

FINANCIAL SERVICES



Our financial business, which spans the banking, trust, insurance and securities sectors, offers customers a full spectrum of integrated financial solutions.

Major subsidiaries:



CITIC Bank is a fast-growing commercial bank providing corporate banking, retail banking and financial markets services.



CITIC Trust is a leading trust company in China comprising a trust business, a specialised subsidiary business and a proprietary business.



CITIC-Prudential is a joint venture between CITIC Corporation and Prudential, which provides life, health and accident insurance, as well as other reinsurance services.



CITIC Securities is a leading securities company in China with business interests in investment banking, brokerage, securities trading, and asset management.

HK\$ million	2018	2017	Change
Revenue	202,949	190,028	7%
Profit attributable to ordinary shareholders	41,704	39,506	6%
Total assets	7,067,565	6,925,076	2%
Capital expenditure	7,651	14,880	(49%)

In 2018, CITIC Limited's financial services business recorded revenue of HK\$202.9 billion, an increase of 7% from the year before. Profit attributable to ordinary shareholders increased by 6% to HK\$41.7 billion.

CITIC Bank's profit grew by 5%, while the Insurance business achieved a steady growth of 5% in profit as it continued to optimise the business structure. In the year's sluggish capital market, profit from CITIC Securities decreased by 18%. Profit from the Trust business declined by 6%, mainly due to a lower investment gain, although its fee income recorded satisfactory performance.

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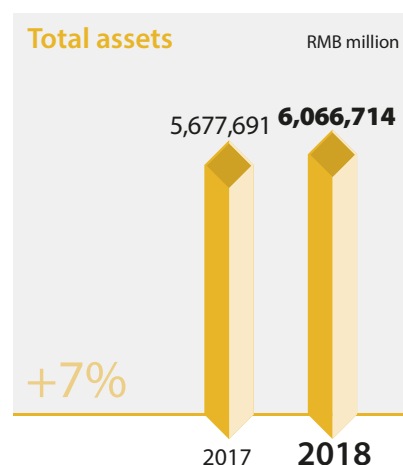
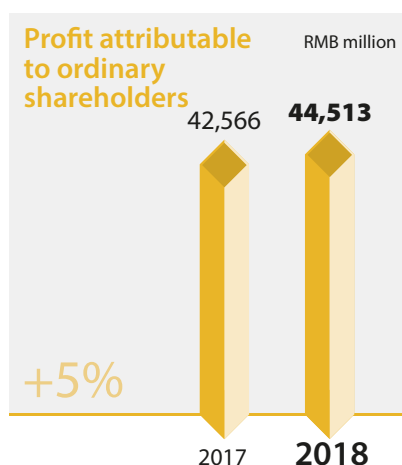
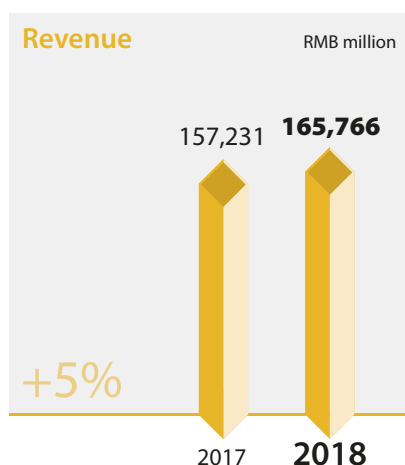
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CITIC Bank

CITIC Bank is a joint-stock commercial bank in China engaged in corporate banking, retail banking and financial markets services.

Year in review

In 2018, CITIC Bank maintained stable growth to achieve the balanced development of earnings, quality and scale. Total revenue recorded RMB165.8 billion, a year-on-year increase of 5%. Profit attributable to ordinary shareholders grew by 5% to RMB44.5 billion. Net interest income was up 5%, resuming the growth momentum, mainly due to the growing loan balance and wider NIM. Non-interest income retained the steady growth of 6% YoY and its contribution maintained a stable level of 37%.



Asset and liability management

CITIC Bank's total assets steadily picked up the growth momentum with a full year increase of 7% for 2018. For the asset allocation, the bank placed more resources to credit business. The total loans increased by 13% year-to-date and its proportion of total assets rose from 56% at the end of 2017 to 59% at the end of 2018. On the liability side, total deposits increased by 6% for 2018 while the interbank deposits and placements reduced by 2%. Our capital strength is improving gradually. Our capital adequacy ratio and core tier-1 capital adequacy ratio increased by 82 bps and 13 bps to 12.47% and 8.62% respectively at the end of 2018. RMB50 billion of tier 2 capital bonds have been issued in 2018 while the issuance of RMB40 billion convertible bonds has been completed in March 2019 to further replenish the capital.

TOTAL LOANS

+13%





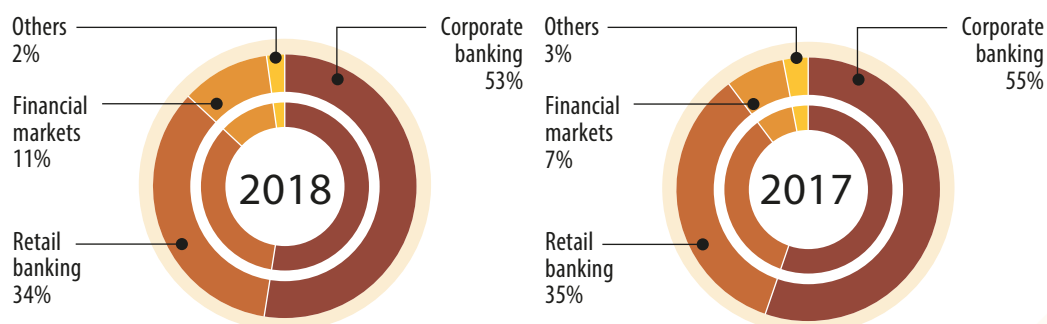
Risk management

Asset quality is facing the pressure as NPL ratio increased by 9bps to 1.77% at the end of 2018. CITIC Bank is continuously increasing the disposal and write-off of non-performing assets. Meanwhile, through debt equity swaps and asset securitisation, the bank is freeing more resources to support real economy. The bank maintained its risk resistance at a solid level that its allowance coverage ratio was at 158% and allowance to loan ratio was at 2.80%.

Business highlights

The corporate banking business recorded revenue of RMB87.2 billion, contributing 53% of total revenue. The retail banking sector's revenue was RMB57.1 billion and its contribution was stable at 34%. The bank stepped up the transformation of financial market business and steadily improved its market competitiveness. The revenue generated by financial markets recorded RMB18.1 billion, up 63% and its contribution increased to 11%.

Revenue contribution by business



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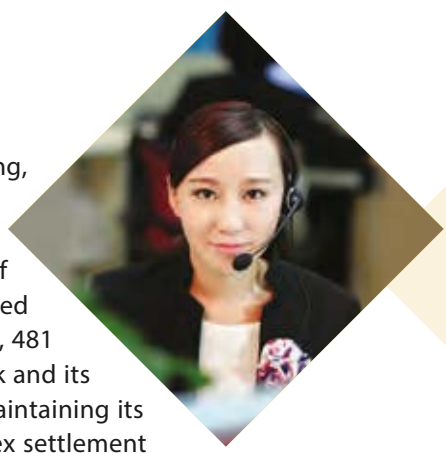
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Corporate Banking: Transaction banking, investment banking, international business and asset custody business all performed steadily during the year. The development of transaction banking business is accelerating as its number of customers grew 22% to 454 thousand and its revenue climbed 3% to RMB691 million. For the investment banking business, 481 debt financing instruments were underwritten by CITIC Bank and its total amount was RMB375.5 billion as at the end of 2018, maintaining its market leading position. The total amount of the bank's forex settlement and sales reached USD139.8 billion, becoming the top 1 among all joint-stock banks with a market share of 4%. Against the backdrop of the overall weakening performance of custody business, CITIC Bank's total custody assets continued to grow by 5% to RMB8.4 trillion while its revenue increased by 7%, particularly that its pension business recorded a YoY increase of 16% in revenue. CITIC Bank also provided fully support for micro and small-sized enterprises. As at the end of last year, the total loans to micro and small-sized enterprises¹ recorded RMB136.4 billion, up 48% YoY, with the quality of these loans remaining solid in line with regulatory requirements.



Retail banking: Personal deposits grew by 35% to RMB590.1 billion, achieving a new breakthrough. The private banking business is on good progress. Its number of clients expanded by 27% to 33,900 while its revenue achieved double digit growth. Credit card business maintained a fast pace of growth. The transaction turnover increased by 39% to RMB2.08 trillion while the number of newly issued cards increased by 43% to 17.49 million. The revenue of credit card business was RMB46 billion, up 18% YoY. The bank is also actively developing asset securitisation. RMB105.3 billion of ABS products backed by credit card instalments and RMB1.43 billion of ABS products backed by credit card NPL were issued respectively, which effectively accelerated the asset turnover. The number of clients of mobile banking reached 36.7 million, up 34% during the year. The transaction volume of the mobile banking reached 186 million, up 46% while its turnover increased by 49% to RMB6 trillion. CITIC Bank is very good at overseas finance service. The total number of customers exceeded 5 million and total personal Forex loan balance was USD5.2 billion, up 32% YTD.

Financial markets: The bank retained its leading position in terms of interbank Forex market-making business as its transaction volume of Forex market-making was close to USD2 trillion, a YoY increase of 11%. "CITIC Interbank+" platform had over 1,216 financial institutions, up 49% during the year of 2018 while the transaction turnover reached RMB1.4 trillion, up 13% YoY. To meet China's tightened asset management rules, CITIC Bank further optimised its asset management business. The total amount of non-risk-bearing wealth management products declined by 3% YTD to RMB925.3 billion at the end of 2018. The amount of net-worth products accounted for 26%, maintaining prudent and healthy style. In the near future, a wholly owned asset management subsidiary with the registered capital of less than RMB5 billion will be set up subject to the regulatory approval.

Note:

(1) As defined by China Banking and Insurance Regulatory Commission, companies with a credit line under RMB10 million are called micro and small-sized enterprises.

Special column

CITIC AiBank

CITIC AiBank Corporation Limited ("CITIC AiBank") was launched on 18 November 2017, with CITIC Bank holding a 70% stake and Baidu holding 30%. CITIC AiBank issued new shares in 2018 doubling the registered capital to RMB4 billion, with the shareholding structure remaining unchanged.



CITIC AiBank recorded rapid growth in its first annual reporting period. As at the end of 2018, CITIC AiBank's total assets reached RMB35.9 billion while its total number of users exceeded 12 million. It issued loans totaling nearly RMB80 billion to more than 4 million individual clients and 580 thousand small and micro enterprises. CITIC AiBank met all regulatory requirements for

key indicators including Capital Adequacy Ratio, Allowance to Loan Ratio and Allowance Coverage Ratio.



CITIC AiBank aims to create an online banking ecosystem that delivers greater value with improved service. This ecosystem combines 'online+offline' and 'bank+business' models, leveraging data and technology developments to bring innovations to customers. Last year, CITIC AiBank partnered with iQIYI to launch an online wallet integrating entertainment and financial services. An on-line time deposit product was introduced together with Baidu and a mobile phone app delivering a range of services was launched in collaboration with CITIC Press. CITIC AiBank improves the customer experience within our ecosystem which creates value for both customers and business partners.

CITIC AiBank focuses on leveraging big data and artificial intelligence to build new business models and solid risk control systems. At the leading edge of technology, CITIC AiBank will upgrade to a consolidated online platform offering a wide range of financial products and services.

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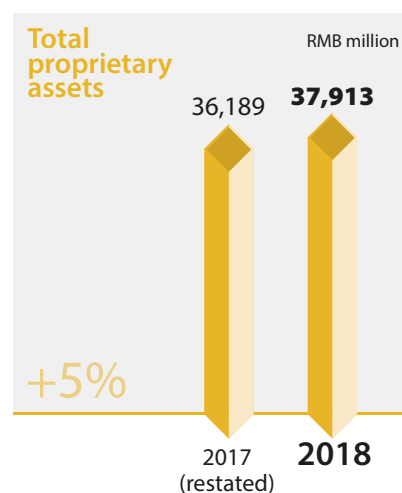
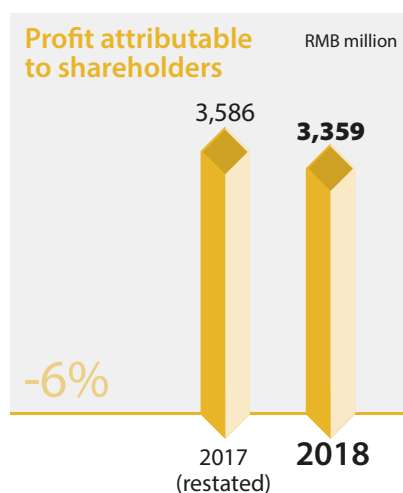
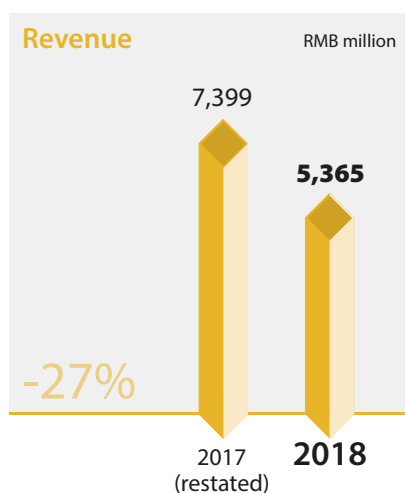


CITIC Trust



CITIC Trust is a leading non-bank financial institution in China, comprising a trust business, a specialised subsidiary business and a proprietary business. Our core business and financial indicators have led the industry for more than a decade. CITIC Trust also has the highest regulatory rating in the sector. In 2018, CITIC Trust was designated Asia's Best Trust Company and China's Best Charity Trust by Singapore magazine *Asian Banker*, the first to achieve these awards in China's trust industry.

Year in Review



For CITIC Trust, 2018 presented a challenging macro-economic environment compounded by tightening financial regulatory conditions. Assets under management (AUM) and earnings for the industry as a whole declined. As an institution with a broad financial platform, CITIC Trust continued to focus on trust businesses and services as well as to support investment in the real economy.

FEE INCOME

+22%

CITIC Trust's revenue in 2018 was RMB5.4 billion and its net profit was RMB3.4 billion, the highest in the sector. To meet regulatory requirements, total AUM decreased 17% year-on-year to RMB1,652.2 billion. Nevertheless, the trust business maintained robust performance with improved margins. CITIC Trust's fee income grew 22% to RMB5.6 billion, a record high in the industry. Total proprietary assets amounted to RMB37.9 billion, up 5% year-on-year. Affected by market fluctuations, equity investment gain was reduced while fixed income investment gain in the proprietary business remained flat.



Business Development

Trust Business

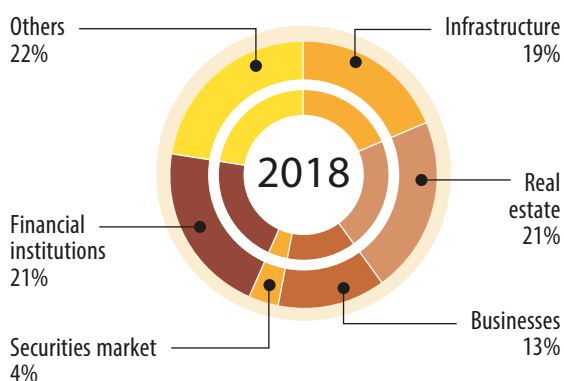
CITIC Trust continued to shift its model with a substantially higher focus on active management and enhanced asset management. The proportion of trust assets under active management increased 10 percentage points over the year to 34%. Trust profit attributable to beneficiaries grew 11% in 2018 to a record high of RMB81.3 billion.

PERCENTAGE
OF ACTIVELY
MANAGED ASSETS

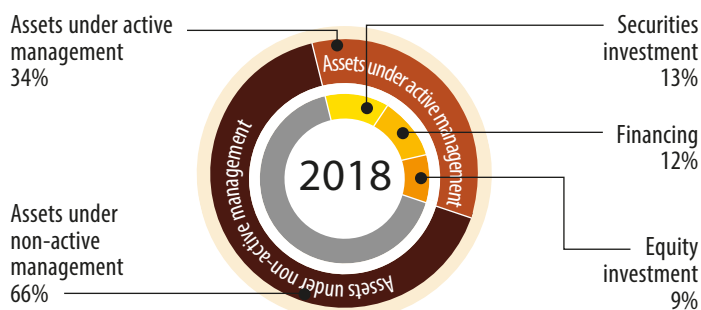
34%

Allocation of trust assets

By Industry



By Type



Financing service: CITIC Trust delivers a wide array of financial trust solutions to clients, including governments, enterprises, financial institutions and other institutional investors. During the year, we continued to support the development of the real economy and deepen collaboration with local governments and large-scale companies in Guizhou, Jiangsu, Sichuan, Zhejiang and Guangdong. As of the end of 2018, approximately RMB1.15 trillion in trust assets were invested in the real economy, including Belt and Road projects, infrastructure development, and a broad range of livelihood projects. The trust assets allocated to infrastructure-related projects exceeded RMB250 billion.

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Wealth management: CITIC Trust provides diversified wealth management services for high net worth individuals and institutional clients, with a wide range of products across currency markets, fixed income and equity investment. These offerings include family trusts, insurance trusts and tailored wealth management products. In 2018, improved service at our wealth management centres contributed to higher direct sales. Direct sales clients increased 14% compared with 2017, with the direct sales of actively managed trust products increasing 49%. As of the end of 2018, CITIC Trust served 1,500 clients, up 66%, with total AUM of over RMB18 billion, up 50%, maintaining leadership in the family trust business in China.

Trust service: To ensure asset isolation and safety, CITIC Trust provides a number of important trust-related services such as custodial account management, execution and supervision, settlement and clearing, equity allocation and contract custody, among others.

In 2018, CITIC Trust was among the first institutions to qualify as an official underwriter of corporate debt financing instruments for non-financial clients and as a manager of Asset-Backed Securities (ABS). With RMB112.9 billion in assets in 2018, CITIC Trust's asset securitisation business was the largest trust business in China for a sixth consecutive year. We also acted as the underwriter of Asset-Backed Medium-term Notes (ABN) for targeted investors for the first time, with a total underwriting of more than RMB3 billion. Additionally, CITIC Trust introduced clearing and settlement services for Totrade.cn, an online trade platform for suppliers of industrial materials. CITIC Trust also set up a consumer finance subsidiary during the year as a personal lending business.

CITIC Trust issued the first charity report in the Chinese trust sector during the year and amassed the largest personal charity trust in the market amounting to RMB30 million. As at the end of 2018, we had already established 12 charity trust projects. Total charity funds under management reached RMB537 million with 14,744 donation recipients.



Proprietary Business

CITIC Trust manages assets and liabilities to maintain a solid capital position and moderate leverage ratio in support of its business development. In 2018, our total proprietary assets amounted to RMB37.9 billion, up 5% over the previous year. The equity investment gain substantially declined by 93%, mainly due to significant market fluctuations. The fixed income investment gain remained flat.

Specialised Subsidiary Business

CITIC Trust has established a number of special companies, including the CIT Capital overseas investment platform and CITIC Juxin private equity platform, to provide comprehensive financial services such as equity investment funds, mutual funds, money markets and overseas investment. As at the end of 2018, total assets managed by our specialised subsidiaries exceeded RMB260 billion, which were mainly allocated to high-end manufacturing, education and healthcare sectors.

Risk and Capital

CITIC Trust maintains a stringent risk management system. In 2018, there were 754 trust projects completed with no defaults recorded and RMB604.6 billion of principal distributed. CITIC Trust manages growth and risk to maintain a solid capital base. As of the end of 2018, the net capital adequacy ratio remained solid at 190%, comfortably above regulatory requirements. The balance of net capital was RMB16.8 billion, providing a strong foundation for long-term growth.

Indicator	End of 2018	End of 2017	YoY Change	Regulatory Requirement
Net capital (RMB billion)	16.8	16.1	4%	≥RMB200 million
Total risk capital (RMB billion)	8.8	9.6	(8%)	N/A
Net capital adequacy ratio	190%	167%	+23 ppts	≥100%
Net capital/Net asset	69%	75%	-6 ppts	≥40%

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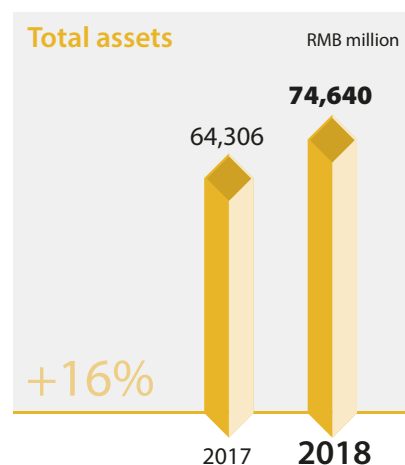
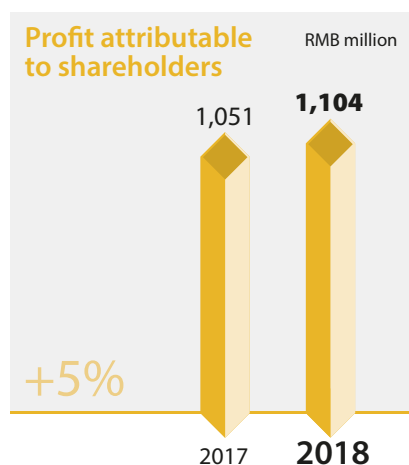
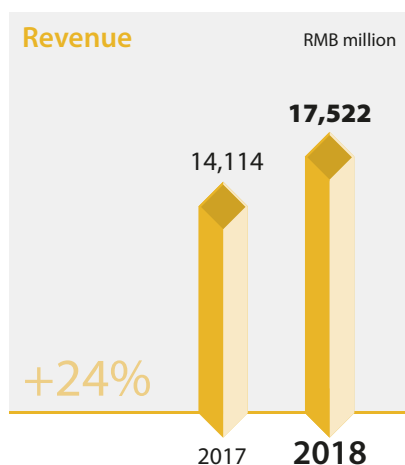
CITIC-Prudential

CITIC-Prudential, a fifty-fifty joint venture between CITIC Corporation and Prudential Corporation Holdings Limited, offers life, health and accident insurance, as well as reinsurance services. As of the end of 2018, CITIC-Prudential operated in 87 cities across China.

Year in review

In 2018, the merging of the China Insurance Regulatory Commission (CIRC) and China Banking Regulatory Commission (CBRC) marked a milestone in China's financial reform. Tightened financial regulations coupled with accelerating industry restructuring created an opportunity to build a solid foundation for the healthy development of the business.

Against a backdrop of slowing industry growth, CITIC-Prudential in recent years has shifted its business focus towards protection products and prudent risk management. In 2018, it recorded operating revenue of RMB17.5 billion, representing a year-on-year increase of 24%, while net profit increased by 5% to reach RMB1.1 billion. Premium income grew by 28% year-on-year to RMB15.4 billion, which was much higher than the sector. Return on equity was 20%, while total assets as of the end of 2018 increased by 16% to RMB74.6 billion.



Risk Management

In 2018, CITIC-Prudential maintained a solid capital base to achieve balanced growth with less capital consumption. As of the end of 2018, CITIC-Prudential had an aggregated solvency adequacy ratio of 271%, higher than both the regulatory requirements and the industry average. It has also been rated “Class A” by the Chinese Insurance Regulatory Commission (CIRC) in every quarterly Integrated Risk Rating (IRR) since 2016, and ranked high in two recent Solvency Aligned Risk Management Requirements and Assessment (SARMRA).

Products

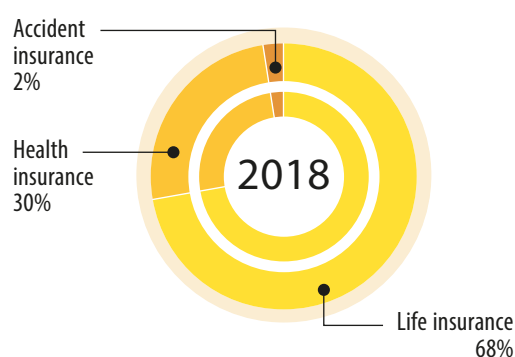
CITIC-Prudential aims for value growth with a focus on life and health insurance, complemented by savings insurance and accident insurance products. In 2018, CITIC-Prudential's premium income from life insurance was RMB10.4 billion, up 28% year-on-year, while premium income from health insurance was RMB4.6 billion, representing a year-on-year increase of 28%.

Improved protection products together with its long-term investment insurance business enables CITIC-Prudential to provide full life-cycle solutions and a comprehensive product structure for clients. In the agency channel, CITIC-Prudential maintained its focus on protection products. Eighteen new products were launched in 2018 to cover a wide range of client needs, including critical illness insurance, an education savings plan and prestigious medical insurance. In bancassurance, several participatory insurance products and regular-pay investment-linked products were upgraded. During the year, premiums from regular-pay products increased substantially.

PREMIUM INCOME
+28%

Premium income by product type

RMB million	2018	2017	YoY%
Life insurance	10,402	8,136	28%
Health insurance	4,630	3,619	28%
Accident insurance	352	267	32%
Total premium income	15,384	12,022	28%



Distribution

Agency and bancassurance are CITIC-Prudential's two primary distribution channels. In 2018, premium income from the agency channel was RMB9.9 billion, up 21% to contribute 64% of total premium income. The 13-month persistency ratio was stable at 91.7%. At the end of the year, our total agent force increased by 7% to 48,096, among which 5,325 were designated Stars of CITIC-Prudential, representing an increase of 23% and a 1.4 percentage point increase in its proportion.

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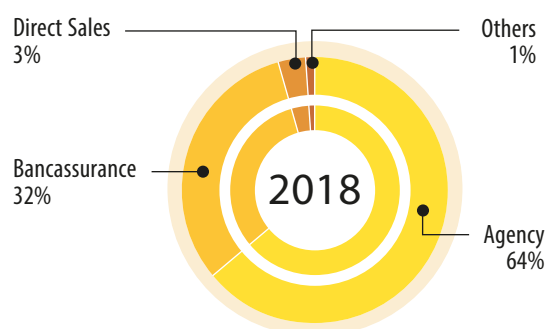
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The transformation of the bancassurance channel progressed over the year, with the segment recording premium income of RMB4.9 billion, a year-on-year increase of 44%, which was higher than the industry average. In 2018, the product portfolio distributed through bancassurance improved. Regular-pay premiums from new business accounted for 63% of total new business premium income from the bancassurance channel, which was 18 percentage points higher than the previous year. In 2018, collaboration with banks helped to establish new channels for the business, which remained solid with a 13-month persistency ratio of 92.3%.

Premium income by distribution channel



RMB million	2018	2017	YoY%
Agency	9,854	8,111	21%
Bancassurance	4,884	3,382	44%
Direct Sales	503	476	6%
Others	143	53	170%
Total premium income	15,384	12,022	28%

Note: The distribution channel was classified by CIRC base. Group business was mainly in Direct Sales.

Investment of Insurance Funds

Although the insurance industry slowed down in 2018, CITIC-Prudential was nevertheless able to record steady growth in assets. Investment grew 11% to RMB66.2 billion, of which non-investment-linked accounts increased 15% to RMB56.6 billion. The overall investment portfolio largely remained unchanged. To optimise the portfolio and stabilise long-term returns, CITIC-Prudential increased its investment in lower risk bonds and maintained low exposure to stock markets. In the sluggish equity market, investment income from non-investment-linked accounts was largely flat at RMB2.4 billion.

During the year, CITIC-Prudential received approval to make direct investments in the stock market and set up an asset management subsidiary. With the acquisition of the relevant investment licenses, CITIC-Prudential's investment capability was further enhanced for managing insurance funds.

Supported by a stable supply of insurance funds, CITIC-Prudential invested in infrastructure and public service projects through debt, trust schemes and equity funds over the year. As of the end of 2018, over 30% of its investment assets were allocated, under stringent risk controls, to projects related to the Belt and Road initiative, urban construction, military and civilian integration, poverty reduction, and rural infrastructure projects, all of which provided strong support to the real economy.

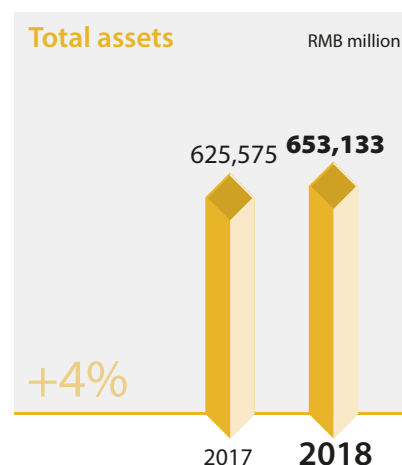
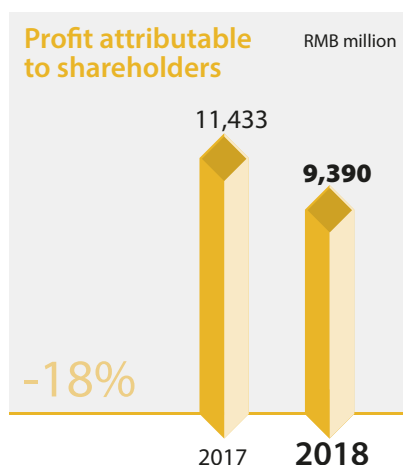
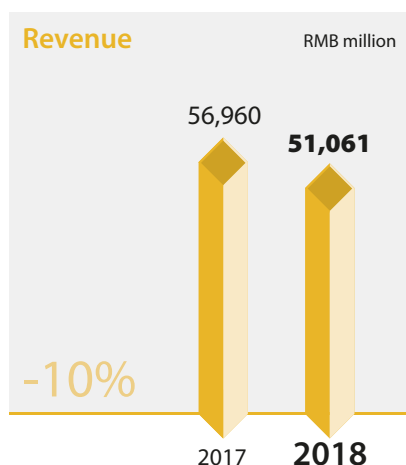


CITIC Securities

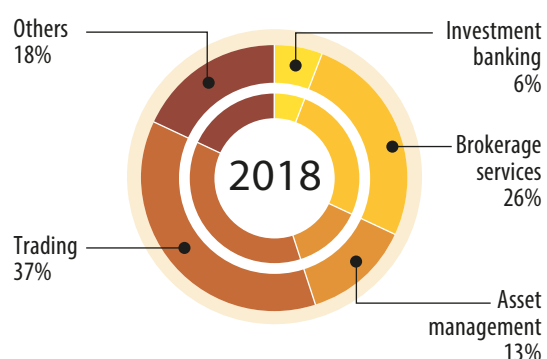
CITIC Securities is one of the leading securities companies in China, with businesses covering investment banking, brokerage services, securities trading and asset management.

Year in review

In 2018, CITIC Securities' net profit decreased 18% amid tough challenges in both domestic and international markets. Despite a drop in profit, the company continued to maintain its market-leading position across its various business lines.



Revenue distribution



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Trading

CITIC Securities' trading business comprises both flow-based and proprietary businesses. The flow-based business offers financial services, including equity flow-based, fixed income, commodity trading and securities financing. In 2018, the company maintained its market-leading position in total sales of interest rate products and received Bond Connect's award for excellence in domestic quotations.

Brokerage

CITIC Securities remained focused on offering value-added services to its brokerage clients, particularly in light of the decline in trading volume and brokerage commission income during the reporting period. In 2018, the company continued to expand its corporate and wealth management businesses. At the close of 2018, the total trading volume of stocks and funds was RMB11 trillion (excluding trading volume of exchange-traded money-market funds), representing a market share of 6.1% and a year-on-year increase of 7%, the second highest in the industry.

Asset management

CITIC Securities' asset management business covers both institutional and retail clients, with a focus on the corporate sector. The business closed the year with total assets under management (AUM) of RMB1,343.1 billion, giving it a market share of 10.4%, and total funds under active management of RMB552.8 billion, making it the industry leader in both measures.

As of the end of reporting period, the AUM of ChinaAMC was RMB879.7 billion, of which the AUM of public funds increased 13% by value in comparison with 2017. The AUM of the company's equity funds was the largest in the industry, and the AUM of institutional businesses maintained its leading position.

BROKERAGE

MARKET RANK

No. 2

ASSET MANAGEMENT

MARKET RANK

No. 1

Investment Banking

CITIC Securities' equity financing team continued to expand its client base by targeting key industry players as well as influential and high growth companies in regional markets. In 2018, the company focused on developing its business by supporting overseas listings of Chinese companies in the new economy sector, mixed-ownership reform of state-owned enterprises and debt-reduction and restructuring for debt-ridden private Chinese companies. CITIC Securities completed a total of 54 A-share lead underwriting projects during the year, with an aggregate value of RMB178.3 billion (including private placements for asset transactions), achieving an industry-topping market share of 14.8%.

CITIC Security's domestic debt and structured financing business was also the market leader in China, in terms of both underwriting value and the number of underwriting projects. In 2018, the company completed a total of 1,391 lead underwriting debenture projects in the amount of RMB765.9 billion, representing, a 5.1% market share.

During the year, CITIC Securities restructured the material assets of A-share companies worth RMB72.3 billion, the second highest in the industry. The company was also involved in developing cross-border mergers and acquisitions, ranking second among Chinese brokers in terms of completed transactions for Chinese enterprises.

In China's New OTC Market, CITIC Securities focused on creating value by identifying companies with high growth potential. In 2018, the company acted as the lead sponsor for 26 enterprises seeking to list on China's National Equities Exchange and Quotation Exchange (NEEQ). The company ranked at the top in the NEEQ's evaluation of quality service provided by lead sponsors.

International business

As the international arm of CITIC Securities, CLSA covers major world stock markets with a focus on institutional clients. In 2018, CLSA completed 31 IPOs around the world. The company also ranked second in terms of the total volume of IPOs that it sponsored and was top-ranked with 16 IPOs in which it participated as global coordinator on the Main Board of the Hong Kong Stock Exchange. This increased the company's market share in IPOs to 9.3% in 2018 from 3.5% in 2017.



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Our resources and energy business comprises the exploration, mining, processing and trading of energy products and mineral resources, as well as power generation. We hold interests in projects in China, Australia, Brazil, Peru, Gabon, Indonesia and Kazakhstan.

Major subsidiaries:



CITIC Resources has interests in the exploration, development and production of oil, coal mining, the import and export of commodities, aluminium smelting, bauxite mining, alumina refining, and manganese mining and processing. The company is listed on The Stock Exchange of Hong Kong Limited.



CITIC Mining International through its Australian subsidiary CITIC Pacific Mining develops and operates the Sino Iron project, the largest magnetite operation in Australia.



CITIC Metal invests in minerals projects and trades commodities.



Sunburst Energy invests in and manages power plants. It also has an interest in a coal mine in Shandong Province in China.

HK\$ million	2018	2017	Change
Revenue	78,722	63,456	24%
Profit attributable to ordinary shareholders	2,102	(9,900)	Turn to profit
Total assets	131,842	129,438	2%
Capital expenditure	7,001	5,429	29%



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Year in review

In 2018, the resources and energy business realised a profit of approximately HK\$2.1 billion, compared with a loss of HK\$9.9 billion in 2017. This significant enhancement in profit was due to greater improvements in the operating results of all businesses as compared with 2017 when a loss in profitability was recorded, mainly because of an impairment charge of HK\$7.2 billion on Sino Iron.

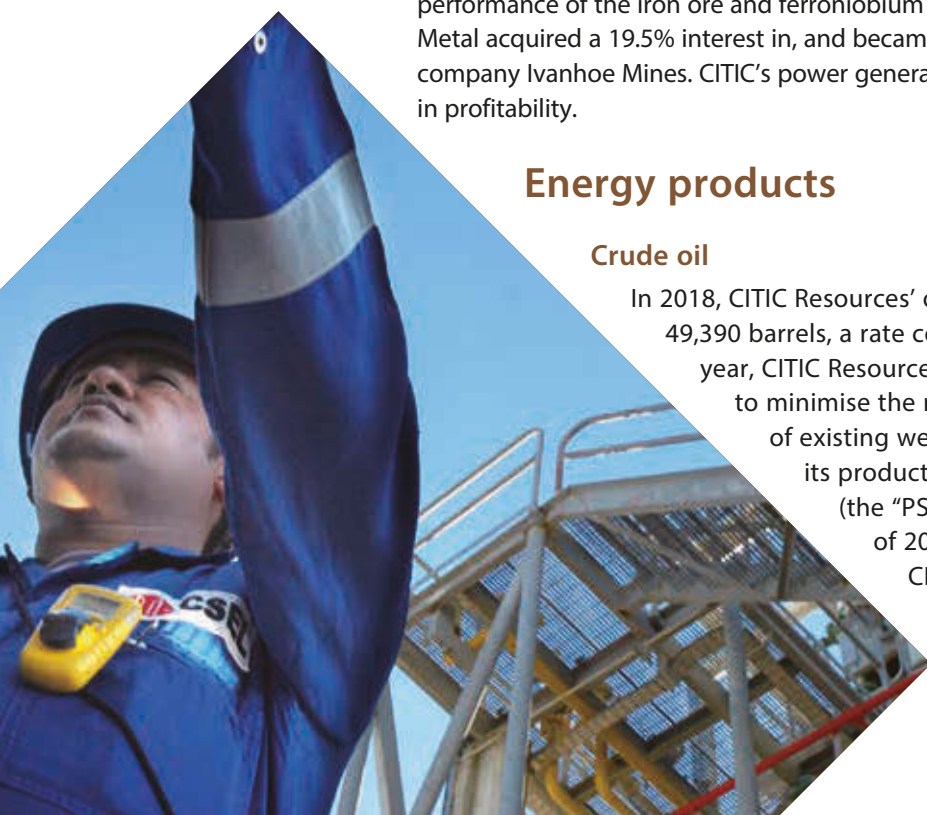
In 2018, CITIC Resources achieved a profit attributable to shareholders of HK\$910 million, a rise of 75% from 2017. This was primarily due to higher crude oil and commodity prices during most of the year as well as stringent ongoing cost controls and efficiency improvements. CITIC Metal's profit rose 23% to HK\$1.7 billion, primarily due to the better performance of the iron ore and ferroniobium trading business. During the year, CITIC Metal acquired a 19.5% interest in, and became the largest single shareholder of, Canadian company Ivanhoe Mines. CITIC's power generation business also recorded an improvement in profitability.

Energy products

Crude oil

In 2018, CITIC Resources' overall average daily oil production was 49,390 barrels, a rate comparable with that in 2017. During the year, CITIC Resources optimised its maintenance plans in order to minimise the negative impact of the natural depletion of existing wells. CITIC Resources successfully renewed its production sharing contract for the Seram Block (the "PSC") during the reporting period for a term of 20 years, commencing 1 November 2019.

CITIC Resources now has a 41% participating interest in the PSC and remains the



operator of the Seram Block. After the renewal of the PSC, CITIC Resources will consider resuming exploration of the Lofin area of the Seram Block.

The crude oil business as a whole achieved a substantial improvement in operating results, attributable to a higher average crude oil price and improved production management.

Oilfields	CITIC Resource's interest	Daily production in 2018 (100% basis)	Proven oil reserve estimates as of 31 December 2018 (100% basis)
Karazhanbas oilfield	50%	39,600 barrels	194.7 million barrels
Yuedong oilfield	90%	7,890 barrels	31.9 million barrels
Seram Block	41% (in respect of the PSC after contract renewal)	1,900 barrels	0.5 million barrels (in respect of the PSC before contract renewal)

Coal

CITIC Limited holds a participating interest in the Coppabella and Moorvale coal mines joint venture as well as interests in a number of coal exploration operations in Australia via CITIC Resources. It also holds a 30% interest in Xin Julong coal mine in Shandong Province, China via Sunburst Energy.

Power generation

CITIC Limited, through Sunburst Energy, invests in and manages coal-fired power stations in mainland China, with a total installed capacity of over 6,400MW. Among these power stations, Ligang Power Plant in Jiangsu Province is one of the largest coal-fired power stations in China, with an installed capacity of 4,040MW. In 2018, a total of 30.9 billion kWh of electricity was generated, slightly less than 2017, and 19.8 million GJ of heat was supplied, 38% more than last year. Both were contributed primarily by the Ligang Power Plant.

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Metals and minerals

Magnetite iron ore

CITIC Limited, through CITIC Mining International, has the right to mine two billion tonnes of magnetite ore at Cape Preston in Western Australia's Pilbara region, and has exercised the option to acquire another one billion tonnes of magnetite ore. With a mine life of approximately 30 years, Sino Iron is the largest magnetite mining and processing operation in Australia.

RECORD HIGH PRODUCTION

In 2018, Sino Iron again achieved record production levels, shipping more than 19 million wet metric tonnes to CITIC's special steel plants and other Chinese and Asian steel mills. More than 50 million tonnes of concentrate have been shipped since exports commenced. Sino Iron is now a major seaborne supplier of magnetite concentrate to China, accounting for approximately 22% of trade by volume.

Costs continued to trend downwards during the reporting period, assisted by economies of scale associated with increased production and performance of the six processing lines, better integration between departments responsible for the mining, processing and shipping of product, and various ongoing cost-reduction measures.

Despite these achievements, continuity of operations at Sino Iron remains at risk due to the inability to secure the approvals and tenure required for long term operation. Resolution of this impasse is time-critical and requires the cooperation of all affected parties.

Copper

In 2018, the Las Bambas copper mine project in Peru, in which CITIC Metal holds a 15% interest, produced copper concentrates containing 385,300 metric tonnes of copper.

Through this partnership, CITIC Metal has also secured distribution rights on around 26% of the copper concentrates extracted from the site. In 2018, a total of 312,500 metric tonnes of copper concentrates were distributed through CITIC Metal.

Ferroniobium

CITIC Metal indirectly holds a 5% interest in Brazilian miner CBMM, which produces about 80% of the world's ferroniobium. Through the partnership, CITIC Metal has exclusive distribution rights on this resource in China. CITIC Metal primarily supplies ferroniobium to medium and large steel mills as it is used in the production of high strength and high performance steels.

Manganese

CITIC Dameng is a Hong Kong listed company and one of the largest vertically-integrated manganese producers in the world, engaged in the production and sale of manganese products. CITIC Dameng owns the largest manganese mine in China and has interests in several other mines in China and Gabon, West Africa.

Trading

CITIC Limited's major traded commodities include iron ore, ferroniobium, copper, aluminium, coal and steel. CITIC Metal's iron ore trading volume increased to 45 million tonnes in 2018, making it a tier-one iron ore trader in the industry in China.

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Our manufacturing business includes the manufacture of special steel, lightweight automotive parts and advanced equipment, all of which enjoy leading market positions in their respective segments in China.

Major subsidiaries:



CITIC Pacific Special Steel is the largest dedicated manufacturer of special steel in China.



CITIC Dicastal is the world's largest aluminium automotive parts manufacturer.



CITIC Heavy Industries is a leading manufacturer of heavy machinery and special robotics in China.

HK\$ million	2018	2017	Change
Revenue	121,939	97,432	25%
Profit attributable to ordinary shareholders	6,008	3,318	81%
Total assets	134,882	130,381	3.5%
Capital expenditure	7,832	5,861	34%

In 2018, the manufacturing businesses recorded revenue of HK\$122 billion, representing a year-on-year increase of 25%. Profit attributable to ordinary shareholders was HK\$6 billion, up 81% from last year.

CITIC Pacific Special Steel achieved record sales, revenue and profit during the year. In the second half of 2018, CITIC Pacific Special Steel acquired Jingjiang Special Steel from Valin Group and announced a restructuring of Xingcheng and Daye Special Steel to unlock value. CITIC Dicastal overcame the headwinds of falling car purchases to continue outperforming the market. In 2018, the company achieved several breakthroughs in smart production and application of new materials. CITIC Heavy Industries' traditional business recovered in 2018 as the sales of specialty robots accelerated rapidly nationwide.

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CITIC Pacific Special Steel

PRODUCTION CAPACITY OVER

13 million tonnes

CITIC Pacific Special Steel is the largest dedicated manufacturer of special steel in China, with a total production capacity of more than 13 million tonnes per annum. The company operates four steel mills—Jiangyin Xingcheng Special Steel, Hubei Xinyegang Steel, Qingdao Special Steel and Jingjiang Special Steel. There are also coking coal and an iron ore processing plants at Tongling and Yangzhou respectively.

CITIC Pacific Special Steel produces bars, plates, seamless steel tubes, wires, forged steel and casting billets for customers in the auto components, energy, machinery manufacturing, oil and petrochemicals, transport, shipbuilding and other industrial sectors. Its products are sold in China and more than 60 other markets, including the US, Japan, Europe and Southeast Asia.

XINGCHENG SPECIAL STEEL

Total production capacity: **6 million tonnes per year**



- Located in Jiangyin, Jiangsu
- 9 bar, wire, plate and coil production lines
- Owns two 100,000-tonnage ports
- A leader in bearing steel, continuously cast round billet, spring steel and other products

XINYEGANG STEEL

Total production capacity: **3 million tonnes per year**



- Located in Huangshi, Hubei
- 12 bar, tube and forged steel production lines
- Its ultra-high-strength steels and high-temperature alloys are widely used in the aeronautics and aviation industry

QINGDAO SPECIAL STEEL

Total production capacity: **3 million tonnes per year**



- Joined CITIC Pacific Special Steel in May 2017
- Located next to Dongjiakou Port, one of the busiest and largest hubs in Qingdao, Northern China
- 6 wire, bar and flat steel production lines
- A leader in tie cord steel

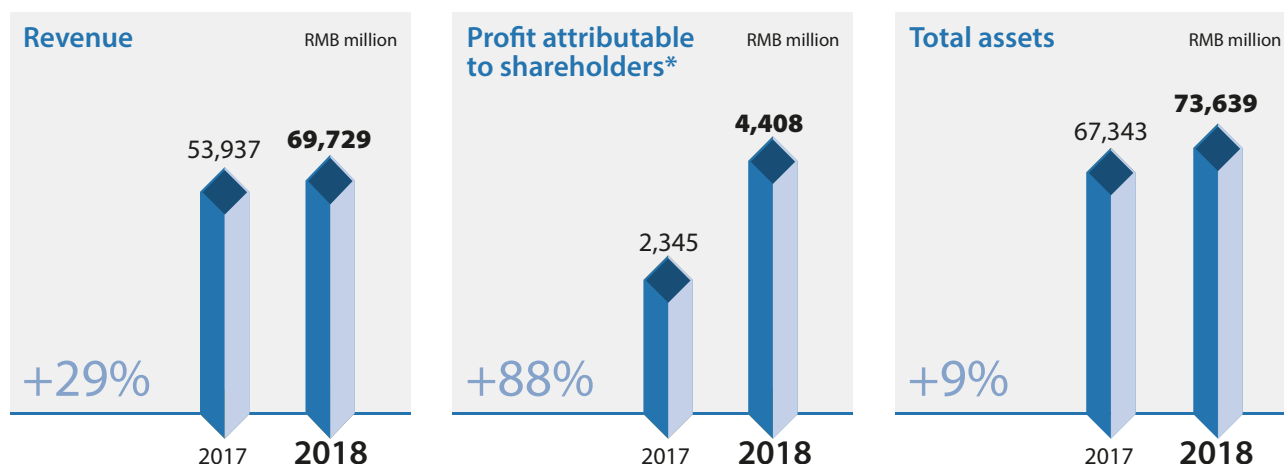
JINGJIANG SPECIAL STEEL

Total production capacity: **1.2 million tonnes per year**



- Located in Jingjiang, Jiangsu
- Joined CITIC Pacific Special Steel in June 2018
- 2 bar and tube production lines
- Access to a CITIC-owned 3-million-tonne trade terminal on the Yangtze river

Year in review



* Profit on 100% basis

In 2018, CITIC Pacific Special Steel posted record high revenue of RMB69.7 billion and net profit of RMB4.4 billion, fuelled by resilient domestic steel prices and increased contribution from Qingdao Special Steel, an increase of 29% and 88% respectively. Annual sales of steel products were about 12 million tonnes, a 23% increase year-on-year. Following the acquisition of Qingdao Special Steel in 2017, the company acquired Jingjiang Special Steel in 2018 to cement its market-leading position.

RECORD HIGH RESULTS

Facing changing international market dynamics, CITIC Pacific Special Steel focused on expanding its onshore market share and premium offerings through technological innovation, quality improvements and product certification. Overall domestic sales remained strong, accounting for 80% of total sales, while high-end products exceeded 42% of total output.

Despite intensifying global trade disputes and declining industry-wide steel exports from China, the company's export volume increased 26% year-on-year to 1.68 million tonnes. Additionally, 139 new international customers were secured, an 86% increase from the year before.

During the year, the price of iron ore—a major raw material in steel production—went up. In response, the procurement centre carried out both fundamental and tactical assessments of the ferrous market in order to lower the cost of raw materials, which fell by 3.4%. The company's average selling price, sales volume and profit margin all increased year-on-year.



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BEARING STEELS

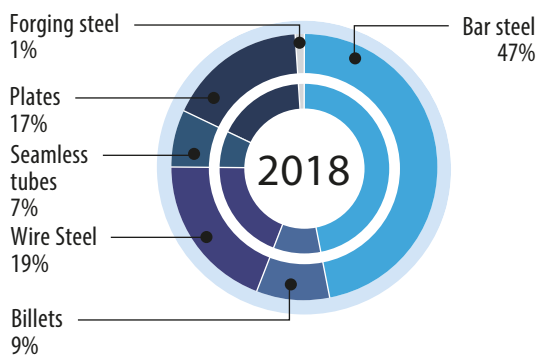
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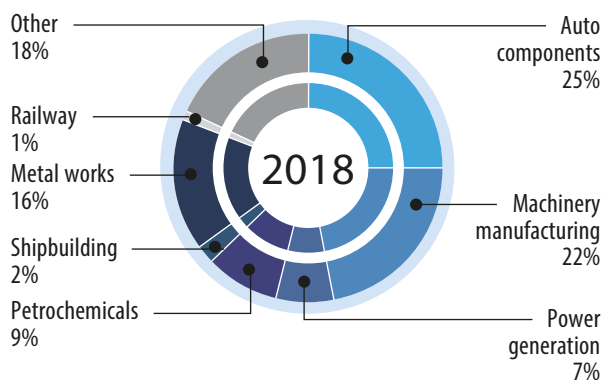
In January 2019, CITIC announced the restructuring of its special steel business, effectively consolidating the assets of this business under the Shenzhen listed entity Daye Special Steel (000708.SZ).

More than half of CITIC's special steel products were sold to the automotive components and machinery manufacturing sectors. CITIC's bearing steel maintained the highest global market share for 10 consecutive years, and its automotive steel has led the domestic market for the last 12 years. The company has also developed new products, which accounted for 13.5% of total sales in 2018, equivalent to 1.59 million tonnes or an increase of 11% over the previous year. Plans for the future include expanding the tube, wire and forged steel segments and exploring further downstream opportunities.







Sales by product



Sales by industry



Products

Categories		Production capacity (‘000 tonnes)	Practical examples	Applied industries
Bars		5,700	Bearing steel Gear steel Spring steel Alloy tube billet Oilfield steel	Automobile Machinery Power Petroleum & petrochemicals
Special plates		2,600	High-rise building steel High-strength plate High-strength corrosion-resistant bridge plate Special wear plate Plastic mould plate	Power Construction Shipbuilding Machinery Petroleum & petrochemicals
Seamless steel tubes		1,500	Petroleum pipe Engineering pipe Ultra-high-strength steel pipe	Petroleum & petrochemicals Machinery Automobile
Wires		2,500	Alloy structural steel Bearing steel Spring steel Cutting wire steel Tire cord steel High-strength cable steel	Automobile Metal works Machinery Construction
Casting billets		580	Alloy structural steel Gear steel Bearing steel	Power Petroleum & petrochemicals
Special forged steel		120	Tool and die steel Ultra-high-strength stainless steel High-temperature alloys	Machinery Aerospace Automobile

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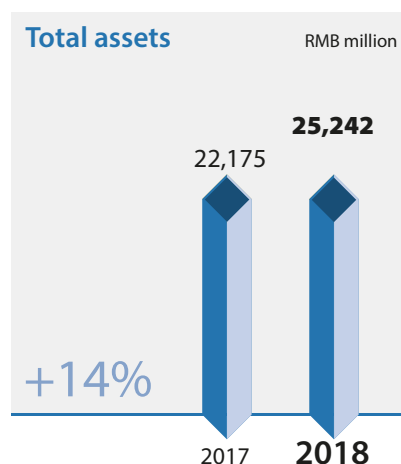
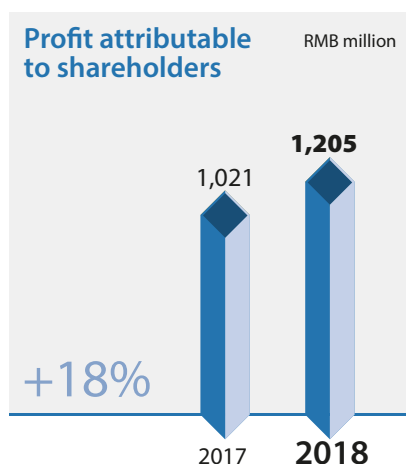
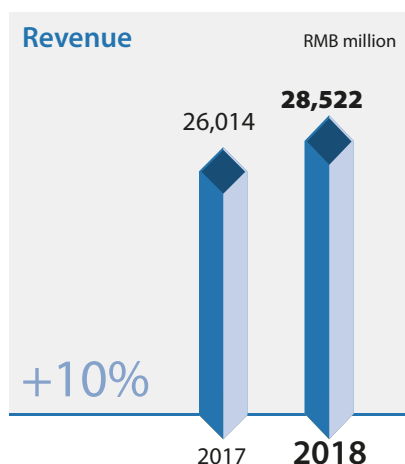


CITIC Dicastal

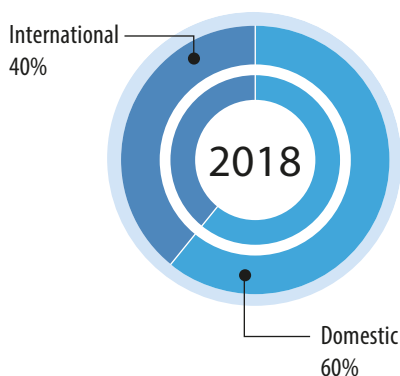
A wholly-owned subsidiary of CITIC Limited, CITIC Dicastal is the world's largest producer of aluminium parts, including wheels and lightweight cast components for powertrains, chassis and body systems. There are 25 Dicastal manufacturing facilities across China, North America and Europe. Total annual production capacity is 58 million wheels and 110,000 tonnes of castings.

With engineering, research and manufacturing teams across major markets, CITIC Dicastal focuses on accelerating the research and development of integrated lightweight solutions and the commercial application of new materials that will drive the future of transport in the auto industry and beyond.

Year in review



Sales by area



With global auto sales trending down during the year, total auto production volume in China decreased 4.2% to 27.8 million. Against this backdrop, CITIC Dicastal optimised its product mix with more high margin products, while implementing new automated manufacturing processes to lower production costs and increase productivity. Overall profitability remained robust, outperforming the market.





Increased wheel and castings turnover pushed up total revenue by 10% to RMB28.5 billion and net profit to RMB1.2 billion, an increase of 18%. During the year, CITIC Dicastal sold 54 million wheels, a 5.3% increase over 2017. Castings sales remained flat at approximately 77,200 tonnes.

SALES OF WHEELS

54,010,000
units

In 2018, CITIC Dicastal completed construction of the Line 6 wheel production line at its Qinhuangdao headquarters. Equipped with Dicastal's proprietary advanced robotics and smart production backend, Line 6 is a fully automated, highly efficient and flexible facility for manufacturing state-of-the-art automotive products. The designed annual production capacity of this industrial frontier is three million units.

SALES OF CASTINGS

77,200 tonnes

In aluminium castings, the company has been developing new products with its wholly-owned German subsidiary, KSM Castings, to shorten the lead cycle while also extending KSM's sales network from Europe to North America and Asia. As passenger cars are increasingly equipped with aluminium components, the company's subframe and battery case products have been adopted by major automakers.

To meet international demand, CITIC Dicastal directed the construction of two manufacturing bases in Monaco, with a total annual production capacity of six million units. Phase one construction commenced in September 2018 and is scheduled for completion in mid-2019. The new facility will have an annual production capacity of three million wheels.

CITIC Dicastal also revamped its integrated service unit in order to strengthen its relationship with global customers and better cater to their needs, reinforcing Dicastal's leading market position.

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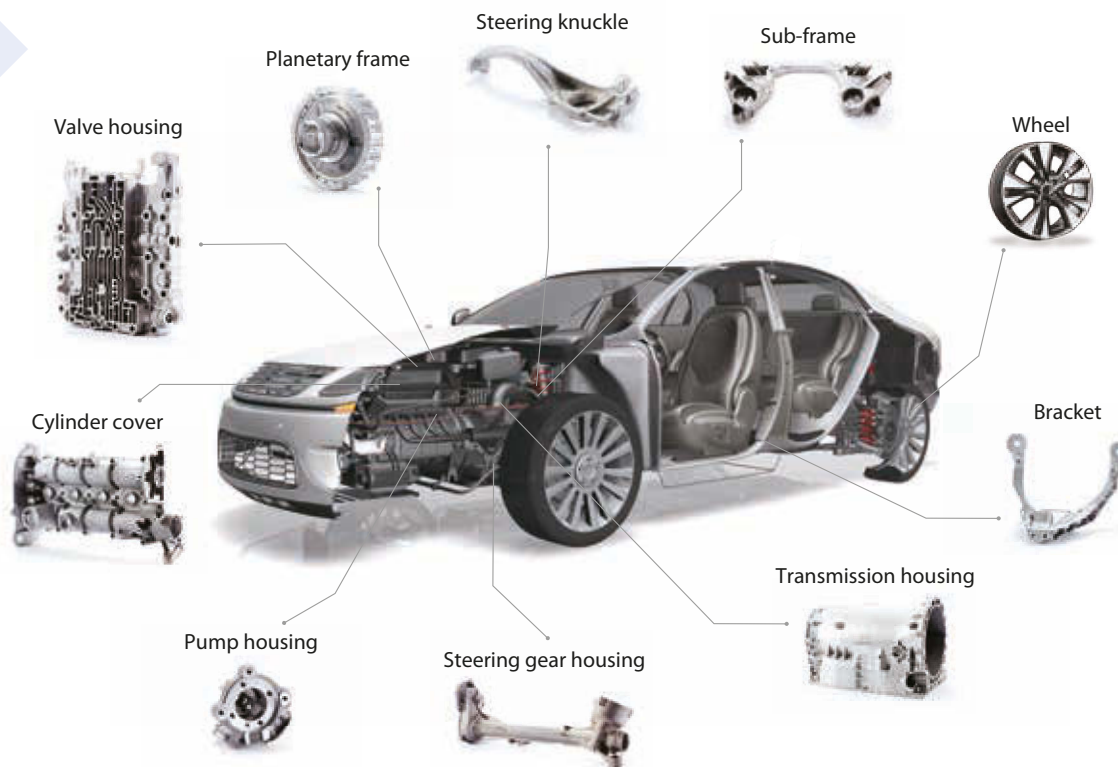
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Products



Customers

Major customers for CITIC Dicastal's aluminium wheels include the 12 leading global automakers, as well as the 6 major Chinese automakers. CITIC Dicastal is also a global strategic partner of several top automotive brands and the only Chinese supplier of magnesium wheels in Formula One racing—a testament to the company's world-class craftsmanship in auto engineering.

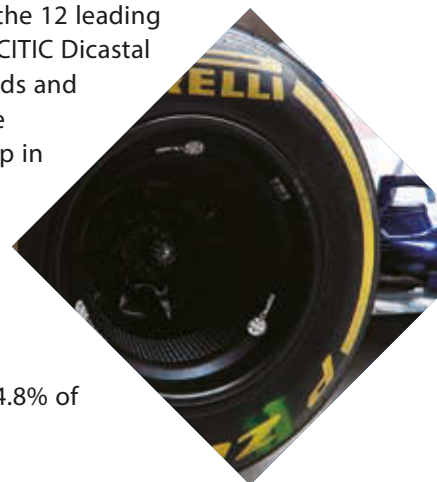
Major customers for lightweight aluminium cast components include Daimler, Volkswagen and parts manufacturers such as TRW, ZF and Bosch.

In 2018, CITIC Dicastal's top 10 customers accounted for over 34.8% of total sales.

Research and development

In 2018, CITIC Dicastal upgraded its capabilities in new product development and successfully completed the customisation of a wheel designed for new energy cars.

In new materials, the company undertook the world's first OEM project for developing forged-magnesium alloy wheels and continued to explore commercial applications for carbon fibre composites.



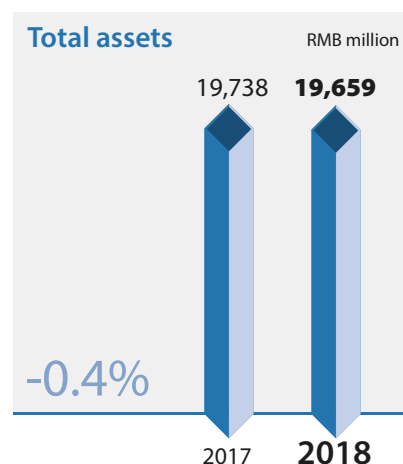
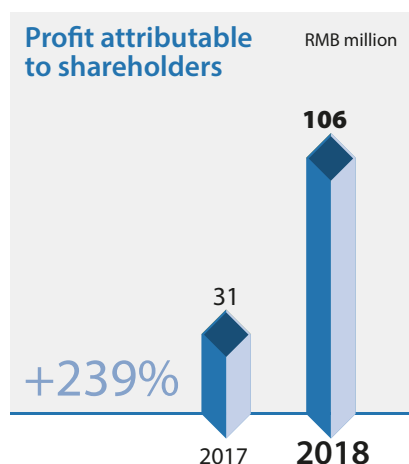
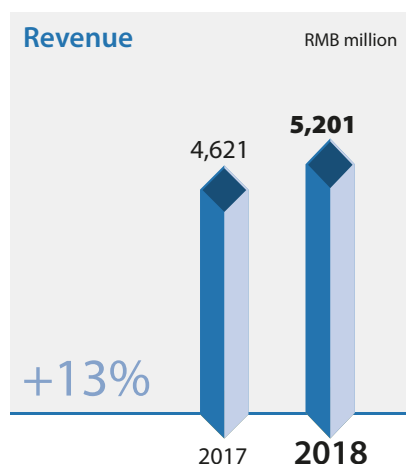
CITIC Heavy Industries

CITIC Heavy Industries is one of the world's leading suppliers and service provider of heavy mining and cement equipment, as well as one of China's largest heavy machinery manufacturers.

The company designs and produces advanced industrial equipment for clients. Major products, associated services and solutions include heavy machinery, key technical components and support, EPC, specialised robotics and intelligent equipment.

CITIC Heavy Industries' main production facilities are located in Luoyang, Henan; Tangshan, Hebei; Lianyungang, Jiangsu; and Vigo, Spain.

Year in Review



CORE MANUFACTURING + INTEGRATED SERVICE

The business of CITIC Heavy Industries is based on a "core manufacturing + integrated service" model, with a focus on advanced equipment, intelligent manufacturing and robotics, as well as Chinese civil-military integration. In 2018, heavy machinery manufacturing recovered as a result of business reengineering initiatives, while the rapidly expanding robotics and intelligent manufacturing segment contributed strong growth to become a core profit driver for the company.

CITIC Heavy Industries maintained its leading edge in heavy machinery manufacturing during the year thanks to its advanced technical capabilities. The company delivered key equipment in 2018 for the copper/cobalt mine in Deziwa, Congo, owned by China Nonferrous Mining Corporation, as well as tunnel boring machines for Luoyang Metro.

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The company also signed a five-year retainer contract with Henan Guolian Mining for the operation and maintenance of a 20-million-tonne aggregate production line, following its delivery. Capitalising on the Internet of Things (IoT) gateway powered by the CITIC Cloud, CITIC Heavy Industries set out the blueprint for its digital transformation and paved the way for a new, steady stream of service income.

As the market leader in special robotics, Kaicheng Intelligence now offers 5 categories of robots and 30 individual products. CITIC's firefighters, which were used in more than 100 fire and emergency rescue incidents during the year, continued to be widely deployed in fire service departments and hazardous chemical processing companies across dozens of provinces and cities in China, including Tangshan, Luoyang, Xuzhou, Beijing and Ningbo.

In 2018, CITIC Heavy Industries established a joint venture, CITIC Am Intelligence Equipment, with CITIC Construction and JSC Amkodor-Belvar at China-Belarus Industrial Park. The JV assembles robots for fire safety and inspections.



Customers

As one of the few cement and mining equipment manufacturers certified in both the United States and Europe, CITIC Heavy Industries serves leading industrial companies. These include Lafarge, Holcim, Cemex, Heidelberg Cement, Italcementi, VALE, BHP Billiton, China Shenhua Energy, China Huaneng Group, China National Gold Group, West Mining, Conch Cement and Ta Pai.

The company also sells robotics products to fire service departments in different provinces, municipalities and autonomous regions across the country, as well as to major petroleum refinery and coal mining companies in China.



Research and development

In 2018, CITIC Heavy Industries upgraded the core equipment of its 10,000-tonne cement production line, significantly improving its operating efficiency. The company also launched a proprietary large-scale vertical mill, LGMC5725, for finish grinding. This mill is the first Chinese integrated system adopted by the Pakistani cement industry and serves as a substitute for similar systems imported from overseas.

In September 2018, CITIC Heavy Industries established CITIC CT with Zhengzhou Xinda Institute of Advanced Technology to develop industrial cone beam computed tomography for non-destructive testing and related applications, which will be added to CITIC's equipment business.

Kaicheng Intelligence became the second national corporate technology centre under CITIC Heavy Industries and was acclaimed as one of China's top special intelligent robot enterprises.

By the end of 2018, CITIC Heavy Industries owned 892 valid patents in China, of which 306 were invention patents.

892 Valid Patents

306 Inventions

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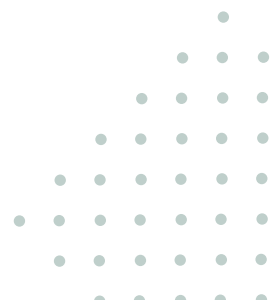
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ENGINEERING CONTRACTING



Our engineering contracting business provides services for infrastructure, housing, industrial construction, and municipal engineering projects.

Major subsidiaries:



CITIC Construction is a provider of integrated engineering construction services. Its EPC (engineering, procurement and construction) business covers general engineering contracting for infrastructure, civil construction and industrial projects. The company has also been developing businesses in energy, resources and agriculture.



CITIC Engineering is an EPC service provider with a strong engineering capability. This business focuses on building construction, municipal infrastructure and environmental protection.

HK\$ million	2018	2017	Change
Revenue	19,700	14,653	34%
Profit attributable to ordinary shareholders	2,053	1,731	19%
Total assets	55,432	46,127	20%
Capital expenditure	2,952	1,784	65%

In 2018, revenue from the engineering contracting business was HK\$19.7 billion, representing a year-on-year increase of 34%. Net profit attributable to ordinary shareholders was HK\$2.1 billion, 19% more than last year. This strong performance resulted from CITIC Engineering's EPC projects in Wuhan, as well as tax savings and investment gains from CITIC Construction.



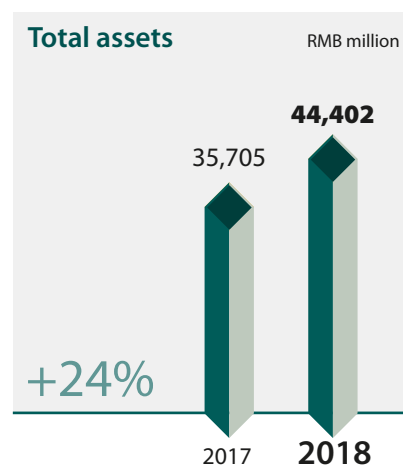
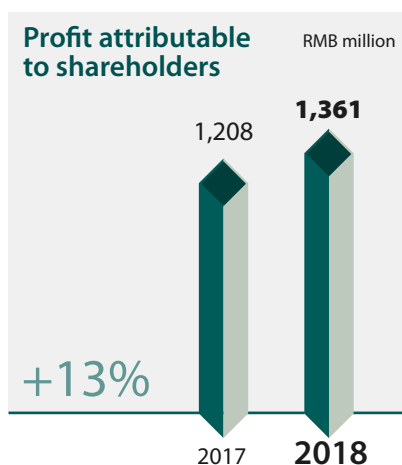
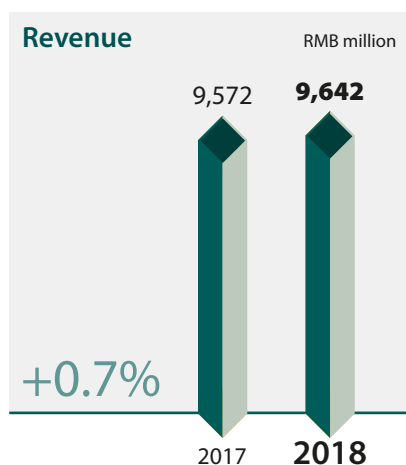
CITIC Construction

CITIC Construction is a leading international provider of integrated engineering construction services. With key markets in Africa, Latin America and countries along the Belt and Road, the company is expanding into developed overseas markets such as Great Britain and growing its business in mainland China, particularly through Public Private Partnership (PPP) projects. In addition to its existing infrastructure, housing and industrial construction businesses, the company has been increasing its involvement in resources, energy, agriculture and environmental protection.

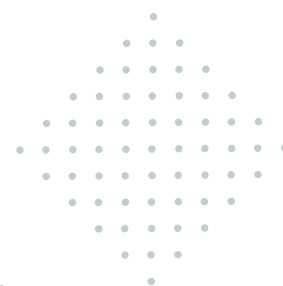
In addition to providing EPC services, CITIC Construction uses CITIC's vast resources and network to offer a range of value-added services, including project planning, design, investment, financing, management, procurement, operations and maintenance. The wide scope of these services gives the company a significant competitive advantage in developing countries.

Through the successful delivery of important large-scale projects, the company has established a strong brand and reputation. It is widely regarded today as a highly successful Chinese engineering contracting enterprise.

Year in review



In 2018, CITIC Construction recorded revenue of RMB9,642 million and a net profit attributable to shareholders of RMB1,361 million, which was largely contributed by tax savings and investment gains. The total value of signed contracts during the reporting period was approximately RMB37.1 billion, an increase of 61% year-on-year. Year to date, the total aggregate value of signed contracts was RMB248.3 billion.



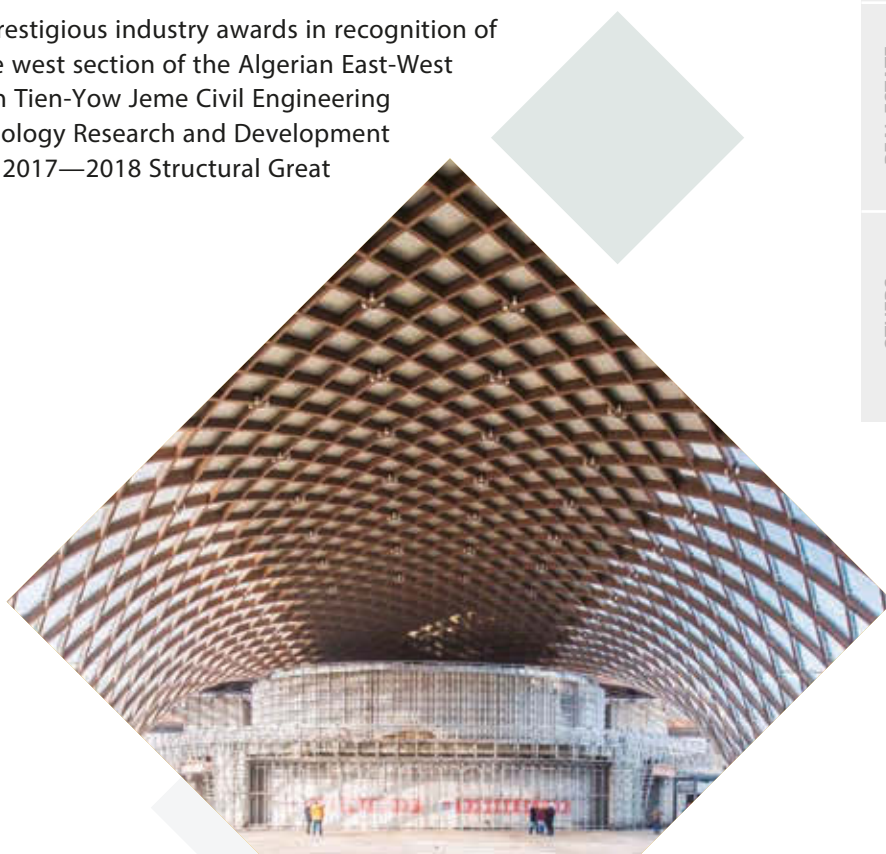
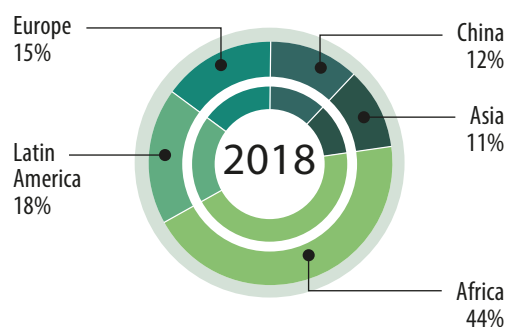
During the year, CITIC Construction continued to develop markets along the Belt and Road corridor and expanded into India, Sri Lanka, Maldives and other countries along the Maritime Silk Road. Construction of the TKU Expressway upgrade project in the key market of Kazakhstan was well under way. Work also began on the new project to upgrade the Karaganda-Balkhash section of the Kazakhstan national highway. In Belarus, CITIC Construction started work on the Agricultural and Industrial Complex project. In the UK, the Royal Albert Dock entered the commissioning phase after the completion of the main construction.

With years of experience in Africa, CITIC Construction continued to develop business opportunities in Angola and surrounding Western Africa countries, as well as in Algeria. After completing the west section of the Algerian East-West Expressway, construction began on the 84km east section in January 2018. In Angola, the construction of 100,000 units of RED social housing made good progress, and several parcels of land in Zangu and Lubango were delivered. In Latin America, construction of the desalination plant on Malay Island, Venezuela, was completed.

In addition to its strong overseas business, CITIC Construction saw steady growth in its domestic business, with a number of new projects in the pipeline. New projects commencing construction in the year included a PPP project for the Industrial New Town of Tianfu International Airport Linkong Economic Zone at Ziyang City, the Longquan Community of Yellow River International Eco-city, and the Penglai Section of Binhai Road in Shandong province. The company also secured projects in new sectors, including agriculture with the signing of a large-scale livestock isolation and slaughterhouse project in Alashankou, Xinjiang.

During the year, the company received prestigious industry awards in recognition of its commitment to safety and quality. The west section of the Algerian East-West Expressway project was awarded the 15th Tien-Yow Jeme Civil Engineering Prize, and CITIC Bank's Information Technology Research and Development Centre in Beijing was the recipient of the 2017—2018 Structural Great Wall Cup's Quality Engineering Project.

Contract value breakdown



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Major projects

TKU Expressway Upgrade, Kazakhstan



TKU Expressway is part of Kazakhstan's national highway network, stretching from Taldykorgan, capital of the Almaty Region, to Oskemen (formerly Ust-Kamenogorsk), the administrative centre of the East Kazakhstan Region. After the upgrade, the expressway will be 763 km long.

Contract signing date:	May 2016
Contract value:	Approximately US\$936 million
Contract period:	54 months
Commencement of construction:	November 2017
Progress as of the end of 2018:	8% complete

Phase I, Royal Albert Dock Project, UK



The Royal Albert Dock project is a signature real estate development to be delivered in the UK by a Chinese construction company. It is an integrated office, retail, and apartment development in the London Borough of Newham in East London, envisaged as a bridge for Asian and European economic collaboration. It covers an area of fourteen hectares with a GFA of 420,000 m², including the biggest landscaped area of any project in London. The first phase, with a GFA of 638,900 ft², consists of twenty type A buildings and one type B office building, an energy centre, restoration of two historic buildings, and supporting infrastructure.

Contract signing date:	November 2016
Contract value:	£222 million
Contract period:	Approximately 23 months
Commencement of construction:	April 2017
Progress as of the end of 2018:	88% complete

East Section of the Algerian 84km East-West Expressway



The project stretches from the interchange of Drean in southern Annaba to the Tunisian border in the east, including nine interchanges. The expressway will be 84 km long.

Contract signing date:	December 2017
Contract value:	Approximately US\$680 million
Contract period:	16 months
Commencement of construction:	January 2018
Progress as of the end of 2018:	15% complete

Agro-industrial Complex Project in Belarus



Located in the Pukhovichi District of Minsk Oblast, Belarus, this agro-industrial complex processes wheat using modern biotechnology to produce irreplaceable amino acids and high-tech formula feed. The construction scope includes an amino acid factory, feed plant, silo construction, power plant, and ancillary facilities including a railway, highway, natural gas pipeline and electric transmission line.

Contract signing date:	November 2016
Contract value:	RMB4,290 million
Contract period:	36 months
Commencement of construction:	July 2018
Progress as of the end of 2018:	17% complete

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Phase I, Industrial New Town of Linkong Economic Zone, Ziyang City, China



The construction of five roads undertaken by the project initially includes Chengzi Avenue, Sanxian Road, Zonger Road, Zongsan Road and Zongsi Road. The completed project will have a total length of approximately 39 km.

Contract signing date:	July 2018
Contract value:	RMB7,270 million
Commencement of construction:	July 2018
Progress as of the end of 2018:	19% complete

Longquan Community of Yellow River International Eco-city, China



This project in Qihe County, Shandong province, comprises three land lots with a total GFA of approximately 450,000 m². It primarily includes resettlement housing, schools, community facilities such as recreation and sports centres, and commercial facilities.

Contract signing date:	August 2018
Contract value:	RMB1,240 million
Contract period:	Approximately 37 months
Commencement of construction:	August 2018
Progress as of the end of 2018:	24% complete

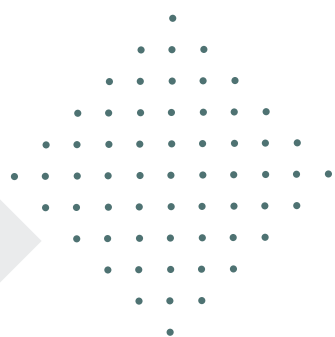
Penglai Section of Binhai Road, Yantai City, China



This is a major transportation infrastructure project in the city of Yantai. The width is 25 metres for the main road, 3 metres for the sidewalk on both sides of the road, and 10 metres for each green belt. It is constructed according to the two-way four-lane first-class highway standard, with a design speed of 80 km/h. The total length of the road will be 15 km.

Contract signing date:	May 2018
Contract value:	RMB550 million
Contract period:	12 months
Commencement of construction:	June 2018
Progress as of the end of 2018:	75% complete

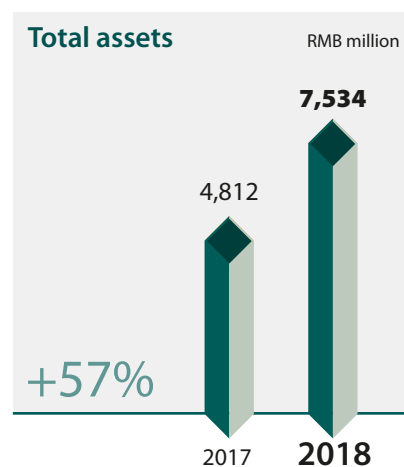
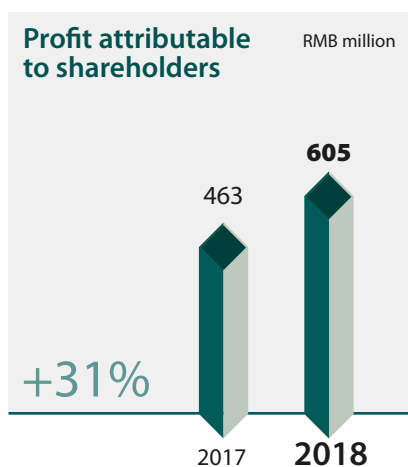
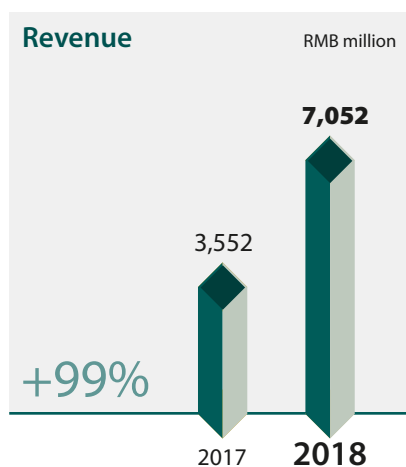
CITIC Engineering



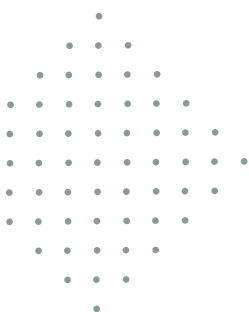
CITIC Engineering is a leading technology-based EPC (Engineering, Procurement and Construction) service provider in China with a strong engineering capability. Its main business focuses on urban planning and ecological preservation, including projects in building construction, municipal infrastructure and environmental protection. The company provides investment as well as EPC and operation services.

With operations across China, CITIC Engineering's subsidiary, Central & Southern China Municipal Engineering Design and Research Institute Co., Ltd (CSMEDI), is at the forefront of municipal engineering design in China. The company's other subsidiary, CITIC General Institute Architecture Design and Research Co., Ltd (CADI), has ranked in the Top 60 Chinese Design Firms by the global industry authority Engineering News Record (ENR) for several consecutive years. It has also been ranked first among the 2018 China's Most Efficient Engineering Design Firms.

Year in review



With the continuing growth and development of the Chinese economy, CITIC Engineering is benefiting from the country's substantial ongoing investment in infrastructure. In addition, CITIC Engineering's expertise in environmental protection and ecological preservation complements the national leadership's objective of mitigating the impacts of rapid development on the environment. CITIC Engineering's annual revenue was RMB7,052 million in 2018, an increase of 99%. Net profit attributable to shareholders was RMB605 million, an increase of 31%. The growth of the business was mainly attributable to the EPC projects in Wuhan, which include the Clean Water Project in Jiangxia District, Forest Avenue in the Donghu New Technology Development District and the National Network Security Talents and Innovation Base in the Economic Development Zone of Wuhan Airport.



During the year, CSMEDI continued to develop its core survey and design business. The number of new EPC contracts signed in 2018 exceeded the total of all previous years combined. Among these new projects was the first municipal environmental protection project at Xiong'an New Area—the Chengxi Sewage Treatment Plant in Rongcheng County. Based on its strong capability in integrated design, CADI won its largest design contract ever to build a logistics centre in Hubei province for RMB700 million.

Major projects

The Clean Water Project in Jiangxia District, Wuhan City



This project will provide a comprehensive solution comprising sewage collection and treatment, flood control and drainage, water supply, and the treatment of water from the lake and river, environmental water management and water information management. CITIC Engineering's involvement in this PPP project includes investment and financing, planning, design, construction and operation. The entire project will be completed in five phases.

Contract signing date:	October 2016
Contract value:	RMB5,110 million, including RMB1,050 million for Phase I, and RMB650 million for Phase II.
Contract period:	Phase I: 45 months / Phase II: 22 months
Commencement of construction:	Phase I: September 2015 Phase II: December 2016
Progress as of the end of 2018:	80% completed for Phase I and 100% completed for Phase II

The National Network Security Talents and Innovation Base Project



This project, located in the Economic Development Zone of Wuhan Airport, was undertaken in response to China's strategy to develop national cybersecurity. It comprises construction of public buildings, infrastructure, an international talent community and infrastructure in the airport area.

Contract signing date:	November 2018
Contract value:	RMB8,620 million
Contract period:	36 months
Commencement of construction:	July 2017
Progress as of the end of 2018:	19% complete

Forest Avenue at Donghu New Technology Development District, Wuhan City



Forest Avenue will serve as a crucial link connecting Wuhan City and Ezhou City. This important project includes the construction of roads, bridges, drainage and landscaping. When completed, the project will be 18.4 km in length and 40 to 60 metres in width.

Contract signing date:	October 2016
Contract value:	RMB2,380 million
Contract period:	24 months
Commencement of construction:	June 2016
Progress as of the end of 2018:	71% complete

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CITIC's real estate business comprises the development, sale and management of commercial properties and integrated property projects in mainland China and Hong Kong.

Major subsidiaries:



CITIC Pacific Properties is a property developer focusing on urban complexes, and high-end commercial and mid- to high-end residential properties.



CITIC Urban Development & Operation is a property developer focusing on real estate finance, urban renewal, and urban development and operations.

HK\$ million	2018	2017	Change
Revenue	8,968	3,227	178%
Profit attributable to ordinary shareholders	5,353	7,660	(30%)
Total assets	154,631	159,664	(3%)
Capital expenditure	2,318	2,436	(5%)



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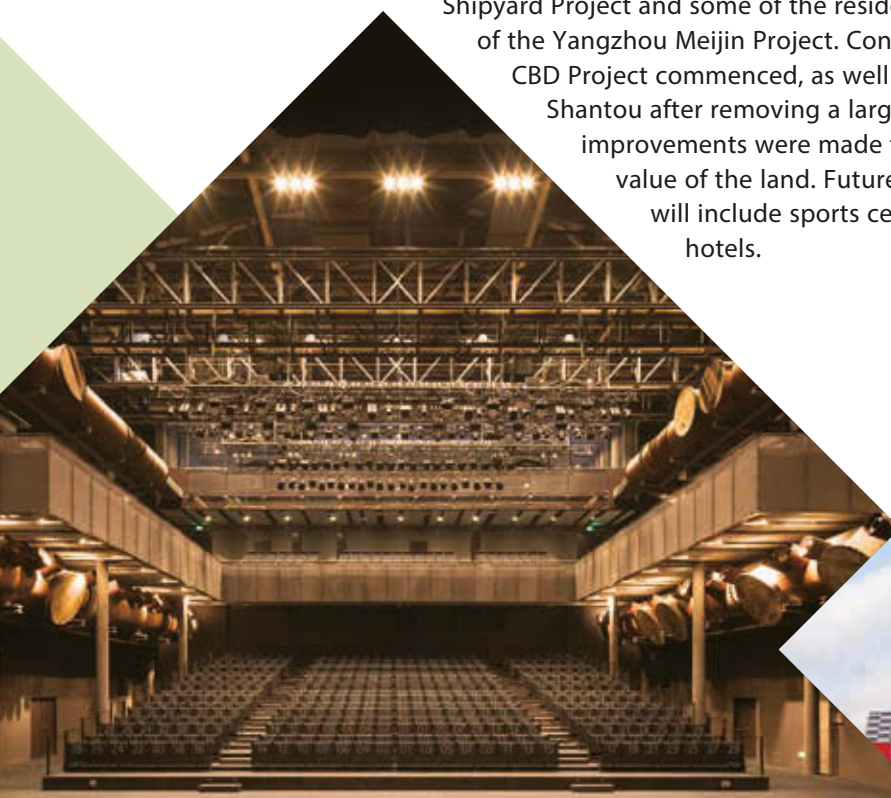


In 2018, the real estate business recorded revenue of almost HK\$9 billion. Profit attributable to ordinary shareholders was about HK\$5.4 billion, 30% less than that of 2017. The profit in 2017 included profit from the delivery of two office buildings at Lujiazui in Shanghai to Industrial and Commercial Bank of China (ICBC) and China Life.

Year in Review

In 2018, the growth of the real estate industry slowed down, and more developers diversified their businesses. To maintain the sustainability of its real estate business, the Company optimised the mix of its property projects, explored the feasibility of combining property development with finance and urban development, and expedited the development of existing projects.

During the year, the company started sales of the residential part of the Shanghai Shipyard Project and some of the residential units of the second and third phases of the Yangzhou Meijin Project. Construction of the residential part of the Jinan CBD Project commenced, as well as for the tunnels of CITIC Coast New Town in Shantou after removing a large number of boulders. For this latter project, improvements were made to the municipal roads, public facilities, and the value of the land. Future developments undertaken by the Company will include sports centres, exhibition centres, retail complexes, and hotels.





In Hong Kong, the luxury residential project, KADOORIA, at Kadoorie Hill, Kowloon, has been well received by the market since its sales launch at the end of 2017. In 2018, 46 of the total 77 units were sold and their profit booked. The superstructure of our residential project, The Entrance, in Lok Wo Sha, Ma On Shan, was topped out and fit-out works are in progress. The project, which has a gross floor area of approximately 21,000 m², is scheduled for completion by the end of 2019. This Discovery Bay development is 50% owned by CITIC. Phase 16, a high-rise development of 17,000 m², Phase 17, a detached villa development of 4,000 m², and Phase 18, a low-rise development of 4,000 m², are under construction and scheduled for completion in 2019. The Hong Kong investment property portfolio continued to provide stable rental income in 2018, with an overall average occupancy of approximately 96%.



Key development projects

CITIC Tower, Beijing (100% owned)



Located in Chaoyang District, CITIC Tower is 528 metres in height, making it the tallest building in Beijing.

It received a Provisional Acceptance Certificate on 28 December 2018 and has started opening in phases. CITIC Tower is the tallest building completed in 2018 worldwide. It is the eighth tallest building in the world and the fourth tallest in China.

Site area:	11,478 m ²
Gross floor area:	437,000 m ²
Purpose:	Office

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Lujiazui Harbour City, Shanghai (50% owned)



Lujiazui Harbour City, previously used as a shipyard by Shanghai Shipyard Co., is located on the south shore of the Huangpu River in central Shanghai. This project comprises eight high-end office buildings, a five-star hotel and serviced apartments, luxury residences, and recreational, commercial, dining and entertainment facilities.

Seven office buildings in this project have been delivered to China Construction Bank, Agricultural Bank of China, United Overseas Bank, China Industrial Bank, Shanghai HY Investments Company, ICBC, and China Life, respectively. Sales of the residential units of the project began in 2018. The Mandarin Oriental Hotel and its serviced apartments located within this project are currently in operation.

Site area:	249,400 m ²
Gross floor area:	872,800 m ²
Purpose:	Office, retail, hotel and residential

CITIC Pacific Technology and Fortune Plaza, Shanghai (50% owned)



Located in the western part of Shanghai, this mixed-use office and retail development will integrate high rises and community and commercial centres at street level. Construction of the project is under way.

Site area:	60,335 m ²
Gross floor area:	229,372 m ²
Purpose:	Office and retail

Harbour City, Wuhan (65% owned)



Located between the first and second ring roads of Wuhan, the Riverside Commercial Zone is situated in the CBD, which has the highest growth potential in the city. The project comprises 14 easily-accessible lots at the core of the CBD, with 600 metres of the project's east boundary facing the river. Construction is under way.

Site area:	229,040 m ²
Gross floor area:	1,173,000 m ²
Purpose:	Office, apartment, retail, residential

Optics Valley Xintiandi, Wuhan (50% owned)



This project is an urban complex developed by a 50:50 company founded by CITIC and Shui On Group. It is located in the east of Wuhan and the central area of the East Lake High-tech Development Zone. Construction is under way.

Site area:	353,760 m ²
Gross floor area:	1,197,400 m ²
Purpose:	Office, residential, SOHO, retail

Slender West Lake, Yangzhou (100% owned)

Site area: 119,700 m²
 Gross floor area: 120,100 m²
 Purpose: Elderly care, residential

The land for this project was acquired in 2018. The site is located in the tourist area of Slender West Lake, 3km from the downtown area. It will be developed into an elderly care home and residential apartments.

Major investment properties

Property	Purpose	Ownership	Approx. gross area (m ²)
CITIC Square, Shanghai	Office and retail	100%	132,300
Capital Mansion, Beijing	Office	100%	140,200
International Building, Beijing	Office	100%	62,200
CITIC Tower, Hong Kong	Office and retail	100%	52,000

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Information Services

CITIC Limited provides information services through two subsidiaries: CITIC Telecom International and AsiaSat.

Listed on The Stock Exchange of Hong Kong, CITIC Telecom International (CITIC Telecom) is an Internet-oriented telecommunications enterprise providing comprehensive services. It offers international telecommunications services, such as mobile international roaming, international voice, international SMS, international data and international value-added telecommunications services, to global carriers (including mobile operators, fixed line operators, virtual network operators, Internet operators and OTT operators).

The company is one of the largest telecommunications hubs in Asia Pacific, including self-developed products such as DataMall, the world's first mobile trading platform, and SIMN. It owns CITIC Telecom Tower and has established two large-scale data centres in Hong Kong.

CITIC Telecom's wholly-owned subsidiary, Acclivis Technologies and Solutions Pte. Ltd. (Acclivis), is based in Singapore with businesses in Malaysia, Indonesia and Thailand. As one of the leading IT services provider in the region, Acclivis is a trusted advisor to government and enterprises. It delivers digital transformation projects and smart solutions that harness CITIC Telecom's end-to-end ICT capabilities, with a focus on cloud solutions, managed services and enterprise connectivity. Acclivis also owns the Pacific Internet service brand in Singapore and Thailand and has established data centres and cloud computing centres across key cities in Southeast Asia.

Through its wholly-owned subsidiary, CITIC Telecom International CPC Limited (CPC), CITIC Telecom provides one-stop ICT solutions to multinational and business enterprises, including private network solutions, EPL, Internet access, cloud computing, information security, cloud data centre and a series of value-added services. CPC is one of the most trusted partners of leading multinational and business enterprises in Asia Pacific. CPC has gained a foothold in the mainland China market through its subsidiary, China Enterprise ICT Solutions Limited (CEC), providing comprehensive ICT services for multinational and



business enterprises in mainland China. CEC has various nationwide licenses in value-added telecommunications services in mainland China, including nationwide ethernet VPNs, and has built cloud data centres in various cities such as Beijing, Shanghai and Guangzhou.

CITIC Telecom holds a 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L. (CTM). CTM is one of the leading integrated telecommunications services providers and the only full telecommunications services provider in Macau, as well as the major smart city operator of Digital Macau. As a market leader, CTM has long provided quality telecommunications and ICT services to residents, the government and enterprises in Macau and plays an important role in its ongoing development.

As of 31 December 2018, CITIC Telecom had branch organisations in 21 countries and regions. The company employs over 2,500 staff and has a network covering more than 130 countries and regions, with over 600 global operators serving around 3,000 MNCs and 40,000 local businesses. CITIC Telecom has R&D teams in various cities including Hong Kong, Macau, Zhuhai, Chengdu. In addition to its ISO quality and network security accreditations, the company has received numerous awards for its employment and green practices over the years.

AsiaSat's business involves the leasing and sale of satellite transponders, broadcasting, communications and data uploading and downloading services.

Infrastructure

CITIC Limited's infrastructure business is concerned with the investment and management of ports and port terminals as well as regional development in China through CITIC Industrial Investment. CITIC Limited also has an interest in the Western Harbour Tunnel in Hong Kong.

The regional development business refers to the Xidian New Town Project in Ningbo, Zhejiang Province, for which CITIC Industrial is constructing seashore polders, land consolidation, urban infrastructure and supporting projects such as water engineering and green land development. The planned land area is approximately 6,480 mu and the planned gross floor area is approximately four million square metres.

The port terminals business mainly consists of investment in and the proprietary operation of liquefied oil terminals and storage, as well as the operation of other types of berths, such as container berths. At present, CITIC has completed three grid-layout investment projects in the Yangtze River Delta and the Yangtze River Economic Belt, where it operates liquefied oil ports with a handling capacity of about 37.7 million tonnes and a storage capacity of about 2.1 million cubic metres. In the future, CITIC will expand into investment projects with a focus on liquefied oil in the Pearl River Delta and Bohai Economic Rim. Its ultimate goal is to be a port and storage investor and operator, particularly of domestic ports, with a leading position and influence in this market segment. In addition, CITIC plans to offer a supply chain management service through a facility network.

NETWORK COVERING

130+
countries and
regions

SERVING

3,000+
MNCs

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Project	Ownership	Handling capacity/storage capacity
Port Storage		
PetroChina Fuel Oil Port	51%	12 million tonnes
Guanwai Liquefied Products Port	51%	1.8 million tonnes
Xinrun Petrochemical Storage and Transport	90%	5 million tonnes/600,000 m ³
Xinyuan Port	51%	7.2 million tonnes
Hengyang Storage Project	49%	6.65 million tonnes/890,000 m ³
Xinhai Oil Terminal	30%	600,000 m ³
Port of Gangfa Crude Oil	20%	5 million tonnes
Container Ports of China Merchants Holdings (International) Company Limited	20%	2.4 million TEU
Tunnels		
The Western Harbour Tunnel, Hong Kong	35%	Franchise till 2023

General Trading

1,000+
brand partners

Dah Chong Hong (DCH) is engaged in the distribution and sale of motor vehicles and associated services, food and FMCG, healthcare and electrical products, as well as the provision of logistics services. As the preferred partner of over 1,000 brands in more than 30 countries and regions, DCH has well-established networks in Asia Pacific offering a wide range of supply chain solutions.

In 2018, DCH delivered stable results with the expansion of its motor business. Profit attributable to ordinary shareholders increased by 2.2%, despite economic headwinds in the second half of the year. It also continued to restructure the China food and FMCG business during the year.

Environmental Services

CITIC Environment Investment Group (CITIC Environment) is CITIC Limited's specialised investment and operational platform for environmental protection. Its business covers three major sectors, namely water treatment, solid waste treatment, and energy saving services.

WATER TREATMENT

6 million tonnes

Since CITIC's completion of the acquisition of Singapore listed CITIC Envirotech in 2015, CITIC Environment has been expanding this business by taking advantage of the internal and external resources of the Group. As at the end of 2018, the total average designed daily handling capacity of its water treatment facilities exceeded 6 million tonnes.

CITIC Envirotech continued to expand its business in countries along the Belt and Road. On 22 November 2018, in a ceremony with Premier Li Keqiang and the Prime Minister of

Kazakhstan during his visit to China, a memorandum of cooperation was signed between the two countries. The agreement paves the way for investments in key projects, including the KBM water recycling project signed between CITIC Envirotech and Kazakhstan Karazhanbas Oil Company. Currently, the KBM water recycling project has completed most of the preliminary works and is scheduled to commence production in the first half of 2020.

In response to Premier Li Keqiang's call to win "three tough battles" (reduce poverty, control pollution and reduce risks), CITIC Envirotech designed an ecological environment system for 36 towns covering an area of 20 million square metres in Meigu County, Liangshan Yi Autonomous Prefecture for environmental and ecological restoration.

CITIC Envirotech's membrane production subsidiary in the United States—Memstar USA—started production in November 2018. CITIC Envirotech has thus become one of the very few companies in the world capable of carrying out MF, UF, NF and RO membrane research, development and production. With the help of Memstar USA, CITIC Envirotech will be able to expand its international market for this technology.

In 2018, CITIC Environment continued to increase its shareholding in Chongqing Sanfeng Environmental Industrial Group (Sanfeng) by means of equity acquisition and project asset injection, and has been assisting this company to expand its domestic and foreign household waste incineration business. At the end of 2018, Sanfeng had invested in 33 Build-Operate-Transfer (BOT) projects with a treatment capacity of 42,600 tonnes per day (TPD), maintaining its leading position in the domestic industry. Sanfeng's technology and equipment during the year was in use on 255 incineration lines in 145 incineration projects across 9 countries, including China, the United States, Germany, India and Brazil. With a treatment capacity of 13,700 TPD, Sanfeng ranked first in the grate furnace market in China.

CITIC Environment also expanded its hazardous waste disposal business during the year. By the end of 2018, it had acquired 10 high quality hazardous waste disposal projects in Xinjiang, Shandong, Guangdong, Jiangsu and other key areas, with a designed annual treatment capacity of more than 1.2 million tonnes.

Modern Agriculture

CITIC Agriculture focuses on agricultural science and technology as part of its strategy of becoming a flagship for seed companies. Leveraging CITIC Limited's advantages in this sector, CITIC Agriculture has become a globally competitive agri-tech company focused on its seed industry platform.

In 2018, CITIC Agriculture announced it would buy shares of Longping High-tech previously held by other CITIC entities. Following the completion of several key projects, CITIC Agriculture's venture now has plant breeding, animal breeding, and animal health operations across China. It also purchased



INVESTED IN

33 BOT projects

FINANCIAL SERVICES

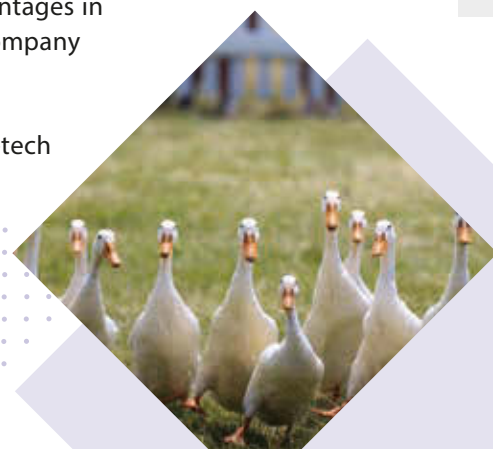
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16.67% of the shares of Beijing Capital Agribusiness and acquired 30% of the shares of China Agriculture Vet with CITIC Agri Fund during the reporting period.

LongPing High-tech (SZ stock code: 000998) achieved record revenue during the year to remain the number one seed company in China. Its market share in corn seeds ranked first after its acquisition of Beijing Lantron Seed.

Also during the year, CITIC Agri Fund continued to develop its agricultural biotechnology business and became the largest shareholder of Ausnutria (stock code: 01717.HK). Its shareholding is now approximately 23.95% of the company, following a joint capital injection of HK\$1,963 million with domestic and overseas investors.

Publishing

CITIC Press is a major provider of integrated content and associated services in mainland China, principally engaged in book publishing, digital publishing, bookstore retailing, education and training services, and IP operations. For its publication, distribution and retail operations, CITIC Press has obtained all licenses issued by the State Administration of Press, Publication, Radio, Film and Television. Today, it ranks second in the Chinese book market in terms of sales revenue at fixed prices.

CITIC Press was listed on the National Equities Exchange and Quotations at the end of 2015, becoming the first listed state-owned company in the publishing industry. In May 2017, the IPO application to list CITIC Press on the Growth Enterprise Market of the Shenzhen Stock Exchange was officially filed with the China Securities Regulatory Committee.

General Aviation

CITIC Offshore Helicopter (COHC) operates a full-service general aviation business in China. Among its main businesses are offshore oil helicopter operation services; general aviation services such as aerial photography, maritime patrol, polar survey operations, HPS, forest fire prevention and powerline operations; general aviation maintenance; and financing and rental services. COHC's offshore oil helicopter services enjoy the leading position in the industry in terms of market share. It is the only general aviation company engaged in helicopter pilotage and the only general aviation enterprise offering an overseas in-flight service for offshore petroleum exploration.

Based in Shenzhen, COHC's operations cover the South China Sea, East China Sea, Bohai Sea, and domestic areas except Tibet, the South Pole and the North Pole. COHC also operates a service centre for Airbus Helicopters in China.

