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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

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 INCOME 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>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.

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 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.

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 INCOME 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>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  
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  
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>              |          | 1,188,644,431   | 776,318,182   |
| 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>             |          | (1,033,068,980) | (851,769,076) |
| <b>Net cash flows from operating activities</b>                         | 6(51)(a) | 155,575,451     | (75,450,894)  |

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>   |          | 3,031,514,934   | 3,147,884,677   |
| 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>  |          | (2,723,560,406) | (3,351,208,064) |
| <b>Net cash flows from investing activities</b>  |          | 307,954,528     | (203,323,387)   |
| <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>   |          | 958,349,062     | 976,576,857     |
| 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>  |          | (1,056,322,876) | (769,255,416)   |
| <b>Net cash flows from financing activities</b>  |          | (97,973,814)    | 207,321,441     |
| <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) | 375,978,926     | (76,397,108)    |
| 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) | 651,520,822     | 275,541,896     |

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 realizable 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)  
[English translation for reference only]

#### **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.

## 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)

##### (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.

## 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)

##### (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.

## **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)**

##### **(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 leasees, 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.

## **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)**

##### **(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.

**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)**

**(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.

## 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)

##### (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.

## 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)

##### (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

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

#### **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.

## 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)

##### (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.

## 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)**

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

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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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#### **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.

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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)

#### (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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#### 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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#### **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

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

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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.

# 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)

#### (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.

## 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

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).

**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)

(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.

## **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)**

##### **(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.

# 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)

##### (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.



## 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)

##### (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)  
[English translation for reference only]

#### **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

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

#### 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)

[English translation for reference only]

## 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                  | Resources 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

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

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

[English translation for reference only]

## 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:

|                                      | CITIC Bank             |                 | CITIC Heavy Industries |              | CITIC Resources |             | CITIC Dicastal |              | CITIC Securities   |
|--------------------------------------|------------------------|-----------------|------------------------|--------------|-----------------|-------------|----------------|--------------|--|
|                                      | 2022                   | 2021            | 2022                   | 2021         | 2022            | 2021        | 2022           | 2021         | 31 December<br>2022/Combina-<br>tion date to 31<br>December 2022<br>Hong Kong,<br>Shanghai |
| Listed in                            | 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)   |

**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]

**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   | 84,270,919         | 115,499,625        |
|   | <u>860,726,120</u> | <u>570,236,275</u> |
| Accrued interest  | 2,023,621          | 1,098,477          |
|   | <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)) | (98,211)           | (145,337)          |
|   | <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 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  
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[English translation for reference only]**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> |

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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 ).

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**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>  |

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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 | 386,765          | 185,500          |
|                             | <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<br>loss rate | Gross carrying<br>amount | Loss allowance<br>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<br>loss rate | Gross carrying<br>amount | Loss allowance<br>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>          |

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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                       | <u>37,715,963</u>  | <u>31,562,180</u>  |
|                                       | <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)) | (41,863)          | (9,632)           |
| Total contract assets                                    | <u>19,228,510</u> | <u>10,666,563</u> |
| Advances from customers for contract work                | 19,507,583        | 16,345,284        |
| Total contract liabilities                               | <u>19,507,583</u> | <u>16,345,284</u> |

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

|                      | As at 31 December 2022    |                       |                          |
|----------------------|---------------------------|-----------------------|--------------------------|
|                      | Expected credit loss rate | Gross carrying amount | Loss allowance provision |
| Impairment allowance | 0.22%                     | <u>19,270,373</u>     | <u>(41,863)</u>          |
|                      | As at 31 December 2021    |                       |                          |
|                      | 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<br>31 December 2022 | During the year ended<br>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<br>beginning of<br>2022 | Business<br>combinations | Additions         | Reductions          | Exchange<br>differences and<br>others | Balance at the<br>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<br>decline in value<br>of inventories<br>(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<br>beginning of 2021 | Additions         | Reductions          | Exchange<br>differences and<br>others | Balance at the<br>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<br>value of inventories<br>(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).

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**NOTES TO THE FINANCIAL STATEMENTS**

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

[English translation for reference only]

**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<br>beginning of<br>2022 | Charge for the<br>year | Written back    |                  | Exchange<br>differences and<br>others | Balance at the<br>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<br>beginning of<br>2021 | Charge for the<br>year | Written back    |                 | Exchange<br>differences and<br>others | Balance at the<br>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>                |

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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)****(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                                    | 99,612            | 12,385            |
|   | <u>45,713,324</u> | <u>91,803,968</u> |
| Less: allowance for impairment<br>losses(Note6(21)) | (222)             | (46,782)          |
|   | <u>45,713,102</u> | <u>91,757,186</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)**

(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  | <u>17,385,006</u>    | <u>13,496,538</u>    |
|   | <u>4,630,774,488</u> | <u>4,402,080,248</u> |
| Less: allowance for impairment losses<br>(Note 6(21))                                       | <u>(137,747,446)</u> | <u>(126,379,348)</u> |
| 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   | <u>3,881,158</u>     | <u>-</u>             |
| <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<br>(Note 6(21)) | <u>(628,685)</u>     | <u>(748,686)</u>     |



**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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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)**

(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                                      | (275,920)        | (332,263)        |
|  | <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 |                     |                     |                      |   |
|---|------------------------|---------------------|---------------------|----------------------|---|
|   | Stage 1                | Stage 2             | Stage 3 (note)      | Total                | Gross loans and advances at Stage 3 as a percentage of gross total loans and advances |
| 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>     |   |

**CITIC CORPORATION LIMITED**

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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 |                   |                   |                      |   |
|---|------------------------|-------------------|-------------------|----------------------|---|
|   | Stage 1                | Stage 2           | Stage 3 (note)    | Total                | Gross loans and advances at Stage 3 as a percentage of gross total loans and advances |
| 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   | (51,504,772)           | (25,866,368)      | (49,008,208)      | (126,379,348)        |   |
| 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> |

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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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)**

(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.

**CITIC CORPORATION LIMITED**

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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.

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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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   | <u>10,495,369</u>    | <u>10,459,052</u>    |
|  | <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   | <u>6,462,882</u>     | <u>4,879,827</u>     |
|  | <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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(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)

(a) Analysed by types (Continued)

Notes:

(i) Other bond investments and other equity instruments investments

|   | As at 31 December 2022 |                    |                    |
|---|------------------------|--------------------|--------------------|
|   | Equity<br>instruments  | Debt instruments   | Total              |
| Cost/amortised cost                             | 9,113,393              | 873,432,997        | 882,546,390        |
| Accumulative fair value<br>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<br>losses (Note 6(21)) | <u>N/A</u>             | <u>(3,069,947)</u> | <u>(3,069,947)</u> |
|   | As at 31 December 2021 |                    |                    |
|   | Equity<br>instruments  | Debt instruments   | Total              |
| Cost/amortised cost                             | 8,680,837              | 640,409,009        | 649,089,846        |
| Accumulative fair value<br>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<br>losses (Note 6(21)) | <u>N/A</u>             | <u>(2,386,857)</u> | <u>(2,386,857)</u> |

The company

31 December 2022

31 December 2021

**Financial assets held for  
trading**

|                        |                  |                   |
|------------------------|------------------|-------------------|
| 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**

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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)**

(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  
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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)****(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**

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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)**

(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  | (3,517,450)            | (1,433,807) | (26,618,655) | (31,569,912)  |
| Carrying amount of bond investments  | 1,090,104,638          | 3,862,945   | 30,628,262   | 1,124,595,845 |
| 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  | 872,128,571            | 136,153     | 1,102,712    | 873,367,436   |
| Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised | 1,962,233,209          | 3,999,098   | 31,730,974   | 1,997,963,281 |
| Allowance for impairment losses on other bond investments  | (1,555,425)            | (98,030)    | (1,416,492)  | (3,069,947)   |
|  | 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  | (6,053,090)            | (5,567,286) | (18,430,732) | (30,051,108)  |
| Carrying amount of bond investments  | 1,128,193,880          | 12,879,602  | 32,855,252   | 1,173,928,734 |
| 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  | 647,720,448            | 347,963     | 441,898      | 648,510,309   |
| Total carrying amount of investments in financial assets for which allowance for impairment losses is recognised | 1,775,914,328          | 13,227,565  | 33,297,150   | 1,822,439,043 |
| Allowance for impairment losses on other bond investments  | (975,851)              | (158,191)   | (1,252,815)  | (2,386,857)   |

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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 | 15,082,787        | -                |
|                      | <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<br>(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<br>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<br>(note (a))   | 259,271,970        | 188,382,499        |
| Investments in joint ventures<br>(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<br>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****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)****(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).

**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:

The Group

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

**NOTES TO THE FINANCIAL STATEMENTS  
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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   | 13,729,149            | 15,133,906       |
| Equity attributable to:                                |                       |                  |
| - Joint ventures' shareholders                         | 13,146,770            | 14,578,939       |
| - Non-controlling interests in joint ventures          | 582,379               | 554,967          |
| Group's share of net assets                            | 6,573,385             | 7,289,470        |
| Others   | 1,124,659             | 1,137,605        |
| Carrying amount of investments in joint ventures       | 7,698,044             | 8,427,075        |
| 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          |

**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)

(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<br>of business | Place of<br>registration | Registered principal<br>activities | Registered capital |          | Percentage of equity<br>attributable to the<br>Company |
|--|--------------------------------|--------------------------|------------------------------------|--------------------|----------|--|
|  |                                |                          |                                    | in thousands       | Currency |  |
| China Securities Co., Ltd.<br>(China Securities) | Mainland<br>China              | Mainland China           | Securities<br>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**

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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:

|  | China Securities<br>31 December 2022 |
|--|--------------------------------------|
| Total assets   | 509,955,498                          |
| Including: Cash and deposits   | 112,192,799                          |
| Total liabilities  | (416,666,817)                        |
| 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<br>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                              |

**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)**

(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                 | (457,880)        | (542,678)        |
| 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             | (2,674)          | 24               |
| Total comprehensive income/(loss)              | <u>111,440</u>   | <u>(186,121)</u> |

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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                          | 10,956,902 | 9,850,633 |

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<br>Prudential Surveyors (Hong Kong) Limited<br>Martin Reynolds AAPI MRICS<br>CHINA UNITED ASSETS APPRAISAL GROUP<br>Jones Lang LaSalle Corporate Appraisal and Advisory Limited<br>China Enterprise Appraisals Co., Ltd<br>Centaline Surveyors Limited<br>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.<br>Prudential Surveyors (Hong Kong) Limited<br>CHINA UNITED ASSETS APPRAISAL GROUP<br>Jones Lang LaSalle Corporate Appraisal and Advisory Limited<br>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).

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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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)**

**(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> |

**CITIC CORPORATION LIMITED**

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

(15) Fixed assets (Continued)

The Group (Continued)

|   | Plant &<br>buildings | Machinery<br>&<br>equipment | Office &<br>other<br>equipment | Motor<br>vehicles | Others           | Total              |
|---|----------------------|-----------------------------|--------------------------------|-------------------|------------------|--------------------|
| <b>Less: Allowance for<br/>impairment Losses<br/>(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<br>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.

**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)**

(15) Fixed assets (Continued)

The Company

|                                       | Plant &<br>buildings | Office & other<br>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   |

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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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)**

(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        | 8,287,509   |
| 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        | 10,494,759  |

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

|                             |           |
|-----------------------------|-----------|
| 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 | (165,398) |
| 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 | (71,838)  |

**Net carrying amount**

|                     |            |
|---------------------|------------|
| At 31 December 2022 | 10,422,921 |
| At 31 December 2021 | 8,122,111  |



**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)**

(17) Right-of-use assets

The Group

|                                   | Plant &<br>buildings | Machinery &<br>equipment | Office & other<br>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**

**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]

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

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

The Group(Continued)

|                                   | Plant &<br>buildings | Machinery &<br>equipment | Office & other<br>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**

**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)**

(18) Intangible assets

The Group

|   | Land use<br>rights | Mining<br>assets | Franchise<br>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>  |

**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]

**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

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

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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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)**

(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>           |

**CITIC CORPORATION LIMITED**

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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 1<br>January 2021 | Credited<br>/(charged) to<br>profit or loss | Charged/<br>(credited) to<br>equity | Exchange<br>difference and<br>others | Balance at 31<br>December 2021 |
| 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<br>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>              |

**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)**

(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>         |



**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)****(20) Deferred tax assets and liabilities (Continued)**

The Group (Continued)

|   | Deferred tax liabilities     |                              |                                     |                                      |                                |
|---|------------------------------|------------------------------|-------------------------------------|--------------------------------------|--------------------------------|
|   | Balance at 1<br>January 2021 | Charged to profit<br>or loss | Credited/<br>(charged) to<br>equity | Exchange<br>difference and<br>others | Balance at 31<br>December 2021 |
| 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>             |

**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)**

**(20) Deferred tax assets and liabilities (Continued)**

The Company

|  | Deferred tax liabilities     |                              |                        | Balance at 31<br>December<br>2022 |
|--|------------------------------|------------------------------|------------------------|-----------------------------------|
|  | Balance at 1<br>January 2022 | Charged to<br>profit or loss | Exchange<br>difference |                                   |
| Fair value changes of<br>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<br>December<br>2021 |
|--|------------------------------|------------------------------|------------------------|-----------------------------------|
|  | Balance at 1<br>January 2021 | Charged to<br>profit or loss | Exchange<br>difference |                                   |
| Fair value changes of<br>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.

# 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)

### (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<br>January 2022 | Charge/(reversal)<br>for the year | Write-offs/transfer<br>out | Exchange<br>difference and others<br>(note(i)) | Balance at 31<br>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>             |

# 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)

### (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<br>January 2021 | Charge/(reversal)<br>for the year | Write-offs/transfer<br>out | Exchange difference<br>and others (note(i)) | Balance at 31<br>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> |

**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)****(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         | 4,527,898         | 3,483,724        |
|   | <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         | 8,738,800         | -                |
|   | <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> | <u>-</u>         |
| Overseas:                  | <u>26,393,460</u>  | <u>-</u>         |
| Total                      | <u>279,246,863</u> | <u>-</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> |



**CITIC CORPORATION LIMITED**

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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> |

**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)****(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> |

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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<br>(note (a))                        | 48,737,652        | 25,537,225        |
| Post-employment benefits-Defined<br>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> |

**CITIC CORPORATION LIMITED**

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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<br>January 2022 | Accrued           | Paid                | Business<br>combinations | Balance at 31<br>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'<br>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>              |

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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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<br>January 2021 | Accrued           | Paid                | Balance at 31<br>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>              |

**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]

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

(29) Employee benefits payable (Continued)

(b) Post-employment benefits – defined contribution plans

|  | Balance at 1<br>January 2022 | Accrued          | Paid               | Business<br>combinations | Balance at 31<br>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<br>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<br>January 2021 | Accrued          | Paid               | Balance at 31<br>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  | <u>7,219</u>     | <u>3,700</u>     |
|                   | <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 | <u>3,340,443</u>  | <u>4,570,466</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 |
|------------------|------------------|------------------|
| RMB              | 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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(All amounts in thousands of Renminbi Yuan unless otherwise stated)  
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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> |

**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]**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> |

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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)****(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****NOTES TO THE FINANCIAL STATEMENTS  
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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     | <u>9,413,179</u>       | <u>6,367,206</u>       |
|                 | <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          | <u>3,342,718</u>       | <u>1,986,863</u>       |
|                      | <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<br>December<br>2021 | Charge for the<br>year | Payments<br>during the<br>year | Reversal            | Exchange<br>difference | Balance at 31<br>December<br>2022 |
|--|-----------------------------------|------------------------|--------------------------------|---------------------|------------------------|-----------------------------------|
| Environment restoration expenditures   | 505,667                           | 67,857                 | -                              | -                   | 1,747                  | 575,271                           |
| Impairment loss of credit commitments<br>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<br>December<br>2020 | Charge for the<br>year | Payments<br>during the<br>year | Reversal            | Exchange<br>difference | Balance at 31<br>December<br>2021 |
| Environment restoration expenditures   | 396,283                           | 138,264                | -                              | -                   | (28,880)               | 505,667                           |
| Impairment loss of credit commitments<br>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<br>January 2022 | Issue of new<br>shares | Balance at 31<br>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  |  |  |   |  |   |   |             |
|---|--|--|--|---|--|---|---|-------------|
|   | 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 | Total       |
| 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  | (12,456)   | 1,352,591                                    | 1,522,909                                | 769,705   | 1,175,035  | (2,225,362)   | 420,914   | 3,003,336   |
| 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  | (1,933,288)  | (3,861,543)                                  | 1,660,557                                | 765,401   | 1,179,416  | 1,785,512   | 610,705   | 206,760     |



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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<br>comprehensive income<br>of the investee<br>accounted for using<br>equity method that will<br>be reclassified to profit<br>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<br>January 2022 | Additions        | Balance at 31<br>December 2022 |
|------------------------------|----------|------------------------------|------------------|--------------------------------|
| Statutory surplus<br>reserve | 6(39)(a) | <u>12,328,674</u>            | <u>1,535,575</u> | <u>13,864,249</u>              |
|                              | Note     | Balance at 1<br>January 2021 | Additions        | Balance at 31<br>December 2021 |
| Statutory surplus<br>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<br>January 2022 | Additions        | Balance at 31<br>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<br>January 2021 | Additions        | Balance at 31<br>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).

**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)**

(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> |

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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,<br>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<br>payables                               | 3,007,675        | 3,011,275        |
| Add: interest and finance charges<br>paid/payable for lease<br>liabilities | 82,381           | 80,395           |
| Less: borrowing costs capitalised  | (236,377)        | (257,427)        |
| Net interest expenses  | <u>2,853,679</u> | <u>2,834,243</u> |
| Interest income from deposits and<br>receivables                           | (356,497)        | (910,999)        |
| Net exchange gain  | (3,020,101)      | (988,333)        |
| Other financial expenses   | 119,983          | 160,306          |
|  | <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%).

**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)**

(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> |



**CITIC CORPORATION LIMITED**

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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> |

**CITIC CORPORATION LIMITED**

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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        | (9,278,446)       | (5,572,190)       |
|                            | <u>17,347,418</u> | <u>12,019,151</u> |

The Company

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

**CITIC CORPORATION LIMITED**

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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> |

**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)**

**(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 | (183,527)  | (183,527)             | -                         |
|   | <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       | (2,862,128)  | (1,871,545)           | (990,583)                 |
|   | <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>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>(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>6,699</u>   | <u>4,381</u>          | <u>2,318</u>              |
| Exchange differences on translation of financial statements and others  | 6,578,038  | 4,010,874             | 2,567,164                 |
| <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  | (44,486)   | (25,104)              | (19,382)                  |
|   | <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>            |

**CITIC CORPORATION LIMITED**

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[English translation for reference only]

**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> |

**CITIC CORPORATION LIMITED**

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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****NOTES TO THE FINANCIAL STATEMENTS  
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[English translation for reference only]**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      |



**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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<br>financial<br>services | Advanced<br>intelligent<br>manufacturing | Advanced<br>materials | New<br>consumption | New-type<br>urbanisation | Operations<br>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<br>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<br>business(note 40) | 42,173,643                             | -  | -                     | -                  | -                        | (208,571)                | (62,346)    | 41,902,726   |
| Income/(loss) from investments in associates and<br>joint ventures  | -                                      | 45,960                                   | 375,441               | 94,890             | 119,316                  | (104,980)                | -           | 530,627      |
| Interest income from deposits and<br>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

## 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]

## 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)

|   | Comprehensiv<br>e financial<br>services | Advanced<br>intelligent<br>manufacturing | Advanced<br>materials | New<br>consumption | New-type<br>urbanisation | Operations<br>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

(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(continue):

#### 2021

|   | Comprehensive<br>financial<br>services | Advanced<br>intelligent<br>manufacturing | Advanced<br>materials | New<br>consumption | New-type<br>urbanisation | Operations<br>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<br>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<br>business(note 40) | 27,940,014                             | -  | -                     | -                  | -                        | (373,989)                | (50,294)    | 27,515,731   |
| Income/(loss) from investments in associates and<br>joint ventures  | -                                      | 25,628                                   | 445,021               | 283,631            | 365,217                  | (94,922)                 | -           | 1,024,575    |
| Interest income from deposits and<br>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   |

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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)**

(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)

|   | Comprehensiv<br>e financial<br>services | Advanced<br>intelligent<br>manufacturing | Advanced<br>materials | New<br>consumption | New-type<br>urbanisation | Operations<br>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.

**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)****(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<br>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.

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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.



## 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)

###### *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.

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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;

## 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)

##### *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.

## 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]

#### 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:

**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]**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> |

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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)****(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<br>and other parties at FVPL                                 | 3,881,158          | -                  |
| Investments in financial assets<br>- Financial assets held for trading<br>(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> |

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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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))                                      | <u>18,914,470</u>    | <u>1,909,408</u>   | <u>1,085,613</u>  | <u>21,909,491</u>    |
| 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))                                      | <u>(2,910,175)</u>   | <u>(2,092,231)</u> | <u>713,254</u>    | <u>(4,289,152)</u>   |
| 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> |

**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)**

(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        |
| Movements  |                      |                   |                   |                      |
| 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        |
| Movements  |                      |                   |                   |                      |
| 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> |



**CITIC CORPORATION LIMITED**

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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> |

**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)**

(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> |

**CITIC CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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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                               |
|  | 2,541,884,745    | 49%  | 1,118,084,659                             | 2,359,834,948    | 48%  | 1,140,621,190                             |
| 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%   | -   |
|  | 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                                    |
|  | 5,197,740,320    | 100% | 2,541,181,814                             | 4,902,278,148    | 100% | 2,507,572,626                             |

**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  
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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)****(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).

**CITIC CORPORATION LIMITED**

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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     |                 |                             |                           |                   |                 |
|---|----------------------|-----------------|-----------------------------|---------------------------|-------------------|-----------------|
|   | Non-interest bearing | Within 3 months | Between 3 months and 1 year | Between 1 year to 5 years | More than 5 years | Total           |
| 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) | 517,152,737          | (1,357,345,532) | 518,716,823                 | 815,948,975               | 350,137,689       | 844,610,692     |

  

|   | 31 December 2021     |                 |                             |                           |                   |                 |
|---|----------------------|-----------------|-----------------------------|---------------------------|-------------------|-----------------|
|   | Non-interest bearing | Within 3 months | Between 3 months and 1 year | Between 1 year to 5 years | More than 5 years | Total           |
| 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) | 413,529,370          | (986,851,144)   | 529,707,264                 | 353,593,172               | 281,928,051       | 591,906,713     |

(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  |                         | 858,168,842           |                         | 451,786,405          |
|   |                         | <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   | (8,239,556,396)    | (489,277,921)     | (185,906,631)     | (38,869,351)      | (8,953,610,299)    |
| 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   | (6,990,578,069)    | (310,216,233)     | (153,534,342)     | (32,049,159)      | (7,486,377,803)    |
| 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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## 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)

##### (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           | (3,533,900,749)     | (2,307,241,658) | (1,885,933,436)            | (1,080,237,474)            | (125,004,509)     | (21,292,473)                   | (8,953,610,299) |
| Financial asset-liability surplus/gap | (2,908,077,190)     | (861,315,969)   | 125,620,218                | 1,223,787,384              | 2,059,877,485     | 1,204,718,764                  | 844,610,692     |

  

|                                       | 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           | (3,171,125,848)     | (1,427,914,933) | (1,939,547,823)            | (804,824,337)              | (112,281,867)     | (30,682,995)                   | (7,486,377,803) |
| Financial asset-liability surplus/gap | (2,901,368,111)     | (48,247,946)    | (441,348,696)              | 1,035,669,997              | 2,082,230,858     | 864,970,611                    | 591,906,713     |

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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<br>1 and 5 years | More than<br>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<br>commitments | 704,267,684          | -                        | -                    | 704,267,684          |
| Total                      | <u>1,905,970,489</u> | <u>85,174,042</u>        | <u>24,371,426</u>    | <u>2,015,515,957</u> |

  

|                            | 31 December 2021     |                          |                      | Total                |
|----------------------------|----------------------|--------------------------|----------------------|----------------------|
|                            | Within 1 year        | Between<br>1 and 5 years | More than<br>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<br>commitments | 702,361,060          | 6,007,058                | 372,654              | 708,740,772          |
| Total                      | <u>1,670,295,260</u> | <u>73,130,400</u>        | <u>32,348,270</u>    | <u>1,775,773,930</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)

- (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<br>fair value<br>measurements | Level 2<br>fair value<br>measurements | Level 3<br>fair value<br>measurements |
|--|----------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Recurring fair value<br/>measurements assets</b>              |                      |                                       |                                       |                                       |
| Bills receivables at FVOCI                                       | 1,160,030            | -                                     | 1,160,030                             | -                                     |
| Loans and advances to<br>customers and other parties<br>at FVOCI | 563,084,674          | -                                     | 563,084,674                           | -                                     |
| Loans and advances to<br>customers and other parties<br>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<br>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<br>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<br>fair value<br>measurements | Level 2<br>fair value<br>measurements | Level 3<br>fair value<br>measurements |
| <b>Recurring fair value<br/>measurements assets</b>              |                      |                                       |                                       |                                       |
| Bills receivables at FVOCI                                       | 350,812              | -                                     | 350,812                               | -                                     |
| Loans and advances to<br>customers and other parties<br>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  | <u>9,850,633</u>     | <u>-</u>                              | <u>-</u>                              | <u>9,850,633</u>                      |
| Total assets measured at fair<br>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<br>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>-</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> |

**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)**

(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)   |

**CITIC CORPORATION LIMITED**

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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                               | <u>6,055,140</u>     | <u>6,055,117</u>     | <u>6,055,117</u>   | <u>-</u>           | <u>-</u>           |
|   | <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>  |

**CITIC CORPORATION LIMITED**

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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                                 | <u>1,173,928,734</u> | <u>1,122,461,812</u> | <u>8,228,331</u> | <u>849,698,317</u> | <u>264,535,164</u> |
| 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                       | <u>13,610,726</u>    | <u>16,799,244</u>    | <u>-</u>         | <u>-</u>           | <u>16,799,244</u>  |
|   | <u>970,326,926</u>   | <u>970,629,558</u>   | <u>9,275,315</u> | <u>943,330,483</u> | <u>18,023,760</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)**

##### **(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****NOTES TO THE FINANCIAL STATEMENTS  
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[English translation for reference only]**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 | 41,641,503       | 39,748,266       |
|  | 57,960,941       | 53,472,987       |
| 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                      | 704,267,684      | 708,740,772      |
|  | 2,015,515,957    | 1,775,773,930    |

**Credit commitments analysed by credit risk weighted amount**

|   | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Credit risk weighted amount on credit commitments | 541,153,120      | 471,734,386      |

**The company**

|            | 31 December 2022 | 31 December 2021 |
|------------|------------------|------------------|
| Guarantees | 4,364,325        | 4,490,526        |

**CITIC CORPORATION LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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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.

**CITIC CORPORATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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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)****(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.

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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<br>HKD'000 | Shareholding<br>percentage | Proportion of<br>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<br>receivables | 29,970    | 38,992    |
| Business and administrative<br>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<br>and other parties                   | 41,784,479       | 49,924,927       |
| Cash and deposits  | 36,126,171       | 36,775,130       |
| Investments in financial assets<br>- Financial assets held for trading | 4,495,406        | 2,295,586        |
| Derivative financial instruments and<br>other assets                   | 1,521,508        | 1,197,790        |
| Trade and other payables   | 34,134,938       | 27,895,671       |
| Deposits from customers, banks and<br>non- bank institutions           | 57,085,785       | 99,361,694       |
| Derivative financial instruments and<br>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<br>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                               |

**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****(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:

|  | As at 31 December 2022            |                  |                        |               |                       |
|--|-----------------------------------|------------------|------------------------|---------------|-----------------------|
|  | Investments in financial assets   |                  |                        |               |                       |
| Carrying amount  | Financial assets held for trading | Bond investments | Other bond investments | Total         | Maximum loss exposure |
| 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           |
|  | 477,375,556                       | 518,409,725      | 44,697,456             | 1,040,482,737 | 1,040,482,737         |

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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)

|  | As at 31 December 2021            |                  |                        |               |                       |
|--|-----------------------------------|------------------|------------------------|---------------|-----------------------|
|  | Investments in financial assets   |                  |                        |               |                       |
| Carrying amount  | Financial assets held for trading | Bond investments | Other bond investments | Total         | Maximum loss exposure |
| 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           |
|  | 440,085,396                       | 549,642,172      | 94,110,162             | 1,083,837,730 | 1,083,837,730         |



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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

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

(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

##### (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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**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<br>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                 | 426,340,682 |

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****NOTES TO THE FINANCIAL STATEMENTS  
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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)****(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<br>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<br>and Chengkai Xinyin               | 18,074,876                     | 10,954,420       | 10,704,472       |
| Less: Non-controlling<br>interests                                | (2,421,555)                    |                  |                  |
| Fair value of the share of<br>identifiable net assets<br>acquired | 15,653,321                     |                  |                  |

## 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)

##### (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.