809)</u>
Charge for the year	(280,765)	-	(201,833)	(1,481,941)	(257,953)	(2,222,492)
Written back on disposal	2,890	-	305	233,324	4,156	240,675
Exchange difference	(13)	-	-	(82,694)	(26,618)	(109,325)
Balance at 31 December 2022	<u>(1,892,563)</u>	<u>-</u>	<u>(1,337,286)</u>	<u>(5,699,682)</u>	<u>(493,420)</u>	<u>(9,422,951)</u>
<b>Less: Allowance for impairment losses (Note 6(21))</b>						
Balance at 1 January 2021	-	(434,430)	(13,686)	-	-	(448,116)
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange difference	-	(12,462)	-	-	-	(12,462)
Balance at 31 December 2021	<u>-</u>	<u>(446,892)</u>	<u>(13,686)</u>	<u>-</u>	<u>-</u>	<u>(460,578)</u>
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-
Balance at 31 December 2022	<u>-</u>	<u>(446,892)</u>	<u>(13,686)</u>	<u>-</u>	<u>-</u>	<u>(460,578)</u>
<b>Net carrying amount</b>						
At 31 December 2022	<u>16,205,723</u>	<u>-</u>	<u>6,199,933</u>	<u>4,392,991</u>	<u>130,429</u>	<u>26,929,076</u>
At 31 December 2021	<u>8,591,635</u>	<u>-</u>	<u>5,867,759</u>	<u>3,235,473</u>	<u>176,736</u>	<u>17,871,603</u>

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**6 Notes to the consolidated financial statements (Continued)**

(19) Goodwill

The Group

Cost

Balance at 1 January 2021	8,463,646
Additions	204,852
Exchange differences	(46,937)
Balance at 31 December 2021	<u>8,621,561</u>
Additions	11,841,719
Disposals	(21,217)
Exchange differences	94,968
Balance at 31 December 2022	<u>20,537,031</u>

Less: Allowance for impairment losses (Note 6(21))

Balance at 1 January 2021	(1,356,082)
Additions	(9,948)
Exchange differences	12,277
Balance at 31 December 2021	<u>(1,353,753)</u>
Additions	(4,362,391)
Disposals	21,217
Exchange differences	(72,557)
Balance at 31 December 2022	<u>(5,767,484)</u>

Net book value

At 31 December 2022	<u>14,769,547</u>
At 31 December 2021	<u>7,267,808</u>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the consolidated financial statements (Continued)

##### (19) Goodwill(Continued)

Goodwill is allocated to the Group's cash-generating units identified in segments as follows:

	31 December 2022	31 December 2021
Advanced intelligent manufacturing	996,039	1,060,946
Comprehensive financial services	13,162,166	1,259,992
Advanced materials	-	21,650
New-type urbanisation	611,342	4,925,220
	<u>14,769,547</u>	<u>7,267,808</u>

In conducting goodwill impairment test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination.

The recoverable amount of an asset group or a group of asset groups is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The corresponding impairment loss of an asset group or a group of asset groups will not be recognised if either the fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset is higher than the carrying value.

In this amount, for the integrated financial service segment, the Group included CITIC Securities in the consolidation scope in 2022, generating goodwill of RMB 11,808 million (Note 61). As at 31 December 2022, the Group allocated such goodwill to CITIC Securities for impairment test, and evaluated whether it was impaired by adopting the present value of the expected future cash flows. In the calculation, the Group determined the growth rate based on historical experience and forecasts of market development. The growth rate of the forecast period was determined according to the budget of the management, and 2% of the growth rate of the stable period was the growth rate used after the forecast period. The Group adopted 15.47%, which could reflect the overall risk of CITIC Securities, as the pre-tax discount rate. As the calculation showed, the goodwill arising from consolidation of CITIC Securities had not been impaired.

For the urbanisation segment, RMB 4,801 million in the original carrying amount of the Group's goodwill was generated from acquisition of the subsidiary of CITIC Environment Investment Group Co., Ltd. ("CITIC Environment"). As at 31 December 2022, the Group's management evaluated whether it was impaired by adopting the present value of the expected future cash flows on 31 December 2022. The key assumptions used in the calculation include the long-term revenue growth rate that does not exceed the relevant industry average, the estimated gross margin and pre-tax discount rate of 9.49% (2021: 9.48%) based on historical experience and taking into account the impact of market development. CITIC Environment expected a decline in performance due to policy adjustment and macroeconomic trends. As the calculation showed, the goodwill suffered an impairment loss of RMB 4,323 million in 2022 (2021: Nil).

Based on management's impairment assessment, impairment loss of RMB 4,362 million was recognised for the year ended 31 December 2022 (2021: RMB 9.95 million).

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**6 Notes to the consolidated financial statements (Continued)**

(20) Deferred tax assets and liabilities

Non-offset deferred tax assets and deferred tax liabilities:

The Group

	Deferred tax assets					Balance at 31 December 2022
	Balance at 1 January 2022	Business combinations	Credited / (charged) to profit or loss	Charged/ (credited) to equity	Exchange difference and others	
Tax losses	242,653	-	(129,700)	-	12,318	125,271
Accrued expenses	3,709,795	4,678,526	317,953	(71,252)	70,682	8,705,704
Impairment loss on assets other than fixed assets and intangible assets	48,147,952	2,951,457	5,766,808	8,167	39,595	56,913,979
Fair value changes of financial instruments	406,311	570,652	3,173,767	9,167	12,212	4,172,109
Fixed assets and intangible assets	121,400	9,041	(20,642)	-	32,448	142,247
Others	1,312,955	354,101	1,063,403	79,695	(164,466)	2,645,688
	<u>53,941,066</u>	<u>8,563,777</u>	<u>10,171,589</u>	<u>25,777</u>	<u>2,789</u>	<u>72,704,998</u>

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**6 Notes to the consolidated financial statements (Continued)**

(20) Deferred tax assets and liabilities (Continued)

The Group (Continued)

	Deferred tax assets				Balance at 31 December 2021
	Balance at 1 January 2021	Credited /(charged) to profit or loss	Charged/ (credited) to equity	Exchange difference and others	
Tax losses	348,764	(109,457)	-	3,346	242,653
Accrued expenses	3,668,306	35,063	7,021	(595)	3,709,795
Impairment loss on assets other than fixed assets and intangible assets	41,706,404	6,454,374	(4,481)	(8,345)	48,147,952
Fair value changes of financial instruments	485,735	(36,972)	(38,144)	(4,308)	406,311
Fixed assets and intangible assets	355,915	(230,416)	-	(4,099)	121,400
Others	667,231	683,003	(30,594)	(6,685)	1,312,955
	<u>47,232,355</u>	<u>6,795,595</u>	<u>(66,198)</u>	<u>(20,686)</u>	<u>53,941,066</u>

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**6 Notes to the consolidated financial statements (Continued)**

(20) Deferred tax assets and liabilities (Continued)

The Group

	Deferred tax liabilities					Balance at 31 December 2022
	Balance at 1 January 2022	Business combinations	Charged to profit or loss	Credited/ (charged) to equity	Exchange difference and others	
Fair value changes of financial instruments	(2,780,162)	(3,098,654)	(596,807)	2,435,866	4,678	(4,035,079)
Fixed assets and intangible assets	(826,623)	(1,638,367)	(238,989)	-	(81,314)	(2,785,293)
Revaluation of Investment properties	(996,835)	-	67,402	-	(1,157)	(930,590)
Others	(1,933,317)	(1,341,617)	(124,749)	64,097	81,642	(3,253,944)
	<u>(6,536,937)</u>	<u>(6,078,638)</u>	<u>(893,143)</u>	<u>2,499,963</u>	<u>3,849</u>	<u>(11,004,906)</u>

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**6 Notes to the consolidated financial statements (Continued)**

(20) Deferred tax assets and liabilities (Continued)

The Group (Continued)

	Deferred tax liabilities				Balance at 31 December 2021
	Balance at 1 January 2021	Charged to profit or loss	Credited/ (charged) to equity	Exchange difference and others	
Fair value changes of financial instruments	(1,983,805)	223,030	(1,028,714)	9,327	(2,780,162)
Fixed assets and intangible assets	(903,312)	74,302	-	2,387	(826,623)
Revaluation of Investment properties	(919,550)	(81,786)	-	4,501	(996,835)
Others	(504,902)	(1,438,951)	(66)	10,602	(1,933,317)
	<u>(4,311,569)</u>	<u>(1,223,405)</u>	<u>(1,028,780)</u>	<u>26,817</u>	<u>(6,536,937)</u>

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**6 Notes to the consolidated financial statements (Continued)**

(20) Deferred tax assets and liabilities (Continued)

The Company

	Deferred tax liabilities			Balance at 31 December 2022
	Balance at 1 January 2022	Charged to profit or loss	Exchange difference	
Fair value changes of financial instruments	(720,258)	688,813	1,729	(29,716)
Others	(272,785)	156,406	-	(116,379)
	<u>(993,043)</u>	<u>845,219</u>	<u>1,729</u>	<u>(146,095)</u>

	Deferred tax liabilities			Balance at 31 December 2021
	Balance at 1 January 2021	Charged to profit or loss	Exchange difference	
Fair value changes of financial instruments	(527,420)	(192,576)	(262)	(720,258)
Others	(198,136)	(74,649)	-	(272,785)
	<u>(725,556)</u>	<u>(267,225)</u>	<u>(262)</u>	<u>(993,043)</u>

As at 31 December 2022, the deferred tax assets/liabilities offset by the Group were RMB 459 million (31 December 2021: RMB 2,323 million). The Company had no the deferred tax assets/liabilities offset for the years ended 31 December 2022 and 31 December 2021.

- (a) The net balances of after offsetting at the balance sheet date are as follows: deferred tax assets and liabilities:

The Group

	31 December 2022	31 December 2021
Deferred tax assets	72,245,904	51,618,437
Deferred tax liabilities	<u>(10,545,812)</u>	<u>(4,214,308)</u>
	<u>61,700,092</u>	<u>47,404,129</u>

The Company

	31 December 2022	31 December 2021
Deferred tax liabilities	<u>(146,095)</u>	<u>(993,043)</u>

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**6 Notes to the consolidated financial statements (Continued)**

(20) Deferred tax assets and liabilities (Continued)

(b) Deferred tax assets not recognised

The Group has not recognised any deferred tax assets in respect of the following items:

The Group

	31 December 2022	31 December 2021
Deductible temporary differences	2,048,908	1,785,893
Tax losses	<u>10,876,655</u>	<u>11,293,543</u>
	<u>12,925,563</u>	<u>13,079,436</u>

It is not probable that future taxable profits against which the above deductible temporary differences and tax losses can be utilised by the Group. As at 31 December 2022, tax losses amounting to RMB 4,188 million (31 December 2021: RMB 4,377 million) that can be carried forward against future taxable income are expiring within 5 years.

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**6 Notes to the consolidated financial statements (Continued)**

(21) Movement of allowances for impairment losses

As at 31 December 2022, the movements of allowance for impairment losses of the Group are set out as follows:

	Note	Balance at 1 January 2022	Charge/(reversal) for the year	Write-offs/transfer out	Exchange differenceand others (note(i))	Balance at 31 December 2022
<b>Allowances for expected credit losses</b>						
Deposits and placements with banks and non-bank financial institutions	6(1),6(3)	234,202	1,411	-	3,171	238,784
Financial assets held under resale agreements	6(8)	46,782	(46,560)	-	-	222
Receivables(excluded prepayments)	6(5)	11,717,937	5,048,725	(2,270,918)	693,857	15,189,601
Loans and advances to customers and other parties	6(9)	126,893,909	57,100,222	(58,031,981)	12,001,719	137,963,869
Investments in financial assets	6(11)					
- Bond investments		29,947,984	2,219,828	(2,580,586)	1,944,603	31,531,829
- Other bond investments		2,386,857	716,027	(137,059)	104,122	3,069,947
Credit commitments and guarantees provided	6(33)	14,482,530	7,999,260	(11,112,464)	55,439	11,424,765
Others(note(ii))		4,256,804	5,939,854	(4,351,688)	1,447,863	7,292,833
		<u>189,967,005</u>	<u>78,978,767</u>	<u>(78,484,696)</u>	<u>16,250,774</u>	<u>206,711,850</u>
<b>Allowances for impairment losses</b>						
Inventories	6(7)	862,206	294,228	(191,622)	2,074	966,886
Long-term equity investments	6(13)	2,531,486	2,336,697	(661)	217,658	5,085,180
Fixed assets	6(15)	3,496,722	16,413	(98,083)	331,564	3,746,616
Construction in Progress	6(16)	165,398	49,420	(147,195)	4,215	71,838
Intangible assets	6(18)	460,578	-	-	-	460,578
Contract assets	6(6)	9,632	32,210	-	21	41,863
Prepayments	6(5)	61,491	12,168	-	(445)	73,214
Goodwill	6(19)	1,353,753	4,362,391	(21,217)	72,557	5,767,484
Others		1,506,117	90,889	(166,258)	176,738	1,607,486
		<u>10,447,383</u>	<u>7,194,416</u>	<u>(625,036)</u>	<u>804,382</u>	<u>17,821,145</u>
		<u>200,414,388</u>	<u>86,173,183</u>	<u>(79,109,732)</u>	<u>17,055,156</u>	<u>224,532,995</u>

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**6 Notes to the consolidated financial statements (Continued)**

(21) Movement of allowances for impairment losses (Continued)

As at 31 December 2021, the movements of allowance for impairment losses of the Group are set out as follows:

	Note	Balance at 1 January 2021	Charge/(reversal) for the year	Write-offs/transfer out	Exchange difference and others (note(i))	Balance at 31 December 2021
<b>Allowances for expected credit losses</b>						
Deposits and placements with banks and non-bank financial institutions	6(1),6(3)	227,691	10,069	-	(3,558)	234,202
Financial assets held under resale agreements	6(8)	55,611	(8,829)	-	-	46,782
Receivables(excluded prepayments)	6(5)	9,128,015	2,663,526	(295,227)	221,623	11,717,937
Loans and advances to customers and other parties	6(9)	132,089,680	51,077,265	(65,511,193)	9,238,157	126,893,909
Investments in financial assets	6(11)					
- Bond investments		14,664,666	21,766,427	(7,411,059)	927,950	29,947,984
- Other bond investments		2,650,677	(164,752)	(70,912)	(28,156)	2,386,857
Credit commitments and guarantees provided	6(33)	7,470,738	7,031,921	-	(20,129)	14,482,530
Others(note(ii))		4,369,414	3,393,655	(4,033,987)	527,722	4,256,804
		<u>170,656,492</u>	<u>85,769,282</u>	<u>(77,322,378)</u>	<u>10,863,609</u>	<u>189,967,005</u>
<b>Allowances for impairment losses</b>						
Inventories	6(7)	830,381	111,452	(53,755)	(25,872)	862,206
Long-term equity investments	6(13)	2,631,105	316,903	(356,290)	(60,232)	2,531,486
Fixed assets	6(15)	3,589,721	45,384	(55,678)	(82,705)	3,496,722
Construction in Progress	6(16)	167,663	-	(2,710)	445	165,398
Intangible assets	6(18)	448,116	-	-	12,462	460,578
Contract assets	6(6)	13,544	4,608	-	(8,520)	9,632
Prepayments	6(5)	64,872	6,613	(9,702)	(292)	61,491
Goodwill	6(19)	1,356,082	9,948	-	(12,277)	1,353,753
Others		1,489,441	133,142	(102,539)	(13,927)	1,506,117
		<u>10,590,925</u>	<u>628,050</u>	<u>(580,674)</u>	<u>(190,918)</u>	<u>10,447,383</u>
		<u>181,247,417</u>	<u>86,397,332</u>	<u>(77,903,052)</u>	<u>10,672,691</u>	<u>200,414,388</u>

Note:

(i) Others include recovery of loans written off.

(ii) Movement of allowances for accrued interest of the loans and advances to customers and other parties, investments in financial assets are included in others.

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**6 Notes to the consolidated financial statements (Continued)**

(22) Borrowing from central bank

The Group's borrowing from central bank is borrowed by a subsidiary under the financial services segment.

(23) Placements from banks and non-bank financial institutions

The Group

	31 December 2022	31 December 2021
Banks	102,379,776	78,724,480
Non-bank financial institutions	<u>5,716,557</u>	<u>8,399,688</u>
	<u>108,096,333</u>	<u>87,124,168</u>
Accrued interest	<u>282,541</u>	<u>349,705</u>
	<u>108,378,874</u>	<u>87,473,873</u>

Analysed by remaining maturity:

	31 December 2022	31 December 2021
Within 3 months	71,524,799	41,002,047
Between 3 months and 1 year	35,917,855	43,271,855
Over 1 year	<u>653,679</u>	<u>2,850,266</u>
	<u>108,096,333</u>	<u>87,124,168</u>
Accrued interest	<u>282,541</u>	<u>349,705</u>
	<u>108,378,874</u>	<u>87,473,873</u>

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**6 Notes to the consolidated financial statements (Continued)**

(24) Financial liabilities held for trading

The Group

	31 December 2022	31 December 2021
Mandatory:		
Debt instruments	7,902,593	1,164,044
Stocks	9,226,012	-
Minority interests in consolidated structured entities and others	<u>4,527,898</u>	<u>3,483,724</u>
	<u>21,656,503</u>	<u>4,647,768</u>
Financial liabilities designated as at fair value through profit or loss:		
Beneficiary certificates and structured notes	64,449,788	-
Minority interests in consolidated structured entities and others	<u>8,738,800</u>	<u>-</u>
	<u>73,188,588</u>	<u>-</u>
	<u>94,845,091</u>	<u>4,647,768</u>

As at 31 December 2022 and 31 December 2021, there were no significant changes in the fair value of financial liabilities designated as at fair value through profit or loss due to the changes in credit risks of the Group.

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**6 Notes to the consolidated financial statements (Continued)**

(25) Customer brokerage deposits

The Group

	31 December 2022	31 December 2021
Domestic:		
General brokerage business	233,416,721	-
Individual	75,393,210	-
Institution	158,023,511	-
Credit business	19,436,682	-
Individual	8,577,753	-
Institution	10,858,929	-
Subtotal	<u>252,853,403</u>	-
Overseas:	<u>26,393,460</u>	-
Total	<u>279,246,863</u>	-

(26) Trade and other payables

The Group

	31 December 2022	31 December 2021
Bills payables	9,996,448	8,562,316
Trade payables	46,824,675	36,998,726
Advances from leasees	68,629	118,704
Settlement accounts	30,584,465	5,341,670
Customer deposits payables	134,916,690	-
Other payables (note (a))	86,039,859	28,125,162
Dividends payables	29,100,841	22,476,313
Others	865,966	475,495
	<u>338,397,573</u>	<u>102,098,386</u>

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**6 Notes to the consolidated financial statements (Continued)**

(26) Trade and other payables (Continued)

The Company

	31 December 2022	31 December 2021
Other payables (note (a))	1,176,639	1,210,048
Dividends payables	28,726,578	22,424,691
	<u>29,903,217</u>	<u>23,634,739</u>

(a) Other payables

The Group

	31 December 2022	31 December 2021
Related parties	4,870,497	4,698,350
Third parties	81,169,362	23,426,812
	<u>86,039,859</u>	<u>28,125,162</u>

The Company

	31 December 2022	31 December 2021
Subsidiaries	966,566	1,033,711
Related parties	136,632	119,860
Third parties	73,441	56,477
	<u>1,176,639</u>	<u>1,210,048</u>

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**6 Notes to the consolidated financial statements (Continued)****(27) Financial assets sold under repurchase agreements**

Analysis by types of counterparties:

The Group

	31 December 2022	31 December 2021
The People's Bank of China	217,857,643	67,371,708
Banks	104,804,936	32,739,577
Non-bank financial institutions	27,692,778	-
Others	119,564,503	-
	<u>469,919,860</u>	<u>100,111,285</u>
Accrued interest	<u>557,379</u>	<u>5,204</u>
	<u>470,477,239</u>	<u>100,116,489</u>

Analysis by types of collateral:

	31 December 2022	31 December 2021
Debt securities	308,492,879	45,653,809
Discounted bills	69,354,192	54,457,476
Stocks	30,519,678	-
Others	61,553,111	-
	<u>469,919,860</u>	<u>100,111,285</u>
Accrued interest	<u>557,379</u>	<u>5,204</u>
	<u>470,477,239</u>	<u>100,116,489</u>

The Group did not derecognise financial assets transferred as collateral in connection with repurchase agreements. As at 31 December 2022, legal title of these collateral pledged has not been transferred to counterparties (31 December 2021: Nil).

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**6 Notes to the consolidated financial statements (Continued)****(28) Deposits from banks and non-bank financial institutions and customers**

The Group

	31 December 2022	31 December 2021
Demand deposits		
- Corporate customers	1,937,863,889	1,972,165,712
- Personal customers	<u>349,012,549</u>	<u>310,053,755</u>
	2,286,876,438	2,282,219,467
Time and call deposits		
- Corporate customers	1,862,861,352	1,789,956,322
- Personal customers	<u>942,802,872</u>	<u>662,254,251</u>
	2,805,664,224	2,452,210,573
Deposits from banks and non-bank financial institutions	1,103,099,491	1,162,895,623
Outward remittance and remittance payables	<u>14,420,142</u>	<u>10,679,211</u>
	1,117,519,633	1,173,574,834
Accrued interest	<u>58,615,870</u>	<u>53,512,629</u>
	<u>6,268,676,165</u>	<u>5,961,517,503</u>

Deposits from customers include pledged deposit for the following items:

	31 December 2022	31 December 2021
Bank acceptances	348,925,705	247,946,259
Letters of credit	25,132,273	19,614,891
Guarantees	17,091,416	14,063,376
Others	<u>55,708,179</u>	<u>81,307,457</u>
	<u>446,857,573</u>	<u>362,931,983</u>

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**6 Notes to the consolidated financial statements (Continued)**

(29) Employee benefits payable

The Group

	31 December 2022	31 December 2021
Short-term employee benefits (note (a))	48,737,652	25,537,225
Post-employment benefits-Defined contribution plans (note (b))	457,514	150,924
Termination benefits	92,741	104,442
Other long-term employee benefits	1,074,184	1,328,678
	<u>50,362,091</u>	<u>27,121,269</u>

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**6 Notes to the consolidated financial statements (Continued)**

(29) Employee benefits payable (Continued)

(a) Short-term employee benefits

	Balance at 1 January 2022	Accrued	Paid	Business combinations	Balance at 31 December 2022
Salaries, bonuses and allowances	24,049,211	50,374,301	(47,446,194)	19,244,753	46,222,071
Staff welfare	187,658	2,001,784	(1,998,194)	2,638	193,886
Social insurance					
- Medical insurance	205,460	2,910,767	(2,826,475)	284,204	573,956
- Work-related injury insurance	4,525	81,323	(79,597)	1,155	7,406
- Maternity insurance	1,439	40,764	(40,799)	421	1,825
Housing funds	36,115	2,724,210	(2,725,181)	1,437	36,581
Labour union fee, staff and workers' education fee	917,019	1,295,217	(994,733)	281,660	1,499,163
Short-term paid absences	-	80,517	(81,056)	15,056	14,517
Other short-term employee benefits	135,798	898,530	(846,319)	238	188,247
	<u>25,537,225</u>	<u>60,407,413</u>	<u>(57,038,548)</u>	<u>19,831,562</u>	<u>48,737,652</u>

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**6 Notes to the consolidated financial statements (Continued)**

(29) Employee benefits payable (Continued)

(a) Short-term employee benefits (Continued)

	Balance at 1 January 2021	Accrued	Paid	Balance at 31 December 2021
Salaries, bonuses and allowances	24,319,313	33,551,193	(33,821,295)	24,049,211
Staff welfare	187,783	1,806,023	(1,806,148)	187,658
Social insurance				
- Medical insurance	216,668	2,198,252	(2,209,460)	205,460
- Work-related injury insurance	4,469	53,154	(53,098)	4,525
- Maternity insurance	1,424	43,714	(43,699)	1,439
Housing funds	37,504	1,983,749	(1,985,138)	36,115
Labour union fee, staff and workers' education fee	719,755	956,980	(759,716)	917,019
Short-term paid absences	(8,464)	21,275	(12,811)	-
Other short-term employee benefits	280,020	666,575	(810,797)	135,798
	<u>25,758,472</u>	<u>41,280,915</u>	<u>(41,502,162)</u>	<u>25,537,225</u>

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**6 Notes to the consolidated financial statements (Continued)**

(29) Employee benefits payable (Continued)

(b) Post-employment benefits – defined contribution plans

	Balance at 1 January 2022	Accrued	Paid	Business combinations	Balance at 31 December 2022
Basic pension insurance	29,295	3,281,580	(3,291,559)	58,930	78,246
Unemployment insurance	1,636	100,986	(101,126)	1,433	2,929
Annuity payment and supplementary pension	20,438	2,482,176	(2,436,250)	207,045	273,409
Others	99,555	19,012	(15,637)	-	102,930
	<u>150,924</u>	<u>5,883,754</u>	<u>(5,844,572)</u>	<u>267,408</u>	<u>457,514</u>

	Balance at 1 January 2021	Accrued	Paid	Balance at 31 December 2021
Basic pension insurance	48,583	2,270,584	(2,289,872)	29,295
Unemployment insurance	2,243	80,957	(81,564)	1,636
Annuity payment and supplementary pension	42,507	1,652,373	(1,674,442)	20,438
Others	97,030	15,388	(12,863)	99,555
	<u>190,363</u>	<u>4,019,302</u>	<u>(4,058,741)</u>	<u>150,924</u>

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**6 Notes to the consolidated financial statements (Continued)**

(30) Bank and other loans

Analysis by types of collaterals:

The Group

	31 December 2022	31 December 2021
Bank loans		
- Unsecured loans	38,537,753	22,287,295
- Loans pledged with assets	7,846,726	7,218,999
	<u>46,384,479</u>	<u>29,506,294</u>
Other loans		
- Unsecured loans	6,491,731	4,899,629
- Loans pledged with assets	603,515	1,240,360
	<u>7,095,246</u>	<u>6,139,989</u>
Accrued interest	362,986	298,469
	<u>53,842,711</u>	<u>35,944,752</u>

As at 31 December 2022, certain of the Group's cash and deposits, trade and other receivables, fixed assets, ROU assets, intangible assets with an aggregate carrying amount of RMB 19.469 billion (31 December 2021: RMB 12.351 billion) was pledged to secure loans granted to the Group.

The Group's banking facilities are subject to the fulfilment of covenants relating to balance sheet ratios or ownership of a minimum shareholding in certain entities of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 6(53)(c). As at 31 December 2022, none of the covenants relating to drawn down facilities have been breached (31 December 2021: none of the covenants relating to drawn down facilities have been breached).

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**6 Notes to the consolidated financial statements (Continued)**

(30) Bank and other loans (Continued)

The Company

	31 December 2022	31 December 2021
Bank loans		
- Unsecured loans	6,986,000	3,000,000
Accrued interest	7,219	3,700
	<u>6,993,219</u>	<u>3,003,700</u>

Analysis by currencies:

The Group

	31 December 2022	31 December 2021
RMB	31,679,402	21,206,992
US\$	17,922,131	8,765,147
HK\$	537,749	1,103,678
Other currencies	3,340,443	4,570,466
	<u>53,479,725</u>	<u>35,646,283</u>
Accrued interest	362,986	298,469
	<u>53,842,711</u>	<u>35,944,752</u>

The Company

	31 December 2022	31 December 2021
RMB	6,986,000	3,000,000
Accrued interest	7,219	3,700
	<u>6,993,219</u>	<u>3,003,700</u>

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**6 Notes to the consolidated financial statements (Continued)****(30) Bank and other loans (Continued)**

The maturity analysis of loans is as follows:

The Group

	31 December 2022	31 December 2021
Within one year (inclusive) or on demand	25,731,756	15,739,682
Between one and two years (inclusive)	4,362,946	2,936,988
Between two and five years (inclusive)	17,831,426	11,241,106
Over five years	<u>5,553,597</u>	<u>5,728,507</u>
	53,479,725	35,646,283
Accrued interest	<u>362,986</u>	<u>298,469</u>
	<u>53,842,711</u>	<u>35,944,752</u>

The Company

	31 December 2022	31 December 2021
Between one and two years (inclusive)	2,990,000	-
Between two and five years (inclusive)	<u>3,996,000</u>	<u>3,000,000</u>
	6,986,000	3,000,000
Accrued interest	<u>7,219</u>	<u>3,700</u>
	<u>6,993,219</u>	<u>3,003,700</u>

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**6 Notes to the consolidated financial statements (Continued)****(31) Debt instruments issued**

## The Group

	31 December 2022	31 December 2021
Corporate bonds issued	144,140,816	32,838,819
Notes issued	128,709,435	66,287,052
Subordinated bonds issued	98,925,943	113,148,016
Certificates of deposit issued	1,035,308	1,210,548
Certificates of interbank deposits issued	720,080,620	739,556,979
Convertible corporate bonds (note(a))	13,600,112	13,440,578
Income certificates (note(b))	6,039,260	-
	<u>1,112,531,494</u>	<u>966,481,992</u>
Accrued interest	<u>6,339,362</u>	<u>3,844,934</u>
	<u>1,118,870,856</u>	<u>970,326,926</u>

## The Company

	31 December 2022	31 December 2021
Corporate bonds issued	32,469,480	35,958,818
Notes issued	-	4,995,095
	<u>32,469,480</u>	<u>40,953,913</u>
Accrued interest	<u>584,224</u>	<u>880,065</u>
	<u>33,053,704</u>	<u>41,833,978</u>

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**6 Notes to the consolidated financial statements (Continued)****(31) Debt instruments issued (Continued)**

The maturity analysis of debt instruments issued is as follows:

The Group

	31 December 2022	31 December 2021
Within one year (inclusive) or on demand	820,343,258	752,706,096
Between one and two years (inclusive)	59,667,764	36,293,098
Between two and five years (inclusive)	107,384,820	48,719,940
Over five years	<u>125,135,652</u>	<u>128,762,858</u>
	1,112,531,494	966,481,992
Accrued interest	<u>6,339,362</u>	<u>3,844,934</u>
	<u>1,118,870,856</u>	<u>970,326,926</u>

The Company

	31 December 2022	31 December 2021
Within one year (inclusive) or on demand	5,995,352	8,494,594
Between one and two years (inclusive)	1,499,471	5,990,933
Between two and five years (inclusive)	4,994,748	6,489,605
Over five years	<u>19,979,909</u>	<u>19,978,781</u>
	32,469,480	40,953,913
Accrued interest	<u>584,224</u>	<u>880,065</u>
	<u>33,053,704</u>	<u>41,833,978</u>

The Group did not have any defaults of principal, interest or other breaches with respect to its debt securities issued in 2022 (2021: Nil).

**CITIC CORPORATION LIMITED**

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**6 Notes to the consolidated financial statements (Continued)**

(31) Debt instruments issued (Continued)

- (a) As approved by the relevant regulatory authorities in China, CITIC Bank made a public offering of RMB 40 Billion A-share convertible corporate bonds (the “convertible bonds”) on 4 March 2019, of which RMB 26.4 Billion has been subscribed by the Company, and it was transferred to CITIC Financial Holdings Co., Ltd. at nil consideration on 22 June 2022. The convertible bonds of CITIC Bank have a term of six years from 4 March 2019 to 3 March 2025, at coupon rates of 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year. The conversion of these convertible bonds begins on the first trading day (8 March 2019) after six months upon the completion date of the offering until the maturity date (from 11 September 2019 to 3 March 2025). As at 31 December 2022, convertible bonds (including accrued interest) were recorded as RMB 13,861 million debt instruments issued and RMB 1,067 million non-controlling interests.

(32) Lease liabilities

The Group

	As at 31 December 2022	As at 31 December 2021
Within one year	5,132,752	5,495,749
Over 1 year	9,413,179	6,367,206
	<u>14,545,931</u>	<u>11,862,955</u>

As at 31 December 2022, the table below presents on maturity date by the undiscounted cash flows of the Group’s lease liabilities:

	As at 31 December 2022	As at 31 December 2021
Within one year	5,674,523	5,610,231
Between 1 and 5 year	6,163,353	5,166,468
Over 5 year	3,342,718	1,986,863
	<u>15,180,594</u>	<u>12,763,562</u>

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**6 Notes to the consolidated financial statements (Continued)**

(33) Provisions

The Group

	Balance at 31 December 2021	Charge for the year	Payments during the year	Reversal	Exchange difference	Balance at 31 December 2022
Environment restoration expenditures	505,667	67,857	-	-	1,747	575,271
Impairment loss of credit commitments and guarantees provided (note6(21))	14,482,530	7,999,260	-	(11,112,464)	55,439	11,424,765
Others	4,111,716	2,116,689	(902,872)	(1,064,500)	7,664	4,268,697
	<u>19,099,913</u>	<u>10,183,806</u>	<u>(902,872)</u>	<u>(12,176,964)</u>	<u>64,850</u>	<u>16,268,733</u>
	Balance at 31 December 2020	Charge for the year	Payments during the year	Reversal	Exchange difference	Balance at 31 December 2021
Environment restoration expenditures	396,283	138,264	-	-	(28,880)	505,667
Impairment loss of credit commitments and guarantees provided (note6(21))	7,470,738	7,749,358	-	(717,437)	(20,129)	14,482,530
Others	3,561,152	1,082,419	(134,666)	(339,303)	(57,886)	4,111,716
	<u>11,428,173</u>	<u>8,970,041</u>	<u>(134,666)</u>	<u>(1,056,740)</u>	<u>(106,895)</u>	<u>19,099,913</u>

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**6 Notes to the consolidated financial statements (Continued)**

(34) Paid-in capital

The Company's paid-in capital structure is as follows:

	31 December 2022		31 December 2021	
	Amount	%	Amount	%
CITIC Limited	<u>139,000,000</u>	<u>100%</u>	<u>139,000,000</u>	<u>100%</u>

Upon the completion of the Acquisition mentioned in Note 1, the Company became a wholly-owned subsidiary of CITIC Limited in 2014.

The movements in the Company's paid-in capital are as follows:

	Balance at 1 January 2022	Issue of new shares	Balance at 31 December 2022
Paid-in capital	<u>139,000,000</u>	<u>-</u>	<u>139,000,000</u>

(35) Capital reserve

The Group

	31 December 2022	31 December 2021
Capital premium	37,843,494	39,572,487
Others	<u>600,227</u>	<u>619,690</u>
	<u>38,443,721</u>	<u>40,192,177</u>

The Company

	31 December 2022	31 December 2021
Capital premium	48,285,720	48,285,720
Others	<u>1,325,089</u>	<u>1,420,406</u>
	<u>49,610,809</u>	<u>49,706,126</u>

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**6 Notes to the consolidated financial statements (Continued)**

(36) Other comprehensive income

The Group

	Other comprehensive income in the balance sheet							Total
	Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss	Fair value changes on other bond investments	Loss allowance on other bond investments	Effective hedging portion of gains or losses arising from cash flow hedging instruments	Reclassification of owner-occupied property as investment property: revaluation gain	Translation differences arising on translation of foreign currency financial statements	Fair value changes on investments in equity instruments designated at FVOCI	
31 December 2020	406,075	(276,455)	1,510,391	774,311	1,045,470	(1,082,555)	58,269	2,435,506
Increase/(decrease)(note6(50))	(418,531)	1,629,046	12,518	(4,606)	129,565	(1,142,807)	377,862	583,047
Transfer of other comprehensive income to retained earnings	N/A	N/A	N/A	N/A	N/A	N/A	(15,217)	(15,217)
31 December 2021	<u>(12,456)</u>	<u>1,352,591</u>	<u>1,522,909</u>	<u>769,705</u>	<u>1,175,035</u>	<u>(2,225,362)</u>	<u>420,914</u>	<u>3,003,336</u>
Increase/(decrease)(note6(50))	(1,920,832)	(5,214,134)	137,648	(4,304)	4,381	4,010,874	145,611	(2,840,756)
Transfer of other comprehensive income to retained earnings	N/A	N/A	N/A	N/A	N/A	N/A	44,180	44,180
31 December 2022	<u>(1,933,288)</u>	<u>(3,861,543)</u>	<u>1,660,557</u>	<u>765,401</u>	<u>1,179,416</u>	<u>1,785,512</u>	<u>610,705</u>	<u>206,760</u>

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

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**6 Notes to the consolidated financial statements (Continued)****(36) Other comprehensive income (Continued)**

The Company

	Other comprehensive income in the balance sheet	
	Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss	Total
31 December 2020	1,675,624	1,675,624
(Decrease)/increase(note6(50))	<u>136,572</u>	<u>136,572</u>
31 December 2021	<u>1,812,196</u>	<u>1,812,196</u>
(Decrease)/increase(note6(50))	<u>(1,271,304)</u>	<u>(1,271,304)</u>
31 December 2022	<u>540,892</u>	<u>540,892</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(37) Surplus reserve

The Group and the Company

	Note	Balance at 1 January 2022	Additions	Balance at 31 December 2022
Statutory surplus reserve	6(39)(a)	<u>12,328,674</u>	<u>1,535,575</u>	<u>13,864,249</u>

	Note	Balance at 1 January 2021	Additions	Balance at 31 December 2021
Statutory surplus reserve	6(39)(a)	<u>10,955,233</u>	<u>1,373,441</u>	<u>12,328,674</u>

(38) General reserve

The Group

	Note	Balance at 1 January 2022	Additions	Balance at 31 December 2022
General reserve	6(39)(b)	<u>51,320,806</u>	<u>4,172,066</u>	<u>55,492,872</u>

	Note	Balance at 1 January 2021	Additions	Balance at 31 December 2021
General reserve	6(39)(b)	<u>48,117,580</u>	<u>3,203,226</u>	<u>51,320,806</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(39) Profit distribution and retained earnings as at the balance sheet date

(a) Appropriation to statutory surplus reserve

In accordance with the Articles of Association and relevant laws and regulations, the Company is required to make appropriations to statutory surplus reserve based on 10% of net profit for the year ended 31 December 2022.

(b) Appropriation to general reserve

Pursuant to the relevant notices issued by regulatory bodies, certain subsidiaries in the financial services segment in the Mainland China are required to set aside a general reserve to cover potential losses.

(c) Retained earnings as at the balance sheet date

As at 31 December 2022, the consolidated retained earnings attributable to owners' of the Company included an appropriation of RMB 33,893 million (31 December 2021: RMB 29,022 million) to surplus reserve made by the subsidiaries.

(d) Profit distribution for the year ended 31 December 2022

In accordance with the resolution of the 4th board meeting dated on 31 March 2022, and the 9th board meeting dated on 30 December 2022, the Company proposed a dividend in the amount of RMB 13,672 million and 2,670 million respectively.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(40) Operating income

The Group

	2022	2021
Operating income from non-financial services business		
Sales of goods	73,653,777	47,563,573
Services rendered to customers		
- Revenue from construction services	21,089,530	28,720,342
- Revenue from other services	13,491,484	11,056,987
	<u>108,234,791</u>	<u>87,340,902</u>
Operating income from financial services business		
Net interest income (note (a))	158,024,433	151,159,550
Net fee and commission income (note (b))	65,242,957	41,269,518
Operating income from other financial services business (note)		
- Investment income from financial services business	51,021,072	25,418,419
- Other net (loss)/income from financial services business	(9,118,346)	2,097,312
	<u>265,170,116</u>	<u>219,944,799</u>
	<u>373,404,907</u>	<u>307,285,701</u>

The Company

	2022	2021
Net interest income	152,693	128,345
Net fee and commission income	4,399	4,484
Operating income from other financial services business		
- Investment income from financial services business	15,482,210	15,234,317
- Other net income from financial services business	1,734,142	1,244,440
	<u>17,373,444</u>	<u>16,611,586</u>

Note:

Among the Group's operating income from other financial services business, the investment income of the Group's subsidiaries with financial business are disclosed under investment income from financial services business, the fair value gains or losses and exchange gains or losses of the Group's subsidiaries with financial business are disclosed under other income from financial services business.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(40) Operating income (Continued)

(a) Net interest income

The Group

	2022	2021
<b>Interest income arising from:</b>		
Deposits with central banks, banks and non-bank financial institutions	14,264,060	8,325,778
Placements with banks and non-bank financial institutions	6,345,497	4,470,437
Financial assets held under resale agreements	2,284,683	1,296,968
Investments in financial assets		
- Bond investments	40,017,919	39,831,484
- Other bond investments	19,597,912	20,185,210
Loans and advances to customers and other parties	241,756,201	234,907,305
Financing and securities	6,484,211	-
Others	288,985	7,228
	<u>331,039,468</u>	<u>309,024,410</u>
<b>Interest expenses arising from:</b>		
Borrowing from central banks	(4,973,821)	(6,804,804)
Deposits from banks and non-bank financial institutions	(23,098,562)	(27,610,603)
Placements from banks and non-bank financial institutions	(3,358,211)	(2,567,055)
Financial assets sold under repurchase agreements	(5,007,241)	(1,680,674)
Deposits from customers	(102,967,445)	(92,531,179)
Debt instruments issued	(30,430,252)	(26,116,579)
Customer brokerage deposits	(1,302,575)	-
Lease liabilities	(522,146)	(452,726)
Others	(1,354,782)	(101,240)
	<u>(173,015,035)</u>	<u>(157,864,860)</u>
Net interest income	<u>158,024,433</u>	<u>151,159,550</u>

Note:

Interest income includes interest income accrued on credit-impaired financial assets of RMB 0.462 billion in 2022 (2021: interest income of RMB 0.507 billion).

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**6 Notes to the Consolidated Financial Statements (Continued)**

(40) Operating income (Continued)

(b) Net fee and commission income

The Group

	2022	2021
Bank card fees	16,480,106	16,473,491
Trustee commission and fees	16,056,958	15,866,770
Agency fees and commission	5,584,489	6,486,761
Guarantee and advisory fees	5,770,193	5,371,227
Securities brokerage fees	9,819,321	-
Fund management fees	6,137,162	-
Investment banking charges	7,130,421	-
Settlement and clearing fees	2,136,098	1,923,960
Asset management fees	2,203,114	-
Futures brokerage fees	2,114,109	-
Others	466,688	319,026
	<u>73,898,659</u>	<u>46,441,235</u>
Fee and commission expenses	<u>(8,655,702)</u>	<u>(5,171,717)</u>
Net fee and commission income	<u>65,242,957</u>	<u>41,269,518</u>

(41) Operating costs

The Group

	2022	2021
Costs of goods sold	64,475,858	40,743,493
Costs of services rendered		
- Costs of construction contracts	14,571,649	26,417,805
- Costs of other services	9,508,377	7,769,985
	<u>88,555,884</u>	<u>74,931,283</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(42) Profit before income tax

Profit before income tax is arrived at after charging below items in total operating costs:

The Group

	2022	2021
Staff costs	66,172,603	45,153,631
Including: salaries, bonuses, allowances and subsidies	50,374,301	33,551,193
Property management fees	856,505	791,371
Depreciation	9,252,766	7,682,765
Amortisation	2,660,589	1,844,994
Lease charges	491,530	315,330
Professional fees	1,267,602	702,984
	<u>80,701,595</u>	<u>56,491,075</u>

(43) Financial expenses

The Group

	2022	2021
Non-financial services business		
Interest expenses from loans and payables	3,007,675	3,011,275
Add: interest and finance charges paid/payable for lease liabilities	82,381	80,395
Less: borrowing costs capitalised	<u>(236,377)</u>	<u>(257,427)</u>
Net interest expenses	<u>2,853,679</u>	<u>2,834,243</u>
Interest income from deposits and receivables	(356,497)	(910,999)
Net exchange gain	(3,020,101)	(988,333)
Other financial expenses	<u>119,983</u>	<u>160,306</u>
	<u>(402,936)</u>	<u>1,095,217</u>

The capitalization rates used by the Group to calculate and determine the capitalization amount of loan interest this year is 4.59%-4.85% (2021: capitalisation rates of 3.57%-4.92%).

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**6 Notes to the Consolidated Financial Statements (Continued)**

(43) Financial expenses (Continued)

The Company

	2022	2021
Interest expenses	1,763,256	2,002,577
Interest income from deposits	(57,902)	(97,925)
Other financial expenses	25,515	30,904
	<u>1,730,869</u>	<u>1,935,556</u>

(44) Expected credit losses

The Group

	2022	2021
Deposits and placements with banks and non-bank financial institutions	1,411	10,069
Financial assets held under resale agreements	(46,560)	(8,829)
Receivables(excluded prepayments)	5,048,725	2,663,526
Loans and advances to customers and other parties	57,100,222	51,077,265
Investments in financial assets		
- Bond investments	2,219,828	21,766,427
- Other bond investments	716,027	(164,752)
Impairment provision of credit commitments and guarantees provided	7,999,260	7,031,921
Others	5,939,854	3,393,655
	<u>78,978,767</u>	<u>85,769,282</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(45) Impairment losses

The Group

	2022	2021
Inventories	294,228	111,452
Long-term equity investments	2,336,697	316,903
Fixed assets	16,413	45,384
construction in progress	49,420	-
Contract assets	32,210	4,608
Prepayments	12,168	6,613
Goodwill(Note 6(19))	4,362,391	9,948
Others	90,889	133,142
	<u>7,194,416</u>	<u>628,050</u>

(46) (loss)/Gain from changes in fair value

The Group

	2022	2021
Investment properties	(259,063)	58,355
Financial instruments		
- financial assets/liabilities held for trading	(272,444)	267,797
Derivative financial instruments	90,745	(387,885)
	<u>(440,762)</u>	<u>(61,733)</u>

(47) Investment income

The Group

	2022	2021
Long-term equity investments		
- Associates/joint ventures accounted for under the equity method	530,627	1,024,575
- Gain on disposal	12,848,148	548,177
Others	(388,512)	558,852
	<u>12,990,263</u>	<u>2,131,604</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(48) Assets disposal gains

The Group

	2022	2021
Gains on disposal of fixed assets	21,788	61,335
Others	357	44,075
	<u>22,145</u>	<u>105,410</u>

(49) Income tax expense

(a) Details of income tax expense for the year are as follows:

The Group

	2022	2021
Current income tax expense	26,625,864	17,591,341
Deferred income tax	<u>(9,278,446)</u>	<u>(5,572,190)</u>
	<u>17,347,418</u>	<u>12,019,151</u>

The Company

	2022	2021
Current income tax expense	-	-
Deferred income tax	<u>(845,219)</u>	<u>267,225</u>
	<u>(845,219)</u>	<u>267,225</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(49) Income tax expense (Continued)

(b) Reconciliation between income tax expense and accounting profit is as follows:

The Group

	2022	2021
Profit before income tax	111,685,311	74,743,605
Income tax expense calculated at statutory tax rate of 25%	27,921,328	18,685,901
Effect of different tax rates applicable to certain subsidiaries	832,157	(861,056)
Tax effect of non-deductible expenses	5,523,058	3,083,889
Tax effect of share of results of associates and joint ventures	(1,103,499)	(1,993,658)
Tax effect of other non-taxable income	(15,536,717)	(7,678,847)
Deductible temporary difference and tax losses not recognised as deferred tax	551,770	1,219,406
Others	(840,679)	(436,484)
	<u>17,347,418</u>	<u>12,019,151</u>

The Company

	2022	2021
Profit before income tax	14,510,538	14,001,634
Income tax expense calculated at statutory tax rate of 25%	3,627,635	3,500,409
Tax effect of non-deductible expenses	12,460	112,884
Tax effect of dividend distribution from subsidiaries	(3,510,016)	(2,598,950)
Tax effect of share of results of associates and joint ventures	(362,134)	(1,208,231)
Tax effect of other non-taxable income	(4,549)	(8,856)
Utilisation of previously unrecognised temporary differences and tax losses	(686,779)	-
Deductible temporary difference and tax losses not recognised as deferred tax	-	876,573
Others	78,164	(406,604)
	<u>(845,219)</u>	<u>267,225</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(50) Other comprehensive income

The Group

	Other comprehensive income in the income statement in 2022		
		Owners of the Company	Non-controlling interests
<b>Items that may be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss	(1,689,637)	(1,737,305)	47,668
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	<u>(183,527)</u>	<u>(183,527)</u>	<u>-</u>
	<u>(1,873,164)</u>	<u>(1,920,832)</u>	<u>47,668</u>
Fair value changes on other bond investments	(7,760,951)	(4,782,662)	(2,978,289)
Less: Tax effect	2,202,283	1,440,073	762,210
Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	<u>(2,862,128)</u>	<u>(1,871,545)</u>	<u>(990,583)</u>
	<u>(8,420,796)</u>	<u>(5,214,134)</u>	<u>(3,206,662)</u>
Loss allowance on other bond investments	534,242	166,110	368,132
Less: Tax effect	(113,485)	(28,462)	(85,023)
Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>420,757</u>	<u>137,648</u>	<u>283,109</u>
Effective hedging portion of losses arising from cash flow hedging instruments	(8,476)	(5,218)	(3,258)
Less: Tax effect	1,547	914	633
Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(6,929)</u>	<u>(4,304)</u>	<u>(2,625)</u>
Revaluation gain on owner-occupied property reclassified as investment property	6,699	4,381	2,318
Less: Tax effect	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,699</u>	<u>4,381</u>	<u>2,318</u>
Exchange differences on translation of financial statements and others	<u>6,578,038</u>	<u>4,010,874</u>	<u>2,567,164</u>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value changes on investments in other equity instruments	255,321	170,715	84,606
Less: Tax effect	<u>(44,486)</u>	<u>(25,104)</u>	<u>(19,382)</u>
	<u>210,835</u>	<u>145,611</u>	<u>65,224</u>
	<u>(3,084,560)</u>	<u>(2,840,756)</u>	<u>(243,804)</u>

**CITIC CORPORATION LIMITED**

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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**6 Notes to the Consolidated Financial Statements (Continued)**

(50) Other comprehensive income (Continued)

The Group (Continued)

	Other comprehensive income in the income statement in 2021		
	Owners of the Company	Non-controlling interests	
<b>Items that may be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss	(531,741)	(418,531)	(113,210)
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	-	-	-
	<u>(531,741)</u>	<u>(418,531)</u>	<u>(113,210)</u>
Fair value changes on other bond investments	4,374,312	2,924,294	1,450,018
Less: Tax effect	(1,014,874)	(663,638)	(351,236)
Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	(965,895)	(631,610)	(334,285)
	<u>2,393,543</u>	<u>1,629,046</u>	<u>764,497</u>
Loss allowance on other bond investments	(53,358)	(43,283)	(10,075)
Less: Tax effect	85,334	55,801	29,533
Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	-	-	-
	<u>31,976</u>	<u>12,518</u>	<u>19,458</u>
Effective hedging portion of losses arising from cash flow hedging instruments	(11,130)	(6,580)	(4,550)
Less: Tax effect	3,339	1,974	1,365
Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	-	-	-
	<u>(7,791)</u>	<u>(4,606)</u>	<u>(3,185)</u>
Revaluation gain on owner-occupied property reclassified as investment property	218,622	151,087	67,535
Less: Tax effect	(21,522)	(21,522)	-
	<u>197,100</u>	<u>129,565</u>	<u>67,535</u>
Exchange differences on translation of financial statements and others	(1,491,674)	(1,142,807)	(348,867)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value changes on investments in other equity instruments	454,589	455,359	(770)
Less: Tax effect	(68,715)	(77,497)	8,782
	<u>385,874</u>	<u>377,862</u>	<u>8,012</u>
	<u>977,287</u>	<u>583,047</u>	<u>394,240</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(50) Other comprehensive income (Continued)

The Company

	2022	2021
<b>Items that may be reclassified to profit or loss</b>		
Share of other comprehensive income of the equity-accounted investee	(1,271,304)	136,572
Less: Net amounts previously recognised in other comprehensive loss transferred to profit or loss in the current year	-	-
	<u>(1,271,304)</u>	<u>136,572</u>

(51) Supplementary information to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities

The Group

	2022	2021
Net profit	94,337,893	62,724,454
Add: Impairment losses	7,194,416	628,050
Expected Credit Losses	78,978,767	85,769,282
Depreciation expenses	9,252,766	7,682,765
Amortisation expenses	2,660,589	1,844,994
Gain on disposal of fixed assets, intangible assets and other long-term assets	(22,145)	(105,410)
Loss from changes in fair value	440,762	61,733
Financial expenses	2,497,182	1,923,244
Investment income	(33,743,900)	(24,536,528)
Net movement in deferred tax assets/liabilities	(9,278,446)	(5,572,190)
Increase in inventories	(3,711,184)	(10,270,088)
Increase in operating receivables	(1,022,499,893)	(621,686,280)
Increase in operating payables	1,029,468,644	426,085,080
Net cash flows from operating activities	<u>155,575,451</u>	<u>(75,450,894)</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(51) Supplementary information to cash flow statement (Continued)

(a) Reconciliation of net profit to cash flows from operating activities (Continued)

The Company

	2022	2021
Net profit	15,355,757	13,734,409
Add: Depreciation of fixed assets and amortisation of intangible assets	52,386	51,707
Impairment losses	83,465	316,921
Expected Credit Losses	(56,519)	(713,194)
Gain on disposal of fixed assets	-	(263)
Loss/(Gain) from change in fair value	376,417	(1,042,727)
Financial expenses	1,705,172	2,026,006
Investment income	(1,497,188)	(5,736,252)
Net change in deferred tax liabilities	(845,219)	267,225
(Increase)/Decrease in operating receivables	(2,325,551)	2,786,363
Increase/(decrease) in operating payables	18,154	(689,493)
Net cash flows from operating activities	<u>12,866,874</u>	<u>11,000,702</u>

(b) Change in cash and cash equivalents:

The Group

	2022	2021
Cash at the end of the year	334,424,258	18,645,235
Less: cash at the beginning of the year	(18,645,235)	(23,300,598)
Add: cash equivalents at the end of the year	317,096,564	256,896,661
Less: cash equivalents at the beginning of the year	(256,896,661)	(328,638,406)
Net increase/(decrease) in cash and cash equivalents	<u>375,978,926</u>	<u>(76,397,108)</u>

The Company

	2022	2021
Cash and cash equivalents at the end of the year	1,954,500	18,242,821
Less: cash and cash equivalents at the beginning of the year	(18,242,821)	(14,837,607)
Net (decrease)/increase in cash and cash equivalents	<u>(16,288,321)</u>	<u>3,405,214</u>

**CITIC CORPORATION LIMITED**

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**6 Notes to the Consolidated Financial Statements (Continued)**

(51) Supplementary information to cash flow statement (Continued)

(c) Cash and cash equivalents held by the Group and the Company are as follows:

The Group

	31 December 2022	31 December 2021
Cash at bank and on hand		
- Cash on hand	5,589,090	5,903,187
- Bank deposits on demand	286,943,802	12,742,048
- Settlement reserve on demand	41,891,366	-
- Deposits due over three months	1,791,401	2,948,793
- Cash with restricted use	8,474,024	1,066,030
Cash equivalents		
- Surplus deposit reserve funds and others	104,314,918	65,570,664
- Investments in debt securities and others due with original maturities of three months or less	134,924,496	76,869,435
- Deposits with banks and non-bank financial institutions due within three months	41,637,694	66,359,024
- Placements with banks and non-bank Financial institutions due within three months	36,219,456	48,097,538
Closing balance of cash and cash equivalents	661,786,247	279,556,719
Less: deposits due over three months	(1,791,401)	(2,948,793)
Less: cash with restricted use	(8,474,024)	(1,066,030)
Closing balance of cash and cash equivalents available on demand	651,520,822	275,541,896

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**6 Notes to the Consolidated Financial Statements (Continued)**

(51) Supplementary information to cash flow statement (Continued)

(c) Cash and cash equivalents held by the Group and the Company are as follows (Continued):

The Company

	31 December 2022	31 December 2021
Cash at bank and on hand		
- Bank deposits on demand	1,828,792	18,038,957
- Other cash balances on demand	125,708	203,864
- Deposits due over three months	500,000	300,000
- Cash with restricted use	13	-
Closing balance of cash	2,454,513	18,542,821
Less: deposits due over three months	(500,000)	(300,000)
Less: cash with restricted use	(13)	-
Closing balance of cash available on demand	1,954,500	18,242,821

(d) Disposal of subsidiaries

The Group had no disposal of significant subsidiaries for the years ended 31 December 2022 and 31 December 2021.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (52) Segment reporting

The group comprises five business segments, namely integrated financial services, Advanced Smart Manufacturing, Advanced Materials, New Consumption and New Urbanization. An operating segment is an integral part of the Group, which is engaged in business activities from which revenues and expenses are derived and provides separate financial information for the board of Directors of the Group to periodically evaluate the operating performance of this component and decide to allocate resources to it and evaluate its performance. The Group is able to obtain relevant financial information such as the financial position, operating results and cash flows of the component. The details of the five divisions are as follows:

- Comprehensive financial services: this segment includes banking, trust, securities and insurance services.
- Advanced intelligent manufacturing: this segment includes manufacturing of heavy machineries, specialised robotics, aluminium wheels, aluminium casting parts and other products.
- Advanced materials: this segment includes exploration, processing and trading of resources and energy products, including crude oil, coal, and others.
- New consumption: this segment includes publication services, modern agriculture, and others.
- New-type urbanisation: this segment includes development, sale and holding of properties, contracting and design services, infrastructure services, commercial aviation services, environmental services and others.

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

For the purposes of assessing segment performance and allocating resources among segments, the board of directors monitors the results, assets, liabilities, revenue and costs attributable to each reportable segment on the following bases:

Segment assets are those assets that are attributable to a segment, and segment liabilities are those liabilities that are attributable to a segment.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is “profit for the year”. To arrive at segment results, the Group’s profit is further adjusted for items not specifically attributed to individual segments, such as share of results of associates and joint ventures.

Inter-segment pricing is based on similar terms as those available to other external parties.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (52) Segment reporting (Continued)

##### (a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance in 2022 and 2021 is set out below:

#### 2022

	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operations Management	Elimination	Total
Operating income from external customers	270,387,932	51,794,126	5,059,473	1,752,291	44,594,096	(183,011)	-	373,404,907
Inter-segment operating income	1,253,707	20,136	-	54,218	1,212,519	119,107	(2,659,687)	-
Segment operating income	271,641,639	51,814,262	5,059,473	1,806,509	45,806,615	(63,904)	(2,659,687)	373,404,907
Disaggregation of revenue								
Net interest income(note 40(a))	159,173,037	-	-	-	-	113,410	(1,262,014)	158,024,433
Net fee and commission income(note 40(b))	65,281,436	-	-	-	-	4,399	(42,878)	65,242,957
Sales of goods(note 40)	5,013,523	50,609,029	5,038,849	1,639,473	11,434,752	-	(81,849)	73,653,777
Services rendered to customers -construction contracts(note 40)	-	443,489	-	-	21,387,685	-	(741,644)	21,089,530
Services rendered to customers -others(note 40)	-	761,744	20,624	167,036	12,984,178	26,858	(468,956)	13,491,484
Other operating income from financial services business(note 40)	42,173,643	-	-	-	-	(208,571)	(62,346)	41,902,726
Income/(loss) from investments in associates and joint ventures	-	45,960	375,441	94,890	119,316	(104,980)	-	530,627
Interest income from deposits and receivables(note 43)	-	199,349	2,680	35,317	322,672	110,214	(313,735)	356,497
Net interest expenses(note 43)	-	(334,208)	(116,895)	(7,217)	(1,205,065)	(1,967,560)	777,266	(2,853,679)
Depreciation and amortisation(note 42)	(8,630,069)	(1,327,711)	(415,500)	(95,999)	(1,373,593)	(70,483)	-	(11,913,355)
Expected credit losses(note 44)	(72,978,359)	(134,069)	(35,584)	(312)	(5,859,580)	29,137	-	(78,978,767)
Impairment losses(note 45)	(255,487)	(203,438)	(33,186)	(536,914)	(6,159,178)	(6,213)	-	(7,194,416)
Profit/(loss) before income tax	103,436,316	1,341,070	1,620,332	(383,072)	(5,016,549)	11,516,606	(829,392)	111,685,311
Income tax(note 49)	(16,823,528)	(158,239)	(355,449)	(28,005)	137,101	(105,094)	(14,204)	(17,347,418)
Profit/(loss) for the year	86,612,788	1,182,831	1,264,883	(411,077)	(4,879,448)	11,411,512	(843,596)	94,337,893
- Attributable to owners of the company	46,409,534	532,137	740,033	(428,154)	(3,810,126)	11,415,527	(843,596)	54,015,355
- Attributable to non-controlling interests	40,203,254	650,694	524,850	17,077	(1,069,322)	(4,015)	-	40,322,538

**CITIC CORPORATION LIMITED**

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**6 Notes to the Consolidated Financial Statements (Continued)**

(52) Segment reporting (Continued)

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

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance in 2022 and 2021 is set out below(continue):

2022 (Continued)

	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operations Management	Elimination	Total
Segment assets	9,948,028,642	58,954,737	11,936,261	13,103,910	193,292,968	50,231,026	(95,608,997)	10,179,938,547
Including:								
Investments in associates(note 13(c))	23,283,981	845,876	2,588,876	7,766,161	5,067,394	876,380	-	40,428,668
Investments in joint ventures(note 13(b))	13,984,837	26,849	2,121,429	1,409,729	9,133,596	-	-	26,676,440
Segment liabilities	(8,908,193,378)	(39,907,465)	(4,465,129)	(2,110,192)	(131,913,758)	(78,753,203)	78,012,653	(9,087,330,472)
Including:								
Bank and other loans (note 30)(note)	(12,716,081)	(12,840,050)	(2,307,143)	(806,107)	(43,453,055)	(10,334,070)	28,976,781	(53,479,725)
Debt instruments issued (note 31)(note)	(1,081,892,013)	-	-	-	-	(32,469,481)	1,830,000	(1,112,531,494)

Note:

The amount is the principal excluding interest accrued.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (52) Segment reporting (Continued)

##### (a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance in 2022 and 2021 is set out below(continue):

#### 2021

	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operations Management	Elimination	Total
Operating income from external customers	220,325,840	39,678,797	3,652,905	2,174,814	41,737,902	(284,557)	-	307,285,701
Inter-segment operating income	395,123	36,404	-	43,650	717,634	83,732	(1,276,543)	-
Segment operating income	220,720,963	39,715,201	3,652,905	2,218,464	42,455,536	(200,825)	(1,276,543)	307,285,701
Disaggregation of revenue								
Net interest income(note 40(a))	151,494,433	-	-	-	-	84,694	(419,577)	151,159,550
Net fee and commission income(note 40(b))	41,286,516	-	-	-	-	4,483	(21,481)	41,269,518
Sales of goods(note 40)	-	38,966,189	3,633,137	1,825,214	3,197,015	-	(57,982)	47,563,573
Services rendered to customers -construction contracts(note 40)	-	603,819	-	-	28,306,730	-	(190,207)	28,720,342
Services rendered to customers -others(note 40)	-	145,193	19,768	393,250	10,951,791	83,987	(537,002)	11,056,987
Other operating income from financial services business(note 40)	27,940,014	-	-	-	-	(373,989)	(50,294)	27,515,731
Income/(loss) from investments in associates and joint ventures	-	25,628	445,021	283,631	365,217	(94,922)	-	1,024,575
Interest income from deposits and receivables(note 43)	-	94,829	15,909	34,626	943,810	256,529	(434,704)	910,999
Net interest expenses(note 43)	-	(254,512)	(67,192)	(11,624)	(1,125,428)	(2,244,415)	868,928	(2,834,243)
Depreciation and amortisation(note 42)	(6,637,749)	(1,239,371)	(356,533)	(140,843)	(1,095,483)	(57,780)	-	(9,527,759)
Expected credit losses(note 44)	(83,884,569)	(110,479)	(126)	(1,851)	(2,142,096)	369,839	-	(85,769,282)
Impairment losses(note 45)	(101,788)	(134,966)	(27,232)	(15,657)	(31,486)	(316,921)	-	(628,050)
Profit/(loss) before income tax	73,107,318	1,268,485	1,322,063	502,407	2,386,984	(3,589,550)	(254,102)	74,743,605
Income tax(note 49)	(9,197,887)	(127,421)	(190,635)	(2,730)	(1,043,167)	(1,443,681)	(13,630)	(12,019,151)
Profit/(loss) for the year	63,909,431	1,141,064	1,131,428	499,677	1,343,817	(5,033,231)	(267,732)	62,724,454
- Attributable to owners of the company	41,704,904	525,755	747,965	446,015	935,410	(5,028,993)	(267,732)	39,063,324
- Attributable to non-controlling interests	22,204,527	615,309	383,463	53,662	408,407	(4,238)	-	23,661,130

**CITIC CORPORATION LIMITED**

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**6 Notes to the Consolidated Financial Statements (Continued)**

(52) Segment reporting (Continued)

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

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance in 2022 and 2021 is set out below(continue):

2021 (Continued)

	Comprehensive financial services	Advanced intelligent manufacturing	Advanced materials	New consumption	New-type urbanisation	Operations Management	Elimination	Total
Segment assets	8,193,795,371	55,044,620	10,176,136	13,778,692	157,878,422	95,880,546	(124,338,397)	8,402,215,390
Including:								
Investments in associates(note 13(c))	39,998,191	771,679	1,346,905	8,459,471	6,418,772	2,652,375	-	59,647,393
Investments in joint ventures(note 13(b))	14,042,271	25,255	1,695,511	1,300,087	2,795,088	-	-	19,858,212
Segment liabilities	(7,469,151,844)	(36,896,434)	(5,177,482)	(1,497,238)	(109,973,037)	(76,823,284)	115,578,523	(7,583,940,796)
Including:								
Bank and other loans (note 30)(note)	(3,977,789)	(12,935,986)	(3,151,049)	-	(34,204,382)	(8,449,285)	27,072,208	(35,646,283)
Debt instruments issued (note 31)(note)	(954,850,374)	-	-	-	(303,990)	(37,683,913)	26,356,285	(966,481,992)

Note:

The amount is the principal excluding interest accrued.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(52) Segment reporting (Continued)

(b) Geographic information

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

	Revenue from external customers		Reportable segment assets	
	2022	2021	2022	2021
Mainland China	342,449,536	284,720,274	9,416,683,168	7,966,481,641
Hong Kong, Macau and Taiwan	13,190,147	8,405,063	522,337,110	385,663,276
Overseas	17,765,224	14,160,364	240,918,269	50,070,473
	<u>373,404,907</u>	<u>307,285,701</u>	<u>10,179,938,547</u>	<u>8,402,215,390</u>

(c) Major customers

Operating income from each individual customer of the Group is below 10% of the Group's total operating income.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (53) Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the business of the Group. The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly updates and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with policies and procedures.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

##### (a) Credit risk

###### *Credit risk management*

Credit risk refers to the risk of loss caused by default of debtor or counterparty. Credit risk also occurs when the Group makes unauthorized or inappropriate loans and advances to customers, financial commitments or investments. The credit risk exposures of the Group mainly arise from the Group's loans and advances to customers, bonds, interbank business, receivables, lease receivables, other debt investments, off-balance sheet items such as credit commitments, financing businesses including margin financing and securities lending, and also stock pledged repurchase.

The Group has standardised management on the entire credit business process including loan application, and its investigation approval and granting of loan, and monitoring of non-performing loans. Through strictly standardising the credit business process, strengthening the whole process management of pre-loan investigation, credit rating and credit granting, examination and approval, loan review and post-loan monitoring, improving the risk of slow-release of collateral, accelerating the liquidation and disposal of non-performing loans, and promoting the upgrading and transformation of credit management system, the credit risk management level of the Group has been comprehensively improved.

In addition to the credit risk to the Group caused by credit assets, for treasury business, the Group manages the credit risk for treasury business through prudently selecting peers and other financial institutions with comparable credit levels as counterparties, balancing credit risk with returns on investment, comprehensively considering internal and external credit rating information, granting credit hierarchy, and using credit management system to review and adjust credit commitments on a timely basis, etc. In addition, the Group provides off-balance sheet commitment and guarantee business to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

The Group's credit risk of securities financing transactions mainly arises from the provision of false information by customers, failure to repay liabilities at required time limit, violation of contractual agreements on size and structure of positions, violation of regulatory requirements on transactions and involvement of legal disputes on assets provided as collateral. The Company primarily adopts the risk education, credit collection, credit granting, daily marking-to-market, customer risk alert, mandatory liquidation, judicial recourse and other methods to control those credit risks.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (53) Financial risk management (Continued)

##### (a) Credit risk (Continued)

###### *Credit risk management (Continued)*

The Group is also confronted with credit risk resulting from receivables that arising from sale of goods and rendering of services within the non-financial services segments. The relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available.

###### *Measurement of ECL*

The Group adopts the "ECL model" on its debt instruments which are classified as financial assets measured at amortised cost and at FVOCI, credit commitments and financial guarantees.

The Group measures expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets, whether there is significant financing component or not. For other financial assets that are included in the measurement of ECL, the Group evaluates whether the credit risks of related financial assets have increased significantly since initial recognition. The impairment model is used to measure their loss allowances respectively to recognise ECL and their movements:

Stage 1: Financial instruments with no significant increase in credit risk since its initial recognition will be classified as "stage 1" and the Group continuously monitors their credit risk. The loss allowances of financial instruments in stage 1 is measured based on the ECL in the next 12 months, which represents the proportion of the ECL in the lifetime due to possible default events in the next 12 months.

Stage 2: If there is a significant increase in credit risk initial recognition, the Group transfers the related financial instruments to stage 2, but it will not be considered as credit-impaired instruments. The ECL of financial instruments in stage 2 is measured based on the lifetime ECL.

Stage 3: If a financial asset has shown signs of credit impairment from initial recognition, it will be moved to Stage 3. The expected credit losses of financial assets in Stage 3 are measured based on the lifetime expected credit losses.

Purchased or originated credit-impaired financial assets refers to financial assets that are credit-impaired at the initial recognition. Loss allowances on these assets are the lifetime ECL.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (53) Financial risk management (Continued)

##### (a) Credit risk (Continued)

###### *Management of credit risk (Continued)*

The Group estimates the ECL, and the key judgments and assumptions adopted by the Group are as follows:

##### (1) Significant increase in credit risk

On each balance sheet date, the Group evaluates whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. When one or more on quantitative or qualitative threshold, or upper limit are triggered, the credit risk of financial instruments would be considered as increased significantly.

By setting quantitative and qualitative threshold, and upper limit, the Group determines whether the credit risk of financial instruments has increased significantly since initial recognition. The judgment mainly includes the number of overdue days, the absolute level and relative level of the change of default probability, the change of credit risk classification and other conditions indicating significant changes in credit risk.

##### (2) Definition of default and credit-impaired assets

When credit impairment occurred, the Group defines that the financial asset is in default. In general, a financial asset that is overdue for more than 90 days is considered to be in default.

When one or more events that adversely affect the expected future cash flow of a financial asset occurs, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information:

- The issuer or borrower/debtor is in significant financial difficulties;
- The borrower/debtor is in breach of financial covenant(s) such as default or overdue in repayment of interests or principal etc;
- The creditor gives the debtor concession that would not be offered otherwise, considering economic or contractual factors relating to the debtor's financial difficulties;
- It is becoming probably that the borrower/debtor will enter bankruptcy or other debt restructuring;
- An active market for that financial asset has disappeared because of financial difficulties from issuer or borrower/debtor;

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (53) Financial risk management (Continued)

##### (a) Credit risk (Continued)

##### *Measurement of ECL (Continued)*

##### (3) Inputs for measurement of ECL

- Financing financial assets are subject to mandatory liquidation measures and the collateral value is no longer sufficient for financing amounts;
- Violation grade for bond issuers or bonds in the latest external rating;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The Group's default definition has been consistently applied to the modeling of default probability, default risk exposure and default loss rate in the Group's expected credit loss calculation process.

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred or whether an asset is considered to be credit-impaired. Related definitions are as follows:

- The probability of default ("PD") represents the likelihood of a borrower/debtor defaulting on its financial obligations, either over the next 12 months or over the remaining lifetime of the obligation.
- Loss given default ("LGD") represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis.
- Exposure at default ("EAD") is based on the amounts that the Group expects to be owned at the time of default, over the next 12 months or over the remaining lifetime of the obligation.

The Group regularly monitors and reviews the assumptions related to the calculation of expected credit losses, including the probability of default and the change in the value of collateral over time.

The Group categorises exposures with similar risk characteristics and estimates the PD, LGD, EAD by the exposures respectively. During 2022, based on data accumulation, the Group optimised and updated relevant models and parameters. The Group has obtained sufficient information to ensure its statistical reliability. ECL of the Group is measured based on the continuous assessment and follow-up of individuals and their financial status.

During the reporting period, there were no significant changes in the estimation technology or key assumptions.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (53) Financial risk management (Continued)

##### (a) Credit risk (Continued)

##### *Measurement of ECL (Continued)*

##### (4) Forward-looking information

The assessment of significant increase in credit risk and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each asset portfolio.

These economic variables and their associated impact on the PD vary by financial instruments. Expert judgment has also been applied in this process, forecasts of these economic variables are estimated by the experts of the Group on a semi-annually basis, and the impact of these economic variables on the PD and the EAD was determined by statistical regression analysis.

In addition to the base economic scenario, the Group determines the possible scenarios and their weightings by a combination of statistical analysis and expert judgment. The Group measures ECL as either a probability weighted 12 months ECL (stage 1) or a probability weight lifetime ECL (stage 2 and stage 3). These probability-weighted ECL are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

##### Macroeconomic Scenario and Weight Information

The Group builds its own macro-prediction model and identifies key economic indicators affecting credit risks and expected credit losses of various businesses through historical data analysis, such as consumer price index, total retail sales of consumer goods, per capita disposable income of urban residents, etc. The Group reassessed and updated the key economic indicators affecting ECLs and their estimates during the reporting period based on the latest historical data.

##### (I) Maximum credit risk exposure

The maximum exposure to credit risk as at the balance sheet date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the balance sheet after deducting any impairment allowance. A summary of the maximum credit risk exposure of financial instruments for which allowance for impairment losses is recognised is as follows:

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(I) Maximum credit risk exposure (Continued)

The Group

	31 December 2022	31 December 2021
Deposits with central banks, banks and non-bank financial institutions	857,062,440	565,286,228
Placements with banks and non-bank financial institutions	217,354,011	142,060,995
Trade and other receivables	173,615,475	105,117,234
Financial assets held under resale agreements	45,713,102	91,757,186
Loans and advances to customers and other parties	5,056,111,716	4,775,898,800
Refundable deposits	69,158,115	-
Margin accounts	106,976,333	-
Investments in financial assets		
- Bond investments	1,124,595,845	1,173,928,734
- Other bond investments	873,367,436	648,510,309
Cash held on behalf of customers	41,891,039	-
Contract Assets	19,228,510	10,666,563
Other financial assets	4,528,326	5,166,398
	<u>8,589,602,348</u>	<u>7,518,392,447</u>
Credit commitments and guarantees provided	2,020,020,396	1,778,684,269
Maximum credit risk exposure	<u>10,609,622,744</u>	<u>9,297,076,716</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(I) Maximum credit risk exposure (Continued)

The maximum exposure to credit risk at the balance sheet date without taking into consideration of any collateral held or other credit enhancement is not represented by the net balance of each type of debt instruments in the balance sheet without deducting any allowance for impairment losses. A summary of the maximum exposure is as follows:

The Group

	31 December 2022	31 December 2021
Derivative financial assets	80,281,998	22,738,297
Loans and advances to customers and other parties at FVPL	3,881,158	-
Investments in financial assets -Financial assets held for trading (debt instruments)	<u>804,509,161</u>	<u>499,258,589</u>
Maximum credit risk exposure	<u>888,672,317</u>	<u>521,996,886</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(II) Expected credit loss

The following table explains the changes in the gross carrying amount for loans and advances to customers and other parties:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	4,736,833,638	89,678,178	75,766,332	4,902,278,148
Movements				
Transfer from stage 1	(110,179,144)	-	-	(110,179,144)
Transfer to stage 2	-	24,741,833	-	24,741,833
Transfer to stage 3	-	-	85,437,311	85,437,311
Net addition / (deduction) during the year (note(1))	374,998,885	(24,051,281)	(23,244,100)	327,703,504
Write offs	-	-	(58,031,981)	(58,031,981)
Others(note(2))	18,914,470	1,909,408	1,085,613	21,909,491
Balance at 31 December 2022	<u>5,020,567,849</u>	<u>92,278,138</u>	<u>81,013,175</u>	<u>5,193,859,162</u>
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	4,327,644,914	108,506,339	80,193,412	4,516,344,665
Movements				
Transfer from stage 1	(74,177,715)	-	-	(74,177,715)
Transfer to stage 2	-	535,895	-	535,895
Transfer to stage 3	-	-	73,641,820	73,641,820
Net addition / (deduction) during the year (note(1))	486,276,614	(17,271,825)	(13,270,961)	455,733,828
Write offs	-	-	(65,511,193)	(65,511,193)
Others(note(2))	(2,910,175)	(2,092,231)	713,254	(4,289,152)
Balance at 31 December 2021	<u>4,736,833,638</u>	<u>89,678,178</u>	<u>75,766,332</u>	<u>4,902,278,148</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(II) Expected credit loss (Continued)

The following table explains the changes in the gross carrying amount for financial assets:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	1,781,967,418	18,794,851	51,727,882	1,852,490,151
<b>Movements</b>				
Business combinations (note 6(61))	62,417,043	1,570,695	-	63,987,738
Transfer from stage 1	(3,878,382)	-	-	(3,878,382)
Transfer from stage 2	-	(10,916,969)	-	(10,916,969)
Transfer to stage 3	-	-	14,795,351	14,795,351
Net addition / (deduction) during the year (note(1))	111,651,514	(3,908,487)	(5,682,059)	102,060,968
Write offs	-	-	(2,717,645)	(2,717,645)
Others(note(2))	13,593,066	(107,185)	226,100	13,711,981
Balance at 31 December 2022	<u>1,965,750,659</u>	<u>5,432,905</u>	<u>58,349,629</u>	<u>2,029,533,193</u>
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	1,678,403,775	4,672,405	28,998,249	1,712,074,429
<b>Movements</b>				
Transfer from stage 1	(24,224,716)	-	-	(24,224,716)
Transfer to stage 2	-	16,197,464	-	16,197,464
Transfer to stage 3	-	-	8,027,252	8,027,252
Net addition / (deduction) during the year (note(1))	133,167,550	(2,053,470)	22,166,174	153,280,254
Write offs	-	-	(7,481,971)	(7,481,971)
Others(note(2))	(5,379,191)	(21,548)	18,178	(5,382,561)
Balance at 31 December 2021	<u>1,781,967,418</u>	<u>18,794,851</u>	<u>51,727,882</u>	<u>1,852,490,151</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(II) Expected credit loss (Continued)

The following table explains the changes in the gross carrying amount for margin accounts to customers and other parties:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	-	-	-	-
Movements				
Business combinations (note 6(61))	111,406,705	847,570	447,374	112,701,649
Transfer from stage 1	(9,490)	-	-	(9,490)
Transfer from stage 2	-	(364,788)	-	(364,788)
Transfer to stage 3	-	-	374,278	374,278
Net addition / (deduction) during the year (note(1))	(5,867,340)	56,589	(455,074)	(6,265,825)
Write offs	-	-	-	-
Others(note(2))	539,462	-	1,047	540,509
Balance at 31 December 2022	<u>106,069,337</u>	<u>539,371</u>	<u>367,625</u>	<u>106,976,333</u>

Notes:

- (1) Net addition/(deduction) mainly includes changes in carrying amount due to new POCI financial assets or de-recognition excepting for write-off.
- (2) Others includes changes in interest accrual and exchange adjustment.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(II) Expected credit loss (Continued)

Movements of the loss allowances for loans and advances to customers and other parties for the year is as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	52,056,863	25,894,924	49,176,247	127,128,034
Movements (note(1))				
Transfer from stage 1	(2,838,351)	-	-	(2,838,351)
Transfer from stage 2	-	(1,223,617)	-	(1,223,617)
Transfer to stage 3	-	-	37,958,294	37,958,294
Net addition / (deduction) during the year (note(2))	6,209,636	(4,602,003)	(14,161,720)	(12,554,087)
Write offs	-	-	(58,031,981)	(58,031,981)
Parameters change (note(3))	7,407,868	567,343	27,783,251	35,758,462
Others (note(4))	(458,393)	2,037,724	10,600,046	12,179,377
Balance at 31 December 2022	<u>62,377,623</u>	<u>22,674,371</u>	<u>53,324,137</u>	<u>138,376,131</u>
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	44,423,164	33,339,028	54,480,464	132,242,656
Movements (note(1))				
Transfer from stage 1	(925,050)	-	-	(925,050)
Transfer from stage 2	-	(4,248,459)	-	(4,248,459)
Transfer to stage 3	-	-	45,688,208	45,688,208
Net addition / (deduction) during the year (note(2))	7,645,677	(5,852,146)	(10,626,771)	(8,833,240)
Write offs	-	-	(65,511,193)	(65,511,193)
Parameters change (note(3))	582,946	2,843,655	15,967,645	19,394,246
Others (note(4))	<u>330,126</u>	<u>(187,154)</u>	<u>9,177,894</u>	<u>9,320,866</u>
Balance at 31 December 2021	<u>52,056,863</u>	<u>25,894,924</u>	<u>49,176,247</u>	<u>127,128,034</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(II) Expected credit loss (Continued)

Movements of the loss allowances for financial assets for the year is as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	7,028,941	5,725,477	19,683,547	32,437,965
Movements (note(1))				
Transfer from stage 1	(309,662)	-	-	(309,662)
Transfer from stage 2	-	(3,602,008)	-	(3,602,008)
Transfer to stage 3	-	-	8,168,299	8,168,299
Net addition during the year (note(2))	1,426,204	(719,564)	(1,592,873)	(886,233)
Write offs	-	-	(2,717,645)	(2,717,645)
Parameters change (note(3))	(1,200,003)	56,893	2,468,427	1,325,317
Others (note(4))	(1,872,605)	71,039	2,025,392	223,826
Balance at 31 December 2022	<u>5,072,875</u>	<u>1,531,837</u>	<u>28,035,147</u>	<u>34,639,859</u>
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	5,219,722	550,530	11,576,724	17,346,976
Movements (note(1))				
Transfer from stage 1	(975,157)	-	-	(975,157)
Transfer to stage 2	-	3,879,825	-	3,879,825
Transfer to stage 3	-	-	2,516,130	2,516,130
Net addition during the year (note(2))	1,690,030	905,681	14,988,204	17,583,915
Write offs	-	-	(7,481,971)	(7,481,971)
Parameters change (note(3))	113,075	399,857	(1,917,447)	(1,404,515)
Others (note(4))	<u>981,271</u>	<u>(10,416)</u>	<u>1,907</u>	<u>972,762</u>
Balance at 31 December 2021	<u>7,028,941</u>	<u>5,725,477</u>	<u>19,683,547</u>	<u>32,437,965</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(II) Expected credit loss (Continued)

Notes:

- (1) Movements mainly includes the impacts to ECL due to changes in stages.
- (2) Net addition/(deduction) mainly includes changes in allowance of impairment due to new POCI financial assets or de-recognition excepting for write-off.
- (3) Parameters change mainly includes the impacts to ECL due to unwind of discount, regular update on modeling parameters resulting from changes in PD and LGD except for changes in stages.
- (4) Others includes recoveries of amounts previously written off, changes in interest accrual and exchange adjustment.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(III) Analysis of loans and advances to customers and other parties analysed by economic sector :

The Group

	31 December 2022			31 December 2021		
	Gross balance	%	Loans and advances secured by collaterals	Gross balance	%	Loans and advances secured by collaterals
Corporate loans						
- Manufacturing	416,249,787	8%	172,612,528	361,652,054	7%	157,919,778
- Wholesale and retail	180,645,976	2%	95,000,350	165,752,339	3%	96,352,161
- Real estate	285,948,799	5%	231,897,754	290,252,923	6%	252,725,718
- Rental and business services	495,997,368	10%	193,562,224	460,729,340	9%	190,822,016
- Transportation, storage and postal services	149,931,404	3%	79,475,296	144,077,589	3%	82,217,227
- Water, environment and public utility management	413,399,454	8%	129,983,444	382,591,193	8%	140,081,935
- Construction	103,599,550	2%	54,690,743	111,158,528	2%	62,094,726
- Production and supply of electric power, gas and water	90,508,574	2%	41,649,845	85,088,386	2%	44,513,022
- public management and social organisations	8,673,990	1%	1,930,193	8,085,607	1%	3,297,493
- Others	396,929,843	8%	117,282,282	350,446,989	7%	110,597,114
	<u>2,541,884,745</u>	<u>49%</u>	<u>1,118,084,659</u>	<u>2,359,834,948</u>	<u>48%</u>	<u>1,140,621,190</u>
Personal loans	2,126,533,005	41%	1,423,097,155	2,062,824,992	42%	1,366,919,733
Discounted bills	511,937,564	9%	-	466,121,670	9%	-
	<u>5,180,355,314</u>	<u>99%</u>	<u>2,541,181,814</u>	<u>4,888,781,610</u>	<u>99%</u>	<u>2,507,540,923</u>
Accrued interest	17,385,006	1%	-	13,496,538	1%	31,703
	<u>5,197,740,320</u>	<u>100%</u>	<u>2,541,181,814</u>	<u>4,902,278,148</u>	<u>100%</u>	<u>2,507,572,626</u>

**CITIC CORPORATION LIMITED**

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(a) Credit risk (Continued)

(IV) Loans and advances to customers and other parties analysed by geographical sector:

The Group

	31 December 2022			31 December 2021		
	Gross balance	%	Loans and advances secured by collateral	Gross balance	%	Loans and advances secured by collateral
Mainland China	4,953,795,831	95%	2,444,008,824	4,679,916,164	95%	2,419,064,450
Hong Kong, Macau and Taiwan	191,482,817	3%	96,213,573	180,647,415	3%	78,822,672
Overseas	35,076,666	1%	959,417	28,218,031	1%	9,653,801
	5,180,355,314	99%	2,541,181,814	4,888,781,610	99%	2,507,540,923
Accrued interest	17,385,006	1%	-	13,496,538	1%	31,703
	<u>5,197,740,320</u>	<u>100%</u>	<u>2,541,181,814</u>	<u>4,902,278,148</u>	<u>100%</u>	<u>2,507,572,626</u>

(V) Loans and advances to customers and other parties

The Group

	31 December 2022	31 December 2021
Unsecured loans	1,394,838,658	1,320,630,599
Guaranteed loans	732,397,278	594,488,418
Secured loans		
- Loans secured by collateral	2,022,314,661	1,958,535,591
- Pledged loans	518,867,153	549,005,332
	<u>4,668,417,750</u>	<u>4,422,659,940</u>
Discounted bills	511,937,564	466,121,670
	<u>5,180,355,314</u>	<u>4,888,781,610</u>
Accrued interest	17,385,006	13,496,538
	<u>5,197,740,320</u>	<u>4,902,278,148</u>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (53) Financial risk management (Continued)

##### (a) Credit risk (Continued)

##### (VI) Rescheduled loans and advances to customers and other parties

Rescheduled loans and advances to customers and other parties are those loans and advances to customers and other parties which have been restructured or renegotiated because of deterioration in the financial position of the borrower/debtor, or of the inability of the borrower/debtor to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider for the year ended 31 December 2022. As at 31 December 2022, with borrowers' financial difficulty, the concession the Group considered resulted from economic or legal reasons is not significant.

	31 December 2022		31 December 2021	
	Gross balance	% of total loans and advances	Gross balance	% of total loans and advances
Rescheduled loans and advances	14,414,988	0.28%	16,181,841	0.33%
- Rescheduled loans and advances overdue more than 3 months	6,370,290	0.12%	5,795,151	0.12%

##### (VII) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at 31 December 2022, the Group did not enter into significant enforceable master netting arrangements with counterparties and therefore there were no significant offsettings of any assets and liabilities in the consolidated balance sheet (31 December 2021: Nil).

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(b) Market risk

Each of the Group's operating entity has formulated its own market risk management policies and procedures covering identification, measurement, monitoring and control of risks. The Group manages market risk based on the market condition to control potential loss from market risk at an acceptable level.

Interest rate risk and currency risk are major market risks that confront the Group.

(I) Interest rate risk

(i) Financial asset-liability gap

Interest rate risk arises from mismatch between repricing dates of financial assets and liabilities affected by market interest rate volatility.

	31 December 2022					Total
	Non-interest bearing	Within 3 months	Between 3 months and 1 year	Between 1 year to 5 years	More than 5 years	
Total financial assets	1,280,033,534	3,778,419,497	2,360,928,485	1,889,043,620	489,795,855	9,798,220,991
Total financial liabilities	(762,880,797)	(5,135,765,029)	(1,842,211,662)	(1,073,094,645)	(139,658,166)	(8,953,610,299)
Financial asset-liability surplus/(gap)	<u>517,152,737</u>	<u>(1,357,345,532)</u>	<u>518,716,823</u>	<u>815,948,975</u>	<u>350,137,689</u>	<u>844,610,692</u>
	31 December 2021					Total
	Non-interest bearing	Within 3 months	Between 3 months and 1 year	Between 1 year to 5 years	More than 5 years	
Total financial assets	589,287,943	3,565,992,191	2,350,419,828	1,158,239,667	414,344,887	8,078,284,516
Total financial liabilities	(175,758,573)	(4,552,843,335)	(1,820,712,564)	(804,646,495)	(132,416,836)	(7,486,377,803)
Financial asset-liability surplus/(gap)	<u>413,529,370</u>	<u>(986,851,144)</u>	<u>529,707,264</u>	<u>353,593,172</u>	<u>281,928,051</u>	<u>591,906,713</u>

(ii) Effective interest rate

	31 December 2022		31 December 2021	
	Effective Interest rate	RMB	Effective Interest rate	RMB
<b>Assets</b>				
Cash and deposits	1.50%-1.75%	862,651,530	1.49% - 1.94%	571,189,415
Placements with banks and non-bank financial institutions	2.49%	217,354,011	1.90%	142,060,995
Financial assets held under resale agreements	1.45%	45,713,102	1.96%	91,757,186
Loans and advances to customers and other parties	4.81%	5,059,992,874	5.31%	4,775,898,800
Investments in financial assets	2.66%-3.55%	3,136,058,188	3.11% - 3.71%	2,369,522,589
Others		<u>858,168,842</u>		<u>451,786,405</u>
		<u>10,179,938,547</u>		<u>8,402,215,390</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(b) Market risk (Continued)

(I) Interest rate risk (Continued)

(ii) Effective interest rate (Continued)

	31 December 2022		31 December 2021	
	Effective Interest rate	RMB	Effective Interest rate	RMB
<b>Liabilities</b>				
Borrowing from central bank	2.94%	119,421,572	3.00%	189,257,343
Deposits from banks and non-bank financial institutions	2.09%	1,103,099,491	2.45%	1,162,895,623
Placements from banks and non-bank financial institutions	2.41%	108,378,874	2.39%	87,473,873
Financial assets sold under repurchase agreements	2.00%	470,477,239	2.17%	100,116,489
Deposits from customers	2.06%	5,165,576,674	2.10%	4,798,621,880
Bank and other loans	1.28%-7.25%	53,842,711	0.85% - 8.00%	35,944,752
Debt instruments issued	2.45%-6.80%	1,118,870,856	2.45% - 6.90%	970,326,926
Lease liabilities	3.00%-5.15%	14,545,931	2.20% - 6.00%	11,862,955
Others		933,117,124		227,440,955
		<u>9,087,330,472</u>		<u>7,583,940,796</u>

(iii) Sensitivity analysis

As at 31 December 2022, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, the Group's profit before taxation would decrease or increase by RMB 9,683 million (31 December 2021: decrease or increase by RMB 5,896 million).

This sensitivity analysis is based on a static interest rate risk profile of the Group's financial assets and financial liabilities and certain simplified assumptions. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's financial assets and financial liabilities within the one-year period. The analysis is based on the following assumptions: (i) all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature at the beginning of the respective periods; (ii) there is a parallel shift in the yield curve and in interest rates; and (iii) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's profit before taxation resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (53) Financial risk management (Continued)

##### (b) Market risk (Continued)

##### (II) Currency risk

Currency risk arises from the changes in exchange rates on the Group's foreign currency denominated assets and liabilities. The Group measures its currency risk with foreign currency exposures, and manages currency risk by entering into spot foreign exchange transactions, use of derivatives (mainly foreign forwards and swaps), and matching its foreign currency denominated assets with corresponding liabilities in the same currency.

The exposure to currency risk arising from the financial assets and financial liabilities at the balance sheet date is as follows (denominated in RMB thousand equivalence):

##### The Group

	31 December 2022				
	RMB	US\$	HK\$	Others	Total
Total financial assets	8,988,080,859	522,604,460	216,827,670	70,708,002	9,798,220,991
Total financial liabilities	<u>(8,239,556,396)</u>	<u>(489,277,921)</u>	<u>(185,906,631)</u>	<u>(38,869,351)</u>	<u>(8,953,610,299)</u>
Financial asset-liability gap	<u>748,524,463</u>	<u>33,326,539</u>	<u>30,921,039</u>	<u>31,838,651</u>	<u>844,610,692</u>
	31 December 2021				
	RMB	US\$	HK\$	Others	Total
Total financial assets	7,514,527,137	337,924,877	176,799,629	49,032,873	8,078,284,516
Total financial liabilities	<u>(6,990,578,069)</u>	<u>(310,216,233)</u>	<u>(153,534,342)</u>	<u>(32,049,159)</u>	<u>(7,486,377,803)</u>
Financial asset-liability gap	<u>523,949,068</u>	<u>27,708,644</u>	<u>23,265,287</u>	<u>16,983,714</u>	<u>591,906,713</u>

Assuming all other risk variables remained constant, a 100 basis points strengthening or weakening of RMB against US\$, HK\$ and other currencies as at 31 December 2022 would decrease or increase the Group's total comprehensive income before taxation by 961 million (31 December 2021: decrease or increase by RMB 680 million).

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions: (i) the foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis point fluctuation in the foreign currency exchange rates against RMB; (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously, and does not take into account the correlation effect of changes in different foreign currencies; (iii) the foreign exchanges exposures calculated include both spot foreign exchanges, forward foreign exchanges and options, and all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's profit before taxation resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(c) Liquidity risk

Liquidity risk arises when there is mismatch between amounts and maturity dates of financial assets and financial liabilities.

Each of the Group's operating entity formulate liquidity risk management policies and procedures within the Group's overall liquidity risk management framework and takes into consideration of the business and regulatory requirements applicable to individual entity.

The Group manages liquidity risk by holding liquid assets (including deposits, other short term funds and securities) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The following tables indicate the analysis by remaining maturities of the Group's financial assets and liabilities:

The Group

	31 December 2022						Total
	Repayable on demand	Within 3 months	Between 3 month and 1 year	Between 1 year and 5 years	More than 5 years	Indefinite maturity date(note)	
Total financial assets	625,823,559	1,445,925,689	2,011,553,654	2,304,024,858	2,184,881,994	1,226,011,237	9,798,220,991
Total financial liabilities	<u>(3,533,900,749)</u>	<u>(2,307,241,658)</u>	<u>(1,885,933,436)</u>	<u>(1,080,237,474)</u>	<u>(125,004,509)</u>	<u>(21,292,473)</u>	<u>(8,953,610,299)</u>
Financial asset-liability surplus/gap	<u>(2,908,077,190)</u>	<u>(861,315,969)</u>	<u>125,620,218</u>	<u>1,223,787,384</u>	<u>2,059,877,485</u>	<u>1,204,718,764</u>	<u>844,610,692</u>
	31 December 2021						Total
	Repayable on demand	Within 3 months	Between 3 month and 1 year	Between 1 year and 5 years	More than 5 years	Indefinite maturity date(note)	
Total financial assets	269,757,737	1,379,666,987	1,498,199,127	1,840,494,334	2,194,512,725	895,653,606	8,078,284,516
Total financial liabilities	<u>(3,171,125,848)</u>	<u>(1,427,914,933)</u>	<u>(1,939,547,823)</u>	<u>(804,824,337)</u>	<u>(112,281,867)</u>	<u>(30,682,995)</u>	<u>(7,486,377,803)</u>
Financial asset-liability surplus/gap	<u>(2,901,368,111)</u>	<u>(48,247,946)</u>	<u>(441,348,696)</u>	<u>1,035,669,997</u>	<u>2,082,230,858</u>	<u>864,970,611</u>	<u>591,906,713</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(c) Liquidity risk (Continued)

The table below presents the undiscounted cash flows of the Group's financial assets and liabilities

The Group

	31 December 2022						Total
	Repayable on demand	Within 3 months	Between 3 month and 1 year	Between 1 year and 5 years	More than 5 years	Indefinite maturity date(note)	
Total financial assets	625,823,559	1,521,246,342	2,181,433,927	2,762,997,798	2,716,634,778	1,233,769,389	11,041,905,793
Total financial liabilities	<u>(3,533,900,749)</u>	<u>(2,341,366,422)</u>	<u>(1,961,960,542)</u>	<u>(1,189,548,676)</u>	<u>(138,855,496)</u>	<u>(21,292,473)</u>	<u>(9,186,924,358)</u>
Financial asset-liability surplus/gap	<u>(2,908,077,190)</u>	<u>(820,120,080)</u>	<u>219,473,385</u>	<u>1,573,449,122</u>	<u>2,577,779,282</u>	<u>1,212,476,916</u>	<u>1,854,981,435</u>
	31 December 2021						Total
	Repayable on demand	Within 3 months	Between 3 month and 1 year	Between 1 year and 5 years	More than 5 years	Indefinite maturity date(note)	
Total financial assets	269,757,737	1,453,592,136	1,672,126,876	2,287,465,155	2,805,631,127	905,014,908	9,393,587,939
Total financial liabilities	<u>(3,171,125,848)</u>	<u>(1,460,900,886)</u>	<u>(2,014,528,515)</u>	<u>(899,395,910)</u>	<u>(127,411,593)</u>	<u>(30,682,995)</u>	<u>(7,704,045,747)</u>
Financial asset-liability surplus/gap	<u>(2,901,368,111)</u>	<u>(7,308,750)</u>	<u>(342,401,639)</u>	<u>1,388,069,245</u>	<u>2,678,219,534</u>	<u>874,331,913</u>	<u>1,689,542,192</u>

Note:

For cash and balances with central banks, the indefinite maturity date amount represented statutory deposit reserve funds and fiscal deposits maintained with the People's Bank of China. For placements with and loans to banks and non-bank financial institutions, loans and advances to customers and investments, the indefinite maturity date amount represented the balances being impaired or overdue for more than one month. Equity investments were also reported under indefinite maturity date.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(53) Financial risk management (Continued)

(c) Liquidity risk (Continued)

Credit Commitments include acceptances, credit card commitments, guarantees, loan commitments and letters of credit. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

The Group

	31 December 2022			Total
	Within 1 year	Between 1 and 5 years	More than 5 years	
Loan commitments	16,727,850	18,427,795	22,805,296	57,960,941
Guarantees	119,249,559	65,801,935	1,566,130	186,617,624
Letters of credit	269,892,722	944,312	-	270,837,034
Acceptances	795,832,674	-	-	795,832,674
Credit card commitments	704,267,684	-	-	704,267,684
<b>Total</b>	<b>1,905,970,489</b>	<b>85,174,042</b>	<b>24,371,426</b>	<b>2,015,515,957</b>

  

	31 December 2021			Total
	Within 1 year	Between 1 and 5 years	More than 5 years	
Loan commitments	4,096,205	18,677,184	30,699,598	53,472,987
Guarantees	80,216,138	47,379,144	1,271,016	128,866,298
Letters of credit	213,910,601	1,047,005	-	214,957,606
Acceptances	669,711,256	20,009	5,002	669,736,267
Credit card commitments	702,361,060	6,007,058	372,654	708,740,772
<b>Total</b>	<b>1,670,295,260</b>	<b>73,130,400</b>	<b>32,348,270</b>	<b>1,775,773,930</b>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

- (54) Fair value
- (a) Fair value measurement
- (I) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

The fair value of the Group's financial assets and financial liabilities are determined as follows:

If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively.

If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments. If there were no available observable current market transactions prices for similar instruments, quoted prices from counterparty is used for the valuation, and management performs analysis on these prices. Discounted cash flow analysis using the applicable yield curve for the duration of the instruments is used for derivatives other than options, and option pricing models are used for option derivatives.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(54) Fair value (Continued)

(a) Fair value measurement (Continued)

(I) Fair value hierarchy (Continued)

The Group

	31 December 2022	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements
<b>Recurring fair value measurements assets</b>				
Bills receivables at FVOCI	1,160,030	-	1,160,030	-
Loans and advances to customers and other parties at FVOCI	563,084,674	-	563,084,674	-
Loans and advances to customers and other parties at FVPL	3,881,158	-	-	3,881,158
Derivative financial assets	80,281,998	531,140	73,210,194	6,540,664
Investments in financial assets	2,011,462,343	597,798,239	1,277,632,934	136,031,170
Investment properties	10,956,902	-	-	10,956,902
Total assets measured at fair value on a recurring basis	<u>2,670,827,105</u>	<u>598,329,379</u>	<u>1,915,087,832</u>	<u>157,409,894</u>
<b>Liabilities</b>				
Financial liabilities held for trading	(94,845,091)	(17,880,062)	(45,489,608)	(31,475,421)
Derivative financial liabilities	<u>(71,722,279)</u>	<u>(581,888)</u>	<u>(66,726,479)</u>	<u>(4,413,912)</u>
	<u>(166,567,370)</u>	<u>(18,461,950)</u>	<u>(112,216,087)</u>	<u>(35,889,333)</u>
	31 December 2021	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements
<b>Recurring fair value measurements assets</b>				
Bills receivables at FVOCI	350,812	-	350,812	-
Loans and advances to customers and other parties at FVOCI	500,197,900	326,691	499,871,209	-
Derivative financial assets	22,738,297	88,583	22,649,714	-
Investments in financial assets	1,195,593,855	252,516,488	913,652,107	29,425,260
Investment properties	9,850,633	-	-	9,850,633
Total assets measured at fair value on a recurring basis	<u>1,728,731,497</u>	<u>252,931,762</u>	<u>1,436,523,842</u>	<u>39,275,893</u>
<b>Liabilities</b>				
Financial liabilities held for trading	(4,647,768)	(633,489)	(3,802,666)	(211,613)
Derivative financial liabilities	<u>(23,250,512)</u>	<u>(371,533)</u>	<u>(22,878,979)</u>	-
	<u>(27,898,280)</u>	<u>(1,005,022)</u>	<u>(26,681,645)</u>	<u>(211,613)</u>

As at 31 December 2022, the Group did not have any assets or liabilities measured at fair value on a non-recurring basis (31 December 2021: Nil).

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**6 Notes to the Consolidated Financial Statements (Continued)**

(54) Fair value (Continued)

(a) Fair value measurement (Continued)

(I) Fair value hierarchy (Continued)

During the year ended 31 December 2022, the Group's investment properties have no Level 1 and Level 2 fair value hierarchy (2021: Nil) and no transfers into or out of Level 3 (2021: Nil).

(II) Level 2 fair value measurement

Level 2 fair value is generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, providing a theoretical quote on various securities.

For the year ended 31 December 2022, there were no changes in valuation techniques for the recurring Level 2 fair value measurements (31 December 2021: Nil).

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**6 Notes to the Consolidated Financial Statements (Continued)**

(54) Fair value (Continued)

(a) Fair value measurement (Continued)

(III) Level 3 fair value measurement

The following table shows a reconciliation from the beginning to the ending balances for fair value measurement in recurring Level 3 of the fair value hierarchy:

	2022							
	Assets					Liabilities		
	Loans and advances to customers and other parties at FVPL	Derivatives financial assets	Investments in financial assets	Investment properties	Total	Financial liabilities held for trading	Derivative financial liabilities	Total
At 1 January 2022	-	-	29,425,260	9,850,633	39,275,893	(211,613)	-	(211,613)
Total (losses)/gains:								
- in profit or loss	-	2,261,310	6,661,157	(236,721)	8,685,746	(457,916)	2,544,810	2,086,894
- in other comprehensive (losses)/income	-	229	(227,430)	-	(227,201)	-	-	-
Net settlements	<u>3,881,158</u>	<u>(623,219)</u>	<u>(4,552,449)</u>	<u>(134,826)</u>	<u>(1,429,336)</u>	<u>2,486,058</u>	<u>(2,603,212)</u>	<u>(117,154)</u>
Business combinations (note 6(61))	<u>-</u>	<u>4,902,344</u>	<u>104,724,632</u>	<u>1,477,816</u>	<u>111,104,792</u>	<u>(33,291,950)</u>	<u>(4,355,510)</u>	<u>(37,647,460)</u>
At 31 December 2022	<u>3,881,158</u>	<u>6,540,664</u>	<u>136,031,170</u>	<u>10,956,902</u>	<u>157,409,894</u>	<u>(31,475,421)</u>	<u>(4,413,912)</u>	<u>(35,889,333)</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(54) Fair value (Continued)

(a) Fair value measurement (Continued)

(III) Level 3 fair value measurement (Continued)

	2021						
	Assets					Liabilities	
	Loans and advances to customers and other parties at FVPL	Derivatives financial assets	Investments in financial assets	Investment properties	Total	Financial liabilities held for trading	Total
At 1 January 2021	7,124,324	26,232	52,321,025	9,233,064	68,704,645	(4,492,661)	(4,492,661)
Total (losses)/gains:							
- in profit or loss	-	-	(830,833)	81,007	(749,826)	(61,400)	(61,400)
- in other comprehensive (losses)/income	-	(26,232)	(441,379)	-	(467,611)	-	-
Net settlements	(7,124,324)	-	(21,623,553)	536,562	(28,211,315)	4,342,448	4,342,448
At 31 December 2021	-	-	29,425,260	9,850,633	39,275,893	(211,613)	(211,613)

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**6 Notes to the Consolidated Financial Statements (Continued)**

(54) Fair value (Continued)

(b) Fair value of other financial instruments (items not measured at fair value as at the balance sheet date)

The carrying amounts and fair values of the Group's financial assets and liabilities, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Investments in financial assets					
- At amortised cost	<u>1,124,595,845</u>	<u>1,130,152,115</u>	<u>7,746,994</u>	<u>886,459,000</u>	<u>235,946,121</u>
Financial liabilities					
Debt instruments issued					
- Corporate bonds issued	146,774,057	147,867,134	116,701,565	31,165,569	-
- Notes issued	130,663,047	140,736,509	11,163,000	129,573,509	-
- Subordinated bonds issued	100,374,316	101,501,056	3,462,000	98,039,056	-
Certificate of Deposit issued (non-trading purpose)	1,047,209	1,047,000	-	-	1,047,000
- Certificates of interbank deposit issued	720,096,079	703,847,000	-	703,847,000	-
- Convertible corporate bonds	13,861,008	17,805,308	-	-	17,805,308
- Income certificates	6,055,140	6,055,117	6,055,117	-	-
	<u>1,118,870,856</u>	<u>1,118,859,124</u>	<u>137,381,682</u>	<u>962,625,134</u>	<u>18,852,308</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(54) Fair value (Continued)

(b) Fair value of other financial instruments (items not measured at fair value as at the balance sheet date) (Continued)

	31 December 2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Investments in financial assets					
- At amortised cost	1,173,928,734	1,122,461,812	8,228,331	849,698,317	264,535,164
Financial liabilities					
Debt instruments issued					
- Corporate bonds issued	33,293,587	33,293,586	-	33,293,586	-
- Notes issued	67,675,138	71,446,396	9,275,315	62,158,256	12,825
- Subordinated bonds issued	114,974,581	117,956,092	-	117,956,092	-
Certificate of Deposit issued (non-trading purpose)	1,211,691	1,211,691	-	-	1,211,691
- Certificates of interbank deposit issued	739,561,203	729,922,549	-	729,922,549	-
- Convertible corporate bonds	13,610,726	16,799,244	-	-	16,799,244
	970,326,926	970,629,558	9,275,315	943,330,483	18,023,760

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (55) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's stability and growth, so that it can continue to provide returns for shareholders.

The Group actively and regularly reviews and manages its capital structure, with reference to such financial ratios like debt (total of debt instruments issued and bank and other loans) to total equity ratio, to maintain a balance between the higher shareholders' returns that might be possible with of borrowings obtained and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Certain subsidiaries under the financial services segment are subject to capital adequacy requirements imposed by the external regulators. There was no non-compliance of capital requirements as at 31 December 2022 (31 December 2021: Nil).

##### (56) Commitments and contingent liabilities

###### (a) Credit commitments

Credit commitments in connection with the financial services segment of the Group take the form of loan commitments, credit card commitments, financial guarantees, letters of credit and acceptances.

Loan commitments and credit card commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantees provided by the Group to guarantee the performance of customers to third parties. Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects the majority of acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by categories are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognized at the reporting date if counterparties failed to perform as contracted.

**CITIC CORPORATION LIMITED**

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**6 Notes to the Consolidated Financial Statements (Continued)**

(56) Commitments and contingent liabilities (Continued)

(a) Credit commitments (Continued)

The Group

	31 December 2022	31 December 2021
Contractual amount		
Loan commitments		
With an original maturity of within 1 year	16,319,438	13,724,721
With an original maturity of 1 year or above	<u>41,641,503</u>	<u>39,748,266</u>
	<u>57,960,941</u>	<u>53,472,987</u>
Guarantees	186,617,624	128,866,298
Letters of credit	270,837,034	214,957,606
Acceptances	795,832,674	669,736,267
Credit card commitments	<u>704,267,684</u>	<u>708,740,772</u>
	<u>2,015,515,957</u>	<u>1,775,773,930</u>

Credit commitments analysed by credit risk weighted amount

	31 December 2022	31 December 2021
Credit risk weighted amount on credit commitments	<u>541,153,120</u>	<u>471,734,386</u>

The company

	31 December 2022	31 December 2021
Guarantees	<u>4,364,325</u>	<u>4,490,526</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(56) Commitments and contingent liabilities (Continued)

(a) Credit commitments (Continued)

Notes:

(i) The above credit risk weighted amount is solely in connection with the credit commitments held by CITIC Bank under the financial services segment of the Group.

(ii) As at 31 December 2022 and 2021, the credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the China Banking and Insurance Regulatory Commission and depends on the status of counterparties and the maturity characteristics. The risk weighting used is ranging from 0% to 150%.

(b) Redemption commitment for treasury bonds

As an underwriting agent of PRC treasury bonds, CITIC Bank has the responsibility to buy back those bonds sold by it, should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the Ministry of Finance and the People's Bank of China. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of treasury bonds underwritten and sold by CITIC Bank, but not yet matured at the balance sheet date:

	31 December 2022	31 December 2021
Redemption commitment for treasury bonds	<u>2,903,717</u>	<u>3,248,783</u>

The original maturities of these bonds vary from one to five years. Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material. The MOF will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(56) Commitments and contingent liabilities (Continued)

(c) Guarantees provided

Except for guarantees that have been recognised as liabilities, guarantee issued by the Group and the Company for other enterprises are as follows:

The Group

	31 December 2022	31 December 2021
Related parties(note)	1,315,441	1,261,171
Third parties	<u>3,188,998</u>	<u>1,649,168</u>
	<u>4,504,439</u>	<u>2,910,339</u>

As at balance date, the counter guarantees issued to the Group by related parties and third parties mentioned above are as follows:

	31 December 2022	31 December 2021
Related parties(note)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

The Company

	31 December 2022	31 December 2021
Related parties(note)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

Note:

As at 31 December 2022, the guarantees provided to related parties by the Group include guarantees provided to former subsidiaries of the Company that were disposed to China Overseas Land & Investment Limited (“China Overseas”) in 2016 amounting to RMB 1 billion (31 December 2021: RMB 1 billion). China Overseas has provided counter guarantees to the Group.

Details of related party relationships and transactions are set forth in Note 6(58)(c).

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**6 Notes to the Consolidated Financial Statements (Continued)**

(56) Commitments and contingent liabilities (Continued)

(d) Capital commitments

As at the balance sheet date, the Group had the following capital commitments not provided for in these consolidated financial statements:

The Group

	31 December 2022	31 December 2021
Contracted for	<u>12,750,984</u>	<u>16,861,197</u>

(57) Non-adjustment events after the balance sheet date

The Group does not have any significant non-adjustment events after the balance sheet date that need to be disclosed.

(58) Comparative amounts

Restatements have been made on some of the comparative amounts to ensure the comparability.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

(59) Related party relationships and transactions

(a) Information on the parent of the Company is listed as follows:

Company name	Registered place	Business nature	Share capital HKD'000	Shareholding percentage	Proportion of voting rights
CITIC Limited	Hong Kong	Investment holding	381,710,400	100%	100%

(b) Further information on the subsidiaries of the Company is set out in Note 5.

(c) Transactions with related parties:

(I) Transaction amounts with related parties:

The Group

	2022	2021
Sales of goods	509,836	250,899
Purchase of goods	2,671,627	1,024,835
Net interest incomes	2,121,334	322,313
Net fee and commissions expenses	70,864	789,395
Income from services	845,162	498,457
Expenses for services	1,067,299	1,079,171
Interest income from deposits and receivables	29,970	38,992
Business and administrative expenses	1,102,915	842,602

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**6 Notes to the Consolidated Financial Statements (Continued)**

(59) Related party relationships and transactions

(c) Transactions with related parties (Continued):

(I) Transaction amounts with related parties (Continued):

The Company	2022	2021
Interest income from loans	152,693	128,345
Net fee and commissions incomes	4,399	4,484
Interest income from deposits	57,660	97,495
Financial expenses	54,785	40,502
Business and administrative expenses	288,049	260,516

Notes:

- (i) The above transactions with related parties were conducted under normal commercial terms or relevant agreements.
- (ii) Interest rates of loans and advances to customers and other parties to the related parties were determined at rates negotiated between the Group and the related parties on a case by case basis.
- (iii) During the relevant years, CITIC Bank, a subsidiary of the Group, entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer (i.e. issuance of asset-backed securities in the form of public placement), wealth management, investment, deposit, settlement and clearing, off-balance sheet transactions, and purchase, sale and leases of property. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(59) Related party relationships and transactions (Continued)

(c) Transactions with related parties(Continued):

(II) The balances with related parties as at the balance sheet date are set out as follows:

The Group

	31 December 2022	31 December 2021
Trade and other receivables	25,781,211	22,441,369
Loans and advances to customers and other parties	41,784,479	49,924,927
Cash and deposits	36,126,171	36,775,130
Investments in financial assets - Financial assets held for trading	4,495,406	2,295,586
Derivative financial instruments and other assets	1,521,508	1,197,790
Trade and other payables	34,134,938	27,895,671
Deposits from customers, banks and non- bank institutions	57,085,785	99,361,694
Derivative financial instruments and other liabilities	946,461	1,065,476
Bank and other loans	5,558,720	5,002,918
<b>Off-balance sheet items</b>		
Guarantees provided	1,315,441	1,261,171

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**6 Notes to the Consolidated Financial Statements (Continued)**

(59) Related party relationships and transactions (Continued)

(c) Transactions with related parties(Continued):

(II) The balances with related parties as at the balance sheet date are set out as follows:

The Company

	31 December 2022	31 December 2021
Trade and other receivables	28,745,890	26,499,277
Loans and advances to customers and other parties	5,393,401	1,210,692
Cash and deposits	2,437,791	18,542
Financial assets held for trading	-	28,077,338
Trade and other payables	29,829,776	23,578,261
Debt instruments issued	1,888,134	3,347,081
Guarantees provided	1,000,000	1,000,000

Note:

- (i) The above transactions with related party transactions which were conducted under the normal commercial terms.
- (ii) Interest rates of loans and advances to customers and other parties to the related parties were determined at rates negotiated between the Group and the corresponding related parties on a case by case basis.
- (iii) The guarantees provided by the Group to the related parties were based on the terms agreed between the Group and the related parties on a case by case basis.
- (iv) As of December 31, 2022, the balance of cash and deposit funds deposited by the Company in the account of CITIC Finance Co., LTD was RMB 1.789 billion, which can be withdrawn without restriction.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(59) Related party relationships and transactions (Continued)

(c) Transactions with related parties(Continued):

(III) Relationships with the related parties under the transactions stated in 6(59)(c)(I) and 6(59)(c) (II) above

Company Name	Relationship with the Group
CITIC Group	Ultimate holding company
CITIC Limited	Parent company
CITIC Pacific Special Steel Co., Ltd.	Controlled by the parent company
CITIC Pacific Mining Management Pty Ltd.	Controlled by the parent company
Castle Metro Limited	Controlled by the parent company
CITIC Polaris Limited	Controlled by the ultimate holding company
CITIC Asset Management Co., Ltd.	Controlled by the ultimate holding company
CITIC-Prudential Life Insurance Co., Ltd.	Joint venture
China Overseas	Significantly influenced by the Group's parent company
Guangdong Honglianjiuwu Information Industry Co., Ltd.	CITIC Group's associates

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**6 Notes to the Consolidated Financial Statements (Continued)**

(60) Structured entities

(a) Structured entities in which the Group holds an interest

The Group holds an interest in some structured entities through investments in debt securities issued by these structured entities. Such structured entities include wealth management products, investment management products, trust investment plans, asset-backed securities and investment funds and the Group does not consolidate these structured entities.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at the balance sheet date in the structured entities, as well as an analysis of the line items in the balance sheet in which the relevant assets are recognised:

Carrying amount	As at 31 December 2022				Maximum loss exposure
	Investments in financial assets			Total	
	Financial assets held for trading	Bond investments	Other bond investments		
Wealth management products	1,553,504	-	-	1,553,504	1,553,504
Investment management products managed by securities companies	10,711,868	39,627,749	-	50,339,617	50,339,617
Trust investment plans	5,346,597	226,256,820	-	231,603,417	231,603,417
Asset-backed securities	1,434,803	252,525,156	44,697,456	298,657,415	298,657,415
Investment funds	458,328,784	-	-	458,328,784	458,328,784
	<u>477,375,556</u>	<u>518,409,725</u>	<u>44,697,456</u>	<u>1,040,482,737</u>	<u>1,040,482,737</u>

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**6 Notes to the Consolidated Financial Statements (Continued)**

(60) Structured entities (Continued)

(a) Structured entities in which the Group holds an interest (Continued)

Carrying amount	Investments in financial assets			Total	Maximum loss exposure
	Financial assets held for trading	Bond investments	Other bond investments		
Wealth management products	2,046,484	-	-	2,046,484	2,046,484
Investment management products managed by securities companies	9,103,303	50,413,311	24,456	59,541,070	59,541,070
Trust investment plans	3,740,303	237,810,557	-	241,550,860	241,550,860
Asset-backed securities	5,727,243	261,418,304	94,085,706	361,231,253	361,231,253
Investment funds	419,468,063	-	-	419,468,063	419,468,063
	<u>440,085,396</u>	<u>549,642,172</u>	<u>94,110,162</u>	<u>1,083,837,730</u>	<u>1,083,837,730</u>

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (60) Structured entities (Continued)

- (b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest

The investments issued by unconsolidated structured entities sponsored by the Group are primarily wealth management products, trust plans, investment funds and SMAs without principal and/or return guarantee. The nature and purpose of these structured entities are for the Group to generate fees from managing assets on behalf of investors. These structured entities are financed through issuance of products to investors. Interest held by the Group includes fees charged by providing management services and investment made by the Group.

Wealth management products, trust plans, investment funds and wealth management products

As at 31 December 2022, the aggregate amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and trust plans which are sponsored by the Group was RMB 6,397,450 million (31 December 2021: RMB 2,429,222 million).

During the year ended 31 December 2022, there was no placements and financial assets held under resale agreements from the Group with these wealth management sponsored by the Group (31 December 2021: RMB 20,000 million; maximum exposure in 2021: RMB 59,450 million).

During the year ended 31 December 2022, the amount of fee and commission income recognised from the abovementioned structured entities sponsored by the Group was RMB 18,741 million (2021: RMB 12,944 million); interest income of RMB 72 million (2021: RMB 917 million). The amount of interest expenses was RMB 0 million (2021: RMB 568 million).

In order to achieve a smooth transition and steady development of the wealth management business, in 2022, in accordance with the requirements of the “Guiding Opinions on Regulating the Asset Management Business of Financial Institutions”, the Group continue to promote net-value-based reporting of its asset management products and dispose of existing portfolios.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (60) Structured entities (Continued)

##### (c) Transfers of financial assets

The Group entered into transactions which involved securitisation transactions and transfers of non-performing financial assets.

These transactions were entered into in the normal course of business by which recognised financial assets were transferred to third parties or structured entities. Transfers of assets may give rise to full or partial de-recognition of the financial assets concerned. On the other hand, where transferred assets do not qualify for de-recognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Details of the financial assets sold under repurchase agreements are set forth in Note 6(27). Details of securitisation transactions and non-performing financial assets transfer transactions conducted by the Group for the year ended 31 December 2022 totalling RMB 34,212 million (year ended 31 December 2021: RMB 54,188 million) are set forth below.

##### Securitisation transactions

The Group enters into securitisation transactions by which it transfers loans to structured entities which issue asset-backed securities to investors. The Group assessed among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished its controls over these assets based on the criteria as detailed in Note 3(12)(a)(iii) and Note 3(28)(i).

In 2022, the original book value of financial assets transferred by the Group through asset securitization transactions was RMB 14,994 million (2021:RMB 47,607 million), which met the conditions for complete derecognition (2021: RMB 37,807 million for the original book value of credit asset transfer, and RMB 3,470 million for the recognition of continued assets and liabilities).

##### Transfer of loans and other financial assets

In 2022, the Group transferred loans and other financial assets by other means with the original book value of RMB 19,218 million (2021: RMB 6,581 million), including RMB 5,628 million of non-performing loans and RMB 13,590 million of non-performing structured investments. The Group assesses the transfer of risks and rewards through Note 3(12)(a)(iii) and Note 3(28)(i) and believes that the above financial assets meet the conditions for complete derecognition.

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6 Notes to the Consolidated Financial Statements (Continued)

##### (61) Major business combinations

##### (a) Combination of CITIC Securities

The Group holds 15.52% shareholding interest of CITIC Securities, which was originally an associate of the Group. On 13 April 2022, CITIC Securities issued a resolution announcement of the interim shareholders' meeting, which approved the restructuring of the Board of Directors of CITIC Securities. The majority of the members of the Board of Directors of CITIC Securities after the restructuring were nominated by the Group. Taking into account other relevant factors, the Group consolidated CITIC Securities as business combinations achieved in stages.

The investment in CITIC Securities held by the Group were treated as a deemed disposal at the combination date (13 April 2022), resulting in a deemed disposal gain of RMB 12,636 million (Note 47). Among them, the investment in CITIC Securities held by the Group before the combination date involves other comprehensive income of RMB 183 million and capital reserve of RMB 1,634 million under the equity method to turn into current profit and loss.

The consideration paid for the acquisition and the fair value of identifiable assets, liabilities and non-controlling interests acquired at the combination date are summarised as follows:

Cost of combination:

Fair value of equity investments held prior to the combination date as at the combination date	47,602,757
Less: Fair value of the share of identifiable net assets acquired from CITIC Securities	<u>(35,794,823)</u>
Goodwill	<u>11,807,934</u>

**CITIC CORPORATION LIMITED**

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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**6 Notes to the Consolidated Financial Statements (Continued)**

(61) Major business combinations (Continued)

(a) Combination of CITIC Securities (Continued)

The carrying amount, fair value and acquisition-related cash flows of CITIC Securities as at the combination date are as follows:

	Fair value Combination date	Carrying amount	
		Combination date	31 December 2021
Cash and deposits	392,372,484	392,372,484	279,551,391
Settlement reserve	41,518,003	41,518,003	40,518,222
Margin accounts	112,701,649	112,701,649	129,119,054
Derivative financial instruments	32,746,819	32,746,819	31,000,576
Refundable deposits	63,387,328	63,387,328	55,183,604
Trade and other receivables	11,664,184	11,664,184	34,693,841
Financial assets held under resale agreements	24,547,824	24,547,824	46,393,304
Investments in financial assets	571,406,906	571,406,906	614,590,501
Long-term equity investments	14,516,833	9,061,877	9,127,984
Fixed assets	7,373,427	6,538,394	6,621,836
Right-of-use assets	1,888,889	1,888,889	1,893,724
Investment properties	1,477,816	943,600	956,861
Construction in progress	1,332,009	1,332,009	1,178,524
Intangible assets	8,327,463	3,493,285	3,592,201
Deferred tax assets	8,563,777	8,563,777	9,492,914
Other assets	6,522,420	6,522,420	6,074,265
Placements from banks and non-bank financial institutions	26,743,600	26,743,600	50,683,601
Derivative financial instruments	22,615,292	22,615,292	34,117,766
Financial liabilities held for trading	59,123,461	59,123,461	75,643,596
Bank and other loans	6,903,730	6,903,730	7,719,853
Lease liabilities	1,880,643	1,880,643	1,884,935
Financial assets sold under repurchase agreements	242,457,504	242,457,504	235,286,476
Customer brokerage deposits	272,827,967	272,827,967	251,164,466
Trade and other payables	191,284,986	191,284,986	175,904,692
Debt instruments issued	185,310,937	185,310,937	196,033,443
Provisions	888,721	888,721	954,228
Employee benefits payables	20,090,431	20,090,431	18,944,850
Deferred tax liabilities	5,748,887	2,834,291	3,188,308
Other liabilities	15,659,068	15,659,068	13,330,776
Net assets of CITIC Securities	248,812,604	240,068,817	205,131,812
Less: Non-controlling interests	(213,017,781)		
Fair value of the share of identifiable net assets acquired from CITIC Securities	<u>35,794,823</u>		

## CITIC CORPORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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#### 6 Notes to the Consolidated Financial Statements (Continued)

(61) Major business combinations (Continued)

(a) Combination of CITIC Securities (Continued)

Net cash received from acquisitions:

Total consideration paid in cash	-
Add: Cash and cash equivalents received from acquired subsidiary	426,340,682
Net cash received from acquisitions for the year	<u>426,340,682</u>

The operating income, net profit and cash flows of CITIC Securities during the period from 13 April 2022 to 31 December 2022 are as follows:

Operating income	49,640,258
Net profit	16,749,812
Cash flows from operating activities	(13,736,318)
Net cash flows	(77,389,140)

The fair value of the assets and liabilities of CITIC Securities at the combination date are determined by the Group using valuation techniques. The valuation method and critical assumptions applied are as follows:

Fixed assets and investment properties are mainly buildings, which mainly adopt the market method. The market method is to estimate the objective and reasonable price or value of the appraisal object by comparing the appraisal object with the similar real estate that has been traded around the appraisal base date, and making appropriate corrections to the known price of the similar real estate.

Intangible assets are mainly land use rights, and land use rights mainly adopt land datum value method, which uses the datum value, determines the corresponding correction factor on the basis of comparing the transaction situation, transaction period and other factors of the appraisal object with the conditions of the land with government announced prices, and uses the correction factor to correct the datum value, so as to obtain the price of the appraisal object at the appraisal time point.

Long-term equity investment refers to the investment in joint ventures. For the long-term equity investment generated by holding the outstanding shares of the listed company, the evaluation value shall be determined by multiplying the closing price on the appraisal base date by the number of shares held.

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**6 Notes to the Consolidated Financial Statements (Continued)**

(61) Major business combinations (Continued)

(b) Combination of the trust plan and Shenzhen Chengkai Xinyin Investment Co., Ltd.

On 21 June 2022, subsidiaries of the Group entered into an agreement with Kaisa Group (Shenzhen) Co., Ltd. (“Kaisa”) to restructure certain projects (“underlying projects”) originally held by Kaisa through a trust plan, after which the interests of the underlying projects enjoyed by the Group and Kaisa was held by Shenzhen Chengkai Xinyin Investment Co., Ltd. (“Chengkai Xinyin”), which was wholly owned by the trust plan. The Group and Kaisa hold the corresponding interests of the trust plan. In accordance with the provisions of the agreement, the Group nominated a majority of members in the decision-making departments of the trust plan and Chengkai Xinyin, and has variable returns. Therefore, the Group obtained control over the trust plan and Chengkai Xinyin, and included them in the scope of the consolidated financial statements.

The consideration paid for this business combination and the identifiable fair value of assets, liabilities and non-controlling interests acquired at the combination date (21 June 2022), adjusted based on subsequent evaluation results, are summarised as follows:

Cost of combination:

Fair value of equity in Underlying Projects at the combination  
date

15,653,321

**CITIC CORPORATION LIMITED**

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**6 Notes to the Consolidated Financial Statements (Continued)**

(61) Major business combinations (Continued)

(b) Combination of the trust plan and Shenzhen Chengkai Xinyin Investment Co., Ltd. (Continued)

The carrying amount, fair value and acquisition-related cash flows of the trust plan and Chengkai Xinyin as at the combination date are as follows:

	Fair value Combination date	Carrying amount	
		Combination date	31 December 2021
Cash and deposits	57,448	57,448	92,158
Trade and other receivables	10,486,302	10,486,302	10,612,549
Investments in financial assets	85,770	85,770	40
Inventories	1,643,823	1,100,815	1,272,911
Long-term equity investments	6,586,440	455,236	454,807
Right-of-use assets	89,987	73,409	79,231
Fixed assets	878,572	385,382	525,411
Intangible assets	96,295	42	4,243
Other assets	206,413	36,439	131,999
Trade and other payables	1,292,057	1,292,057	1,842,196
Employee benefits payables	16,364	16,364	19,980
Deferred tax liabilities	329,751	-	-
Bank and other loans	299,986	299,986	203,766
Debt instruments issued	-	-	231,787
Lease liabilities	39,782	39,782	35,095
Other liabilities	78,234	78,234	136,053
Net assets of the trust plan and Chengkai Xinyin	18,074,876	10,954,420	10,704,472
Less: Non-controlling interests	(2,421,555)		
Fair value of the share of identifiable net assets acquired	<u>15,653,321</u>		

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**6 Notes to the Consolidated Financial Statements (Continued)**

(61) Major business combinations (Continued)

(b) Combination of the trust plan and Shenzhen Chengkai Xinyin Investment Co., Ltd. (Continued)

Net cash received from acquisitions:

Total consideration paid in cash	-
Add: Cash and cash equivalents received from acquired subsidiaries	57,448
Net cash received from acquisitions for the year	<u>57,448</u>

The fair value of the assets and liabilities of the trust plan and Chengkai Xinyin at the combination date are determined by the Group using valuation techniques. The valuation method and critical assumptions applied are as follows:

The inventory are mainly residential buildings, apartments and hotels, which mainly adopt the hypothetical development method. The hypothetical development method begins with the post-completion value of the target project under the premise that the development is completed and can be used for external sales, and then deducts the renewal construction cost, financial cost and other necessary costs that need to be invested in the project to form the cash flow of the target project from the appraisal base date to the expiration date of land use right. Then use the appropriate discount rate to discount the cash flow to the appraisal base date, so as to estimate the market value of the target project under the current situation on the appraisal base date.

Long-term equity investment is mainly the equity investment of the project company. It mainly adopts the asset-based method to evaluate the value of all assets and liabilities on and off the balance sheet item by item based on the balance sheet of the investee enterprise on the appraisal base date, and determine the total equity value of shareholders of the investee enterprise by the net amount of assets minus liabilities.

(62) Major transactions with non-controlling interests

In 2022, the Group has no material transactions with minority shareholders' equity.