



FINANCIAL SERVICES

The Financial Services businesses of CITIC Limited comprise banking, trust, insurance and securities, offering our customers innovative and comprehensive financial solutions across a full service platform.

Major subsidiaries



CITIC Bank

is a joint-stock commercial bank offering corporate banking, retail banking and financial markets services, as well as CITIC AiBank, an intelligent bank formed in a joint venture between CITIC Bank and Baidu.



CITIC Trust

is the market leader in its field in China, providing integrated financial services including financing, wealth management and trust services.



CITIC-Prudential Life

is a joint venture between CITIC Corporation and Prudential Plc, providing life, health and accident insurance as well as reinsurance.

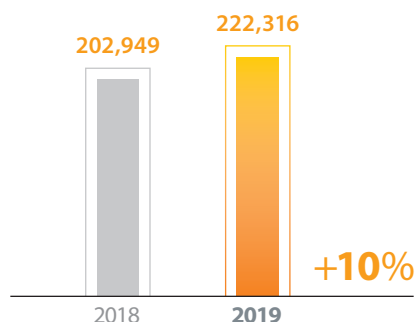


CITIC Securities

is a leading securities company in China with businesses spanning investment banking, brokerage, securities trading and asset management.

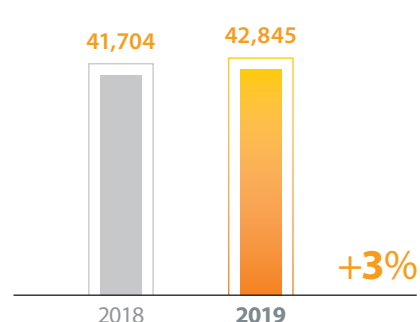
REVENUE

HK\$ million



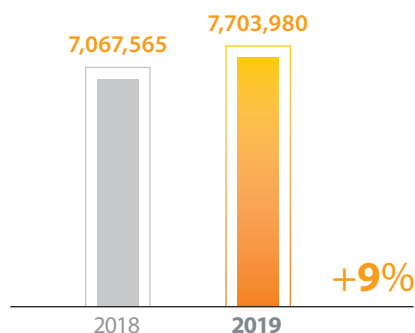
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



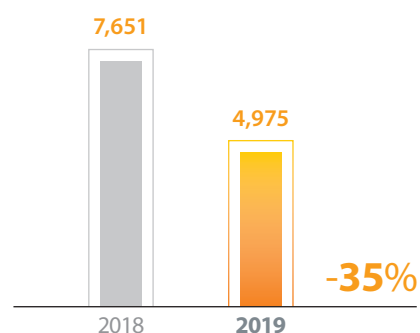
TOTAL ASSETS

HK\$ million



CAPITAL EXPENDITURE

HK\$ million



During the year, profit attributable to shareholders reached HK\$428 billion, a year-on-year increase of 3%. Excluding the RMB to HKD translation, profit grew 7% year-on-year, mainly attributable to continuous operational enhancements as well as moderate monetary easing in the first half of 2019.

CITIC Bank remained the largest profit contributor, registering a bottom line of RMB48 billion, a rise of 8%, supported by double-digit growth in both net interest income and non-interest income. The bank's efforts to promote innovation in fintech are empowering our various business lines to better serve their customers. **CITIC Trust** achieved steady growth in profitability, increasing 7% driven mainly by a significant rise in net interest income and investment gains. Its revenue, profit and fee income surpassed all its peers in 2019. **CITIC-Prudential Life's** earnings surged 63%, which was attributable to strong growth in both premium income and investment gains. With the revival in capital markets activity, **CITIC Securities'** 2019 profit increased 30%, led by its trading and investment banking businesses.

CITIC Bank

CITIC Bank is a leading joint-stock commercial bank with a full range of services and strong brand recognition in China. With a staff of nearly 60,000 and over RMB6 trillion in total assets, it is engaged in corporate banking, retail banking and financial markets services. In 2019, CITIC Bank was ranked 19th in the Top 500 Banking Brands by British financial magazine The Banker.

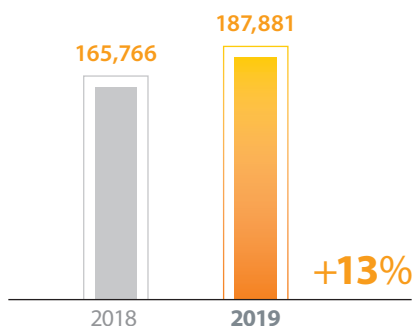


Year in Review

The Chinese banking industry benefited from moderate monetary easing and stable market interest rates in the first half of 2019. CITIC Bank adhered to its overall strategy of enhancing its corporate banking advantages while improving the contribution of retail banking and financial markets. As a result, the bank demonstrated healthy growth in revenue, profits and assets during the year. Profit attributable to ordinary shareholders grew by 8% year-on-year to RMB48.0 billion. Total revenue reached RMB187.9 billion, a year-on-year increase of 13%, driven by both net interest income and non-interest income. Net interest income rose 13% to RMB127.3 billion, due mainly to the growing asset balance and wider NIM. Non-interest income grew 15% year-on-year, driven principally by robust bank card business and agent services, and its contribution to total revenue continued to increase from 31.9% to 32.3%¹.

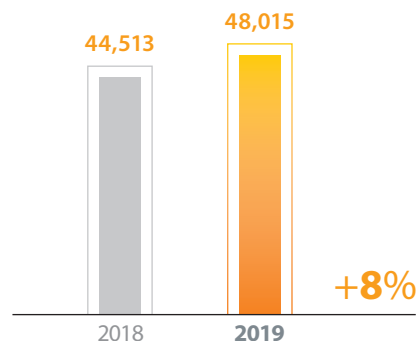
REVENUE

RMB million



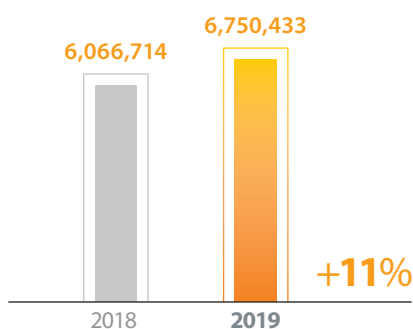
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

RMB million



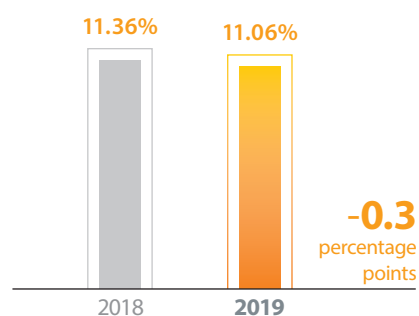
TOTAL ASSETS

RMB million



RETURN ON EQUITY

%



¹ Revenue from credit card cash installments has been reclassified from fee and commission income to interest income since 2019. Financial indicators related to interest income and non-interest income have been restated.

Asset and Liability Management

CITIC Bank's total assets grew steadily by 11% in 2019. Total loans also increased 11%, reflecting a rebalanced and optimised loan portfolio. More credit resources were directed to pillar industries such as commercial services, public utilities management, railway and road transport, and pharmaceutical manufacturing to capture new opportunities in the economy, while exposure to low-end manufacturing and underperforming industries was strictly controlled. On the liability side, total customer deposits increased 12% in 2019, and interbank deposits and placements grew 22%. Total funding costs were well controlled. During the reporting period, CITIC Bank redeemed its 37-billion-yuan Tier-two bond and issued a 40-billion-yuan convertible bond as well as a 40-billion-yuan perpetual bond. These actions helped to strengthen CITIC Bank's risk resilience and stabilise our capital adequacy ratios. Our core Tier-one capital adequacy ratio increased by a 0.07 percentage point to 8.69%, while the total capital ratio declined slightly by a 0.03 percentage point to 12.44%.

Risk Management

CITIC Bank continued to focus on risk management to balance asset growth and quality. Although total loans increased by double digits, the growth of our NPL balance was well managed at 3% during the year. The NPL ratio decreased by 12 basis points year-on-year to 1.65% at the end of 2019. CITIC Bank significantly increased provisions to position itself more defensively during the counter cyclical period. The bank's provisioning coverage ratio stood at 175.25% at year end, up 17.27 percentage points, while the loan provision ratio stood at 2.90%, up 0.1 percentage point.

Business Highlights

REVENUE BY SEGMENT

<i>RMB million</i>	2019	2019 percentage	2018 (Restated)	2018 percentage (Restated)
Corporate banking	93,790	49.9%	87,823	53.0%
Retail banking	71,284	37.9%	57,525	34.7%
Financial markets	19,476	10.4%	16,712	10.1%
Other	3,331	1.8%	3,706	2.2%

Corporate Banking

Corporate banking recorded revenue of RMB93.8 billion, up 7% year-on-year, contributing 49.9% of total revenue. CITIC Bank continued to optimise the corporate customer mix and developed strong relationships with leading companies across various industries. We also expanded our business with quality upstream and downstream companies and provided integrated services for clients' supply chains and ecosystems. By year end 2019, the bank had 743,000 corporate clients, up by 113,000 over the previous year. Corporate loans (including discounted bills) grew by 7% to RMB2,267.2 billion, while corporate deposits increased 9% to reach a historical high of over RMB3 trillion, thus maintaining CITIC Bank's top ranking among Chinese joint-stock commercial banks.

Transaction banking, investment banking, international business and the asset custody business all registered steady performance during the year. Among Chinese joint-stock commercial banks, CITIC Bank maintained market leading positions in several areas, such as debt financing underwriting, forex settlement and sales, cross-border RMB settlement and custody assets. The transaction banking business advanced significantly and

by year end was serving a total of 607,000 clients, up 34%. Transaction volumes increased by 29% to RMB97.21 million while turnover reached RMB64.7 trillion. The bank continued to optimise its digital banking channel and, to improve service efficiency, upgraded a mobile app for corporate clients. This particularly benefited small- and medium-size enterprises by easing access to financing and lowering operational costs.

Custody assets reached a new high of over RMB9 trillion, up 8% year-on-year, supporting the deposit base. During the year, CITIC Bank won bids to become the custodian of a national annuity as well as 25 provincial annuities. By the year end, 14 annuities had been successfully launched with total custody assets reaching RMB25.4 billion.

Retail Banking

CITIC Bank aims for steady growth in its retail banking business and retail customer base by leveraging big data and Fintech to implement more precise marketing campaigns, enhance the customer experience and accelerate digital transformation. Revenue from retail banking was RMB71.3 billion in 2019, contributing 37.9%, up 3.2 percentage points. During the year, the number of retail clients grew by 16% to 102.2 million, including 890,000 mid- and high-end clients, reflecting an annual increase of 21%. The enlarged customer base, which uses a variety of our products, proved to be a boost to stable deposits. Total personal deposits increased by 23% to RMB878.2 billion. An improved automatic loan approval system was effective in driving growth in personal lending to better serve the trend of higher-end consumption. Individual loans (excluding the credit card business) grew by 17% to RMB1,216.2 billion.

Our credit card business continued to grow substantially, driven by improved digitalisation, and contributed RMB60.5 billion in revenue, up 31% year-on-year. Transaction turnover increased by 23% to RMB2,561.4 billion, while credit card advances increased by 16% to RMB514.7 billion. During the year, the credit card business launched its independently-developed cloud system, Starcard, which has helped to improve the competitiveness of this business.

Leveraging its enhanced management capability, the private banking business recorded strong growth momentum during the year. It offered high-end clients, including individual, family and corporate customers, a comprehensive range of customised financial solutions to fulfil a variety of needs. The number of clients expanded 24% to over 40,000, and total assets under management grew by 22% to RMB573.9 billion during the reporting period.

Financial Markets

CITIC Bank's financial markets business continued to adhere closely to the bank's principle of light assets, capital and costs to drive performance. In 2019, revenue generated by financial markets reached RMB19.5 billion, up 17% year-on-year, and its contribution was 10.4%. Non-interest income from financial markets increased by 28% to RMB12 billion, and its contribution to total non-interest income was 19.8%. The bank continued to adjust its interbank asset structure and increase yields during the year.

CITIC Bank continued to upgrade its CITIC Interbank+ platform during the year and carried out new product research and development to improve the customer experience. By the end of 2019, the platform had accumulated 1,981 institutional clients, up 63% year-on-year. The bank retained its leading position in the interbank Forex market-making business with a transaction volume of RMB13.9 trillion, a year-on-year increase of 3%.

CITIC Bank is also optimising the asset management business structure in a prudent manner. Its wholly-owned asset management subsidiary has been approved by the regulator. At the end of 2019, the total volume of non-risk-bearing wealth management products increased by 19% to RMB1,103.3 billion. Growth of NAV products also progressed well, with their proportion rising from 26% to 59%. The asset management business generated RMB42.7 billion in total returns for clients in 2019.

INNOVATION AND FINTECH



CITIC Bank continued to accelerate its digital transformation by allocating more resources to push Fintech innovation and by expanding its Fintech talent pool. During the reporting period, the bank invested RMB4.9 billion in Fintech.

CITIC Bank has empowered its business lines through Fintech and successfully launched over 100 AI solutions to improve service accuracy and efficiency. In the past two years, CITIC Bank has continuously enriched the trade finance blockchain system, which has attracted over 20 banks and accumulated more than RMB100 billion of turnover as at the end of 2019.

The connection between mobile banking and offline channels was tightened and linked to provide an omnichannel integrated service for clients. Both the number of registered users and app activity rate continued to accelerate in 2019. The number of mobile banking clients reached 45.83 million, up 25% during the year, while total turnover increased by 39% to RMB8.72 trillion. Based on the analysis of customer behaviour, the bank's intelligent marketing engine can give customised recommendations to clients and makes reaching target audiences more efficient.

As a result, clients were reached via more than 100 million communications during the year. AUM for online marketing clients amounted to over RMB40 billion by year end.

In line with CITIC Bank's commitment to develop and innovate, CITIC AiBank was launched on 18 November 2017, with CITIC Bank holding a 70% stake and Baidu holding 30%. Its registered capital is RMB4 billion. In 2019, revenue reached RMB2.4 billion as CITIC AiBank recorded its first profit of RMB20 million.

During the year, CITIC AiBank accelerated efforts to build its sales system and asset deployment system to better manage assets and liabilities. Its deep involvement in Baidu's ecosystem also provided opportunities for synergy. CITIC AiBank's balance sheet grew rapidly, providing a solid base for future development. As of the end of 2019, total assets reached RMB58.9 billion, while shareholders' equity amounted to RMB3.2 billion. CITIC AiBank strikes a sound balance between innovation and compliance, as all of its key indicators have met regulatory requirements.

CITIC Trust

CITIC Trust is a leading non-bank financial institution in China. It focuses principally on the trust business, complemented by proprietary business to better manage its balance sheet, and invests in subsidiaries to diversify its portfolio. For twelve consecutive years, CITIC Trust has ranked in the Top 3 of the Mainland China trust industry according to core earnings indicators. A clear leader in its field, CITIC Trust also has the highest regulatory rating in the sector. It was also awarded the Best China Trust Company by The Asian Banker in both 2018 and 2019.

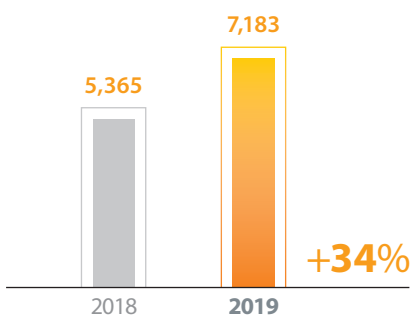


Year in Review

Although 2019 was a challenging year for the trust industry, CITIC Trust maintained healthy operations and focused on optimising the business structure to manage risks from an uncertain market. Revenue and profit reached RMB7.2 billion and RMB3.6 billion respectively in 2019, ranking CITIC Trust No.1 in the industry. Its fee income beat peers to reach RMB4.9 billion. Record high profit was driven by a 57% increase in net interest income and a 46% hike in investment gains, which was mainly benefited from expanded proprietary assets and improved asset allocation.

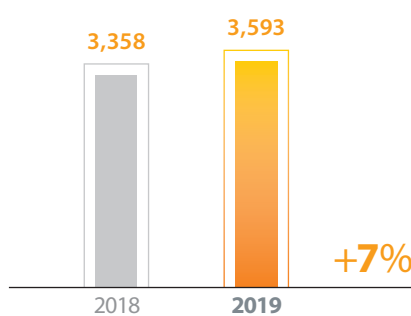
REVENUE

RMB million



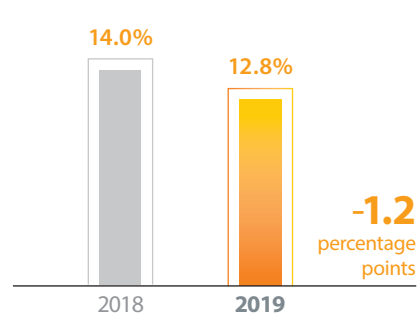
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

RMB million



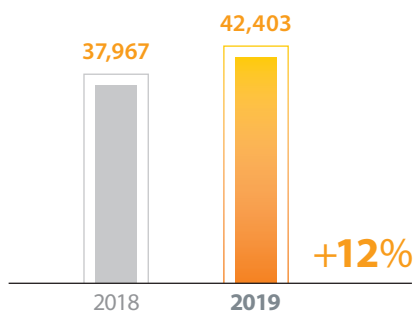
RETURN ON EQUITY

%



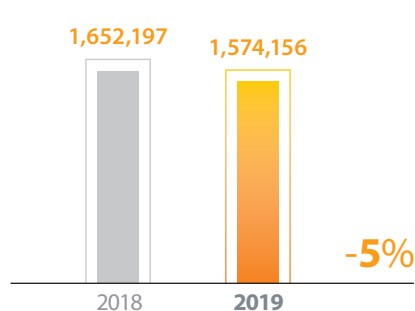
TOTAL PROPRIETARY ASSETS

RMB million



TRUST ASSETS UNDER MANAGEMENT

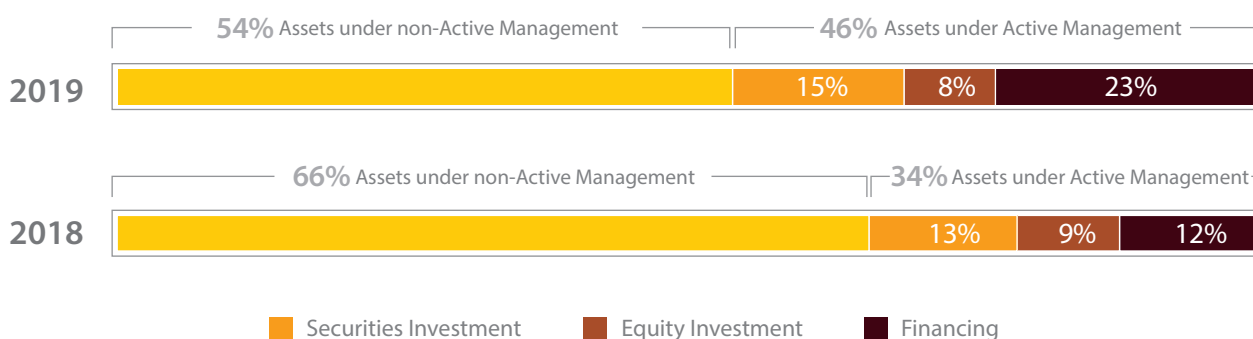
RMB million



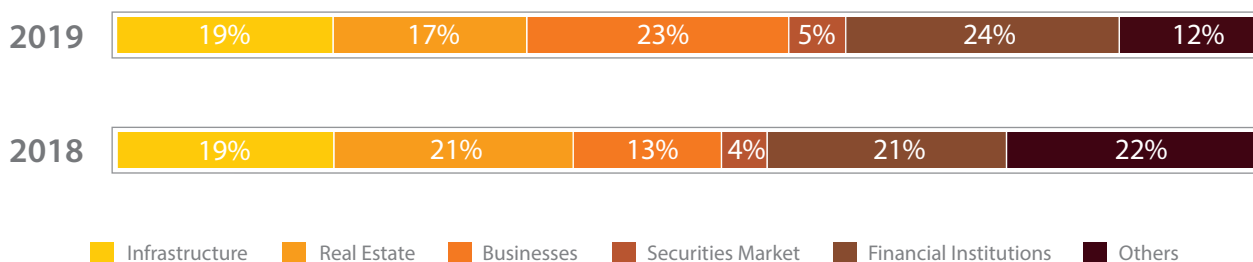
Management of Trust Assets

CITIC Trust continued to enhance its capability in optimising its asset allocation and seizing opportunities in the economy. As the firm proactively reduced trust AUM to RMB1.6 trillion, it increased the proportion of trust assets under active management from 34% to 46%. Trust profit attributable to beneficiaries reached RMB72.7 billion, ranking Top 1 for many years.

ALLOCATION OF TRUST ASSETS - BY TYPE



ALLOCATION OF TRUST ASSETS - BY INDUSTRY



Key Business Highlights

Trust Business



FINANCING SERVICE

CITIC Trust delivers a wide range of financial trust solutions to clients, including governments, enterprises, financial institutions and other institutional investors. Through diversified means of equity and debt financing, CITIC Trust has invested around RMB700 billion in projects to capture opportunities available from growth sectors in the real economy, and from national strategies including Belt and Road, as well as the development of key regions such as Beijing-Tianjin-Hebei region and the Yangtze Delta. With an eye on opportunities emerging from China's ongoing consumption upgrade trend, CITIC Trust collaborated with internet giants such as Tencent and JD.com to develop the consumer financing trust business.

As a strategic investor, CITIC Trust is closely involved in the future development of the enterprises in which it invests. During the year, it launched a research centre together with the University of Chinese Academy of Sciences and Shandong Weiqiao Pioneering Group, the parent company of China Hongqiao (1378.HK). The centre is mainly focused on research and application of new materials. CITIC Trust provides not only financial support but other resources to this enterprise in which it invests, to help the enterprise accelerate the upgrading process.

WEALTH MANAGEMENT

CITIC Trust provides diversified wealth management services for institutional clients and high net worth individuals, with a wide range of products across currency markets, fixed income and equity investment. The wealth management service can be provided in tailored ways such as family trust and insurance trust. In 2019, CITIC Trust expanded into the western China market and launched two wealth management centres respectively in Chengdu and Shaanxi province.

Our family trust business and insurance trust service maintained the leading position in the trust industry. The total number of clients under family trusts doubled to around 3,000 with AUM over RMB34 billion, a year-on-year increase of 89%. CITIC Trust collaborated with 11 insurance companies to formulate the first industry standard for the insurance trust service in China, providing a sound basis for future development. In 2019, CITIC Trust also established the first offshore family trust in Hong Kong through its overseas platform CTI Capital Trust Limited. The integrated onshore and offshore wealth management service will be helpful to better serve our high net worth customers.

In a new innovation, CITIC Trust launched TOF (Trust of Funds) products. These trust products structure both equity and fixed income funds as the underlying assets, and can filter fund managers by their historical performance in order to hedge risks and provide stable returns to customers.

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.

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). Its securitisation assets reached RMB116.4 billion in 2019, the largest in China's trust industry for a seventh consecutive year.

For the charity trust business, CITIC Trust continued to explore the new products and services such as co-trustee, DAF (Donor-Advised Fund) and investment-linked charity. It has completed seven DAF donations. Meanwhile, it also launched the first charity trust program for legal education and the first Charitable Lead Trust (CLT). As of the end of 2019, CITIC Trust has established seven charity trusts with total charity funds under management reaching RMB549 million and nearly 100,000 donation recipients.



Proprietary Business

CITIC Trust manages its proprietary balance sheet to maintain a solid capital position and moderate leverage in support of its business development. In 2019, our total proprietary assets amounted to RMB42.4 billion, up 12% over the previous year. As we optimise the investment strategy and improve our asset management capability, net interest income and investment gains have achieved significant growth of 57% and 46% respectively.

Subsidiaries

CITIC Trust has established a number of subsidiaries including CIT Capital, CITIC Juxin and CITIC Consumer Finance to provide comprehensive financial services such as equity investment funds, mutual funds, money markets, overseas investment and consumer finance. As at the end of 2019, total assets managed by our subsidiaries exceeded RMB200 billion, which were mainly allocated to new technology, high-end manufacturing, education and healthcare sectors.

CITIC Juxin, as a private equity platform, explored the alternative investments in cutting-edge projects. As a new trial in the commercial aerospace industry, CITIC Juxin invested in Beijing i-Space, which successfully launched a rocket for the first time in July 2019. CITIC Juxin also invested in Beijing Tianlian which provides spacecraft Telemetry, Tracking and Command (TT&C) systems. Beijing Tianlian successfully provided services for the first sea-based launch of a rocket in China in June 2019.

CITIC Trust is the first trust company to launch a consumer finance business, CITIC Consumer Finance Co., Ltd, established in June 2019. Registered capital is RMB300 million with CITIC Limited holding a 35.1% stake, CITIC Trust a 34.9% stake and Kingdee China a 30% stake. The firm has been approved to develop an RMB personal lending business.

CIT Capital, our overseas platform, has obtained multiple licences including Type 1, 4, and 9 licenses from Hong Kong's Securities and Futures Commission (SFC) as well as the trust company and money lender licenses in Hong Kong. It is well placed to develop a diversified business and achieved HK\$6 billion AUM by the end of 2019.

Risk and Capital

CITIC Trust continued to achieve balanced growth with its stringent attention to risk management. In 2019, 785 trust projects were completed with no defaults recorded and RM688.3 billion of principal was distributed. Capital strength was further enhanced over the year. CITIC Trust increased registered capital from RMB10 billion to RMB11.3 billion. As of year end 2019, the net capital adequacy ratio remained solid at 173%, comfortably above regulatory requirements. The balance of net capital was RMB19.8 billion, providing a strong foundation for long-term growth.

Indicator	Year End 2019	Year End 2018	YoY Change	Regulatory Requirement
Net capital (RMB billion)	19.8	16.8	+18%	≥RMB200 million
Total risk capital (RMB billion)	11.4	8.8	+29%	N/A
Net capital adequacy ratio	173%	190%	-17 percentage points	≥100%
Net capital/Net asset	67%	69%	-2 percentage points	≥40%

CITIC-Prudential Life

CITIC-Prudential Life, a fifty-fifty joint venture between CITIC Limited and Prudential Corporation Holdings Limited, offers life, health and accident insurance, as well as reinsurance services. In 2019, a Shaanxi subsidiary was established, which is its 21st subsidiary in the China market. Today, CITIC-Prudential Life operates in 94 cities across China. Preparations for the opening of an asset management subsidiary are progressing well.

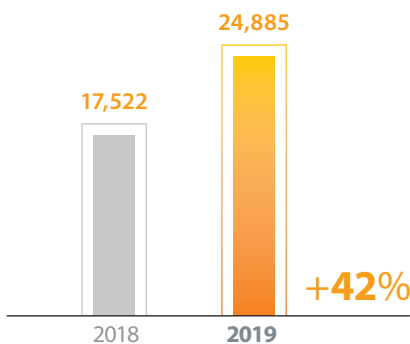


Year in Review

Following a profound restructuring in 2018, the Chinese insurance industry began to pick up during 2019, an important transition year for industry players to prepare for long-term quality development. Within this context, CITIC-Prudential Life maintained solid and healthy operations in the face of the changing market. It recorded significant growth in revenue surging 42% year-on-year to RMB24.9 billion. Driven particularly by the strong development of bancassurance, premium income grew by 39% which led to a 39% increase in total assets to RMB104.1 billion. In addition, with the revived stock market, overall investment returns increased with investment gains rising 46%. As a result, profit increased by 63% to RMB1.79 billion while the return on equity increased by 4.2 percentage points to 24.5%.

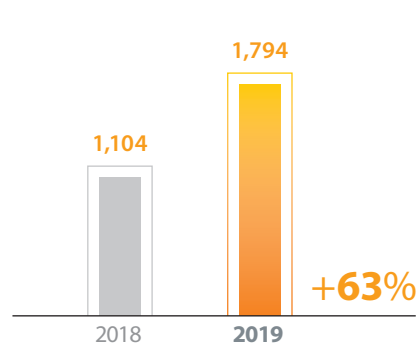
REVENUE

RMB million



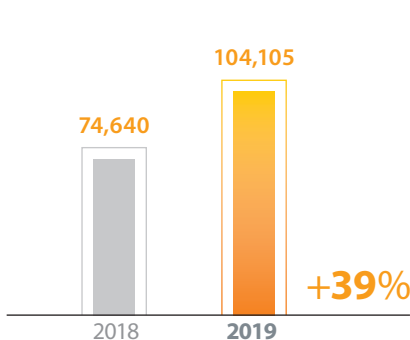
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

RMB million



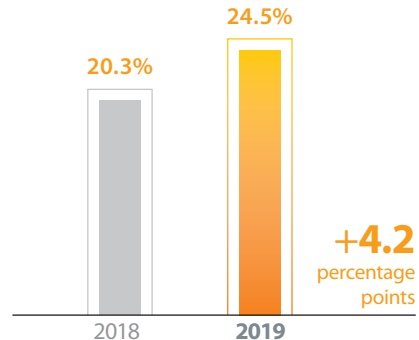
TOTAL ASSETS

RMB million



RETURN ON EQUITY

%



Products

CITIC-Prudential Life continued its business focus on life and health insurance, complemented by a developing accident insurance business. In 2019, CITIC-Prudential Life's premium income from life insurance jumped 49% to RMB15.5 billion. Premium income from health insurance was RMB5.5 billion, representing a year-on-year increase of 19%. Improved protection products together with a long-term savings insurance business enables CITIC-Prudential Life to provide full life-cycle solutions for clients. In 2019, CITIC-Prudential Life upgraded key critical illness products by extending the coverage to enhance protection and improve product competitiveness. It also launched several annuities and medical insurance products to strengthen the protection functions.

PREMIUM INCOME - BY PRODUCT TYPE

<i>RMB million</i>	2019	2019 percentage	2018	YoY change
Life insurance	15,488	73%	10,402	+49%
Health insurance	5,499	26%	4,630	+19%
Accident insurance	357	2%	352	+1%
Total premium income	21,344	100%	15,384	+39%

Distribution

To face the changing market, CITIC-Prudential Life adheres to a diversified distribution strategy, including bancassurance, agency and direct sales. Total premium income jumped 39% to RMB21.3 billion. In 2019, CITIC-Prudential Life's premium income from bancassurance surged 76% to RMB8.6 billion, which was the biggest growth driver. To boost development of the bancassurance channel, more focus was placed on not only extending its collaborations with banks but also improving the value of the business as well as upgrading business processes by utilising new technologies. Premium income from the agency channel reached RMB11.8 billion, up 20%, contributing 56% of total premium income. CITIC-Prudential Life aims to continuously improve agents' professionalism, quality and skills. By the end of 2019, there were 5,865 CITIC-Prudential Stars with high performance, representing an increase of 11% over the prior year.

PREMIUM INCOME - BY DISTRIBUTION CHANNEL

<i>RMB million</i>	2019	2019 percentage	2018	YoY change
Agency	11,832	56%	9,854	+20%
Bancassurance	8,599	40%	4,884	+76%
Direct Sales	723	3%	503	+44%
Others	190	1%	143	+33%
Total premium income	21,344	100%	15,384	+39%

Note: Distribution channels are classified according to CBIRC. Group business was mainly in Direct Sales.

Investment of Insurance Funds

The total investments of insurance funds increased by 38% to RMB91 billion during the year while investable assets of non-investment-linked accounts grew by 29% to RMB73.1 billion. Meanwhile, the investment portfolio continued to be optimised, providing a solid foundation for long-term investment return. With the application of a flexible investment strategy, the return rate of total investment from non-investment-linked accounts increased significantly, reflecting strong investment gains of RMB3.5 billion, an increase of 46% year-on-year.

Risk Management

In 2019, CITIC-Prudential Life maintained balanced growth while maintaining a solid solvency level. As of the end of 2019, CITIC-Prudential Life had an aggregated solvency adequacy ratio of 249%. It has also been rated "Class A" by the Chinese Insurance Regulatory Commission (CIRC) in every quarterly Integrated Risk Rating (IRR) since 2016.

Innovation

New technology is effectively lowering the cost and improving the efficiency of the insurance market. CITIC-Prudential Life is applying new technologies such as ID card OCR (Optical Character Recognition), face recognition and cloud digital signature to inject more vitality into the business operations in terms of sales and policy administration. In 2019, 92.3% of policies were signed through our digital sales system, which effectively improved service efficiency and customer experience.



— The brand launch of CITIC-Prudential Life

CITIC Securities

CITIC Securities is one of the leading securities companies in China, providing services that include investment banking, wealth management, asset management and trading.

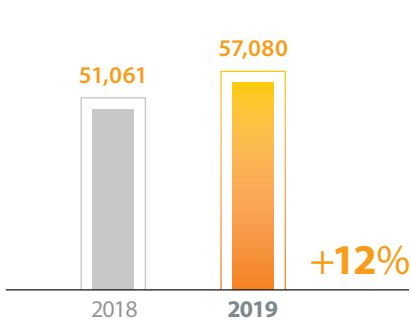


Year in Review

In 2019, CITIC Securities' net profit was RMB12.2 billion, an increase of 30% year-on-year. A number of key factors contributed to this strong performance. These included the pickup in capital market activities during the year, particularly those following the Chinese government's further initiatives to open up the financial markets and CITIC Securities' successful efforts to enhance its services and risk management capability.

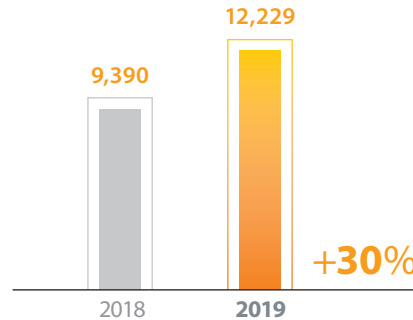
REVENUE

RMB million



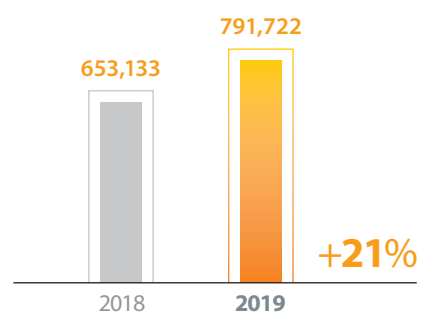
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

RMB million



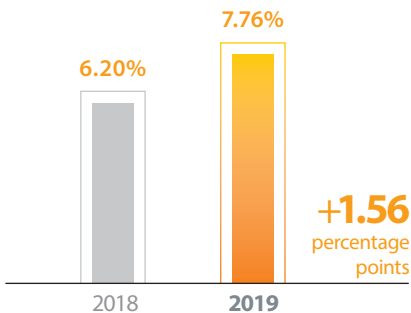
TOTAL ASSETS

RMB million



RETURN ON EQUITY

%



REVENUE DISTRIBUTION



Investment Banking

In the equity finance business, CITIC Securities focused on developing new types of business, while continuing to expand its client base and product offerings. During the reporting period, the equity finance team completed nine IPOs on the new STAR Market and made substantial progress in capturing other new business opportunities, including convertible bonds, market-oriented debt-to-equity swaps and financial transactions related to the mixed-ownership reform of SOEs.

In 2019, the company completed a total of 81 A-share lead underwriting transactions, including private placements, with an aggregate value of RMB279.8 billion. These transactions represented an 18.2% share of the market, enabling CITIC Securities to maintain its first place position in the industry. In addition, the company also completed 17 IPOs in Hong Kong and ranked second in terms of the overall number of IPO sponsorships.

With the recovery of bond issuances in the primary market, CITIC Securities continued to capitalise on its integrated business platform to provide clients with comprehensive services in debt and structured finance. In 2019, it underwrote a total of 1,981 debentures (including convertible bonds and exchangeable debts) and structured finance transactions in the amount of RMB1,001.5 billion, maintaining its leading industry position.

In the overseas market, the company finished the year with 61 debt transactions completed for clients in mainland China, Hong Kong, Singapore, the Philippines and India.

In the restructuring of A-share material assets, CITIC Securities topped the industry by undertaking RMB163.3 billion in deals. In addition, the company executed 20 sizable cross-border M&A projects.

Acting as the lead sponsor, CITIC Securities supervised 20 enterprises on China's new OTC Market, with six companies entering the higher of two OTC Market tiers.



Former Prime Minister The Honourable Kevin Rudd of Australia at the CLSA Forum

Wealth Management

During the reporting period, CITIC Securities transformed its brokerage business in order to provide clients with a more comprehensive range of financial solutions. The company also continued to enhance its wealth management service platform in order to serve client needs better. By the end of 2019, the total trading volume in stocks and funds was RMB15.5 trillion, leading the industry, while the total transaction volume of other financial products was RMB778.3 billion. The number of retail and institutional clients amounted to 8.7 million and 37,000 respectively, and total assets under custody reached RMB5.8 trillion.

After obtaining the CSRC's approval in December 2019, CITIC Securities succeeded in acquiring Guangzhou Securities. As of the end of 2019, the company had securities branch offices throughout mainland China in all 31 provinces, cities and autonomous regions.

Asset Management

Following the latest regulations on capital management by the Chinese government, CITIC Securities has focused on expanding its active management business, developing equity products, and pursuing opportunities in the real economy. In 2019, the asset management team continued to lead the market in key business segments, with AUM of RMB1,394.7 billion and assets under active management of RMB698.3 billion, another increase from the previous year.

CITIC Securities is the largest shareholder of China AMC, a leading asset management company in China. By the end of 2019, the AUM of China AMC reached RMB1,032.1 billion, of which mutual funds accounted for RMB538.7 billion in AUM. The company's focused equity funds achieved outstanding performance during the year, with the number one ranking in AUM in the industry. Also during the year, China AMC's institutional business continued to maintain its dominant position, achieving consolidated AUM in its institutional and overseas asset management business of RMB493.5 billion.

Both CITIC Securities and China AMC have made substantial progress in occupational annuities, winning the bid as investment manager for the central government as well as in 28 provinces, cities and autonomous regions.

Trading

In addition to proprietary trading, CITIC Securities operates a trading business offering comprehensive services such as equity derivatives, fixed income, commodities and securities financing.

During the year, CITIC Securities' OTC derivatives business focused on evolving its service offerings for both institutional and retail clients in the areas of risk management, global asset allocation, strategic investment and wealth management. The market-making business has made steady progress in terms of product expansion and diversification.

Working closely with different business functions, the fixed income team continued to offer more products and better integrated services to its clients. By the end of 2019, the company topped the industry in sales of interest rate products.

Investment

CITIC Securities Investment, CITIC Securities' alternative investment subsidiary, invests in a wide range of industries, including technology, advanced manufacturing, innovative services and healthcare. The investment team, which is focused on investing in early stage companies, supported a number of technologically innovative companies seeking a listing on the STAR Market in 2019.

Internationally, the CITIC Securities Investment team has been leveraging its integrated platform and stepping up its investment activities. Goldstone Investment, CITIC Securities' platform for raising and managing private equity funds, managed 15 private equity funds in 2019. During the review period, it invested more than RMB4 billion in the overseas market, covering sectors such as advanced manufacturing, healthcare and health management, big data and clean energy.



RESOURCES AND ENERGY

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

Major subsidiaries



CITIC Resources

is listed on The Stock Exchange of Hong Kong Limited. Its principal business is the exploration, development and production of oil. It also invests in coal mining, the import and export of commodities, aluminium smelting, bauxite mining, alumina refining, and manganese mining and processing.



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 mining and mineral projects, such as copper and ferroniobium, and trades commodities.

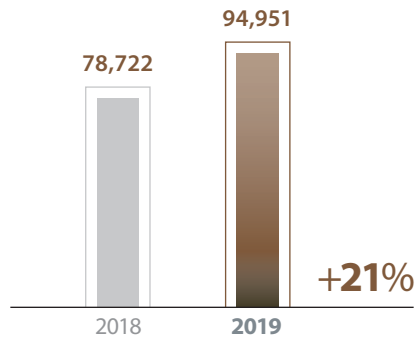


CITIC Pacific Energy Investment

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

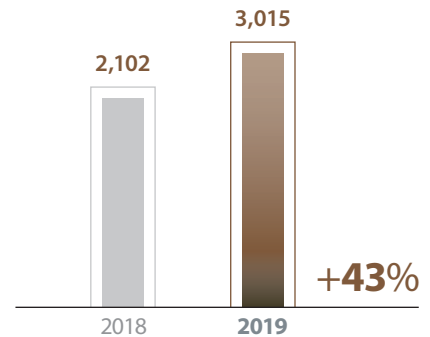
REVENUE

HK\$ million



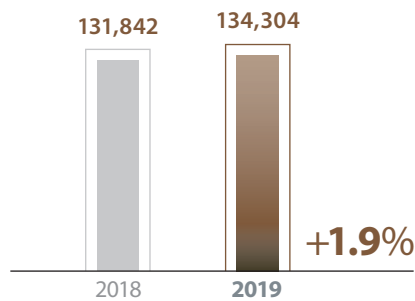
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



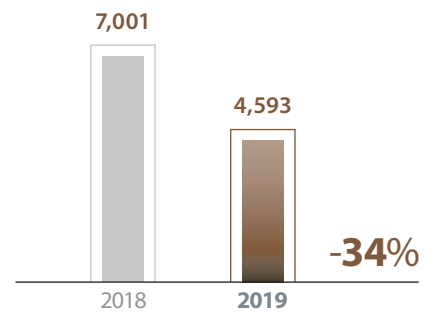
TOTAL ASSETS

HK\$ million



CAPITAL EXPENDITURE

HK\$ million



Year in Review

In 2019, the resources and energy business realised a profit of HK\$3,015 million, 43% more than that of 2018. The increase resulted mainly from the contribution of Sino Iron, which benefited from a strong average price of iron ore in 2019 and ongoing cost controls.

In 2019, prices of crude oil, smelted aluminium and coal were lower than in 2018 on average, while that of iron ore went up. **Sino Iron** became profitable for the first time since its operations commenced in 2013. **CITIC Resources** achieved profit attributable to shareholders of HK\$600 million, a drop of 33.7% from 2018. This reflected lower crude oil and commodity prices during most of the year. **CITIC Metal's** profit was down by 43% to HK\$963 million, mainly due to volatile commodity prices and a lower share of profit from the Las Bambas copper mine as multiple interruptions of local road access over the year hampered the transportation and sales of the mine's products. During the year, CITIC Metal increased its interest in Canadian company Ivanhoe Mines to 26.3%. CITIC Limited's power generation business recorded a drop in profitability of 5.5%.

Energy Products

Crude Oil

In 2019, CITIC Resources' overall average daily oil production was 48,320 barrels, 2.2% less than in 2018.

Oilfields	CITIC Resource's interest	Daily production in 2019 (100% basis) ¹	Change compared to 2018	Proven oil reserve estimates as of 31 December 2019 (100% basis)
Karazhanbas oilfield	50%	39,610 barrels	0.03%	180.9 million barrels
Yuedong oilfield	90%	7,010 barrels	(11.2%)	30.1 million barrels
Seram Block	41%	1,700 barrels	(10.5%)	2.3 million barrels

Yuedong oilfield's heritage wells experienced natural depletion during the year. Yuedong began drilling new development wells in 4Q 2019, but the contribution of the new wells was only able to partially offset production declines from the heritage wells. Seram Block also faced natural depletion of its existing wells. However, no new wells were drilled at Seram Block in 2019 as its new production sharing contract only became effective in November 2019.

Karazhanbas oilfield saw a solid performance during the year with a higher sales volume and effective production cost controls.

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 CITIC Pacific Energy Investment.

Power Generation

CITIC Limited, through CITIC Pacific Energy Investment, 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 2019, a total of 29.8 billion kWh of electricity was generated, slightly lower than that in 2018, and 20.04 million GJ of heat was supplied, comparable to 2018. Both were contributed primarily by the Ligang Power Plant.

Metals and Minerals

Magnetite Iron Ore

Located at Cape Preston in Western Australia's Pilbara region, CITIC's Sino Iron project is Australia's largest magnetite mining and processing operation in Australia. It is also the largest seaborne supplier of magnetite concentrate to China, by traded volume.

In 2019, Sino Iron shipped more than 20 million wet metric tonnes of concentrate to CITIC's special steel plants and other Chinese and Asian steel mills. During the same period, a record 179 ships were loaded at Cape Preston. Since the project was put into operation in late 2013, more than 74 million tonnes of high grade product have been shipped up until the end of 2019.

¹ 100% basis: based on the production of every oilfield

Despite increased production and improvements in the performance of the six processing lines, continuity of operations remains at risk due to the inability to secure the necessary approvals and tenure. Resolution of these issues requires the urgent cooperation of all affected parties.

Sino Iron has the right to mine two billion tonnes of magnetite ore and has exercised the option to acquire another one billion tonnes of magnetite ore.



Sino Iron power station control room



Las Bambas copper mine

Copper

In 2019, the Las Bambas copper mine project in Peru, in which CITIC Metal holds a 15% interest, produced copper concentrates containing 380,000 metric tonnes of copper, comparable to that in 2018.

Through this partnership, CITIC Metal also secured distribution rights to approximately 26% of the copper concentrates extracted from the site. In 2019, CITIC Metal distributed a total of 231,700 metric tonnes of copper concentrates, which was lower than the 312,500 tonnes in 2018. The drop resulted from interruptions of road access to the mine on three occasions, each of which resulted in a stoppage in the transport of copper concentrates and affected sales.

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. In 2019, CITIC Metal's ferroniobium trading volume increased to more than 33,500 tonnes, accounting for a share of more than 80% of the Chinese market, with revenue and profit both hitting a new high.

Manganese

CITIC Dameng, a Hong Kong listed company, is one of the largest vertically-integrated manganese producers in the world. It is a major supplier of electrolytic metal manganese and electrolytic manganese dioxide and a manufacturer of manganese-based cathode materials. 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, platinum and steel. CITIC Metal's iron ore trading volume increased 15% to 52 million tonnes in 2019, cementing its position as a leader in the industry in China.



MANUFACTURING



CITIC Limited's manufacturing businesses include the manufacture of special steel, lightweight automotive parts, heavy machinery and specialised robotics.

Major subsidiaries



CITIC Pacific Special Steel

is China's largest producer of special steel.



CITIC Dicastal

is the world's largest aluminium automotive parts manufacturer.

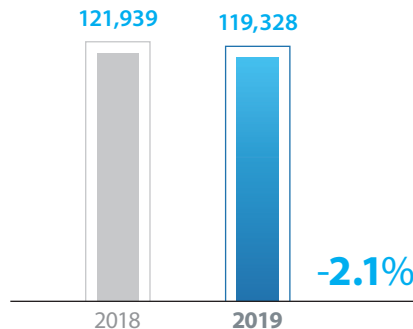


CITIC Heavy Industries

is a leading manufacturer of heavy machinery and specialised robotics in China.

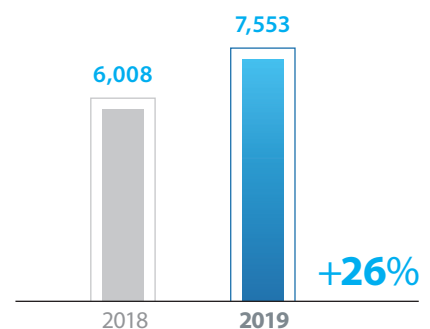
REVENUE

HK\$ million



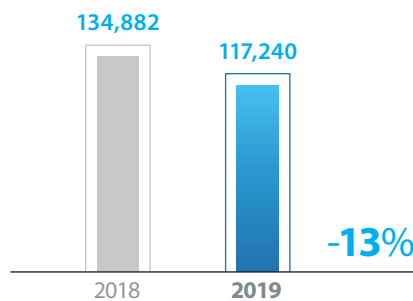
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



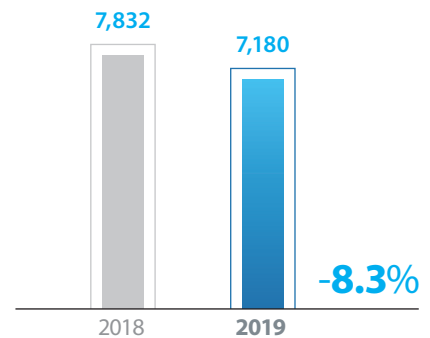
TOTAL ASSETS

HK\$ million



CAPITAL EXPENDITURE

HK\$ million



In 2019, CITIC Limited's manufacturing businesses realised record revenue of HK\$119.3 billion. Profit attributable to ordinary shareholders grew 26%, building upon strong gains already achieved in 2018. During December, CITIC divested 57.89% of Dicastal to strategic investors, realising HK\$1.4 billion in after-tax income.

The strength of our manufacturing businesses was evidenced around the globe. **CITIC Pacific Special Steel** continued its standout performance achieving record revenue and profit. The firm improved profits significantly over the year through production increase and cost reduction. In 2019, CITIC completed the restructuring of its special steel business on the Shenzhen Stock Exchange. The transaction helps it to gain greater access to financing options which better positions the business to pursue opportunities that may arise in the special steel sector.

Against the backdrop of a contracting global auto market, **CITIC Dicastal** realised sales growth of both aluminium wheels and castings by delivering high quality products and providing impeccable tailor-made-services with high added value. During the year, the firm brought in strategic investors to solidify its position as an industry leader, producing cutting edge lightweight aluminium components for auto manufacturing in China and globally.

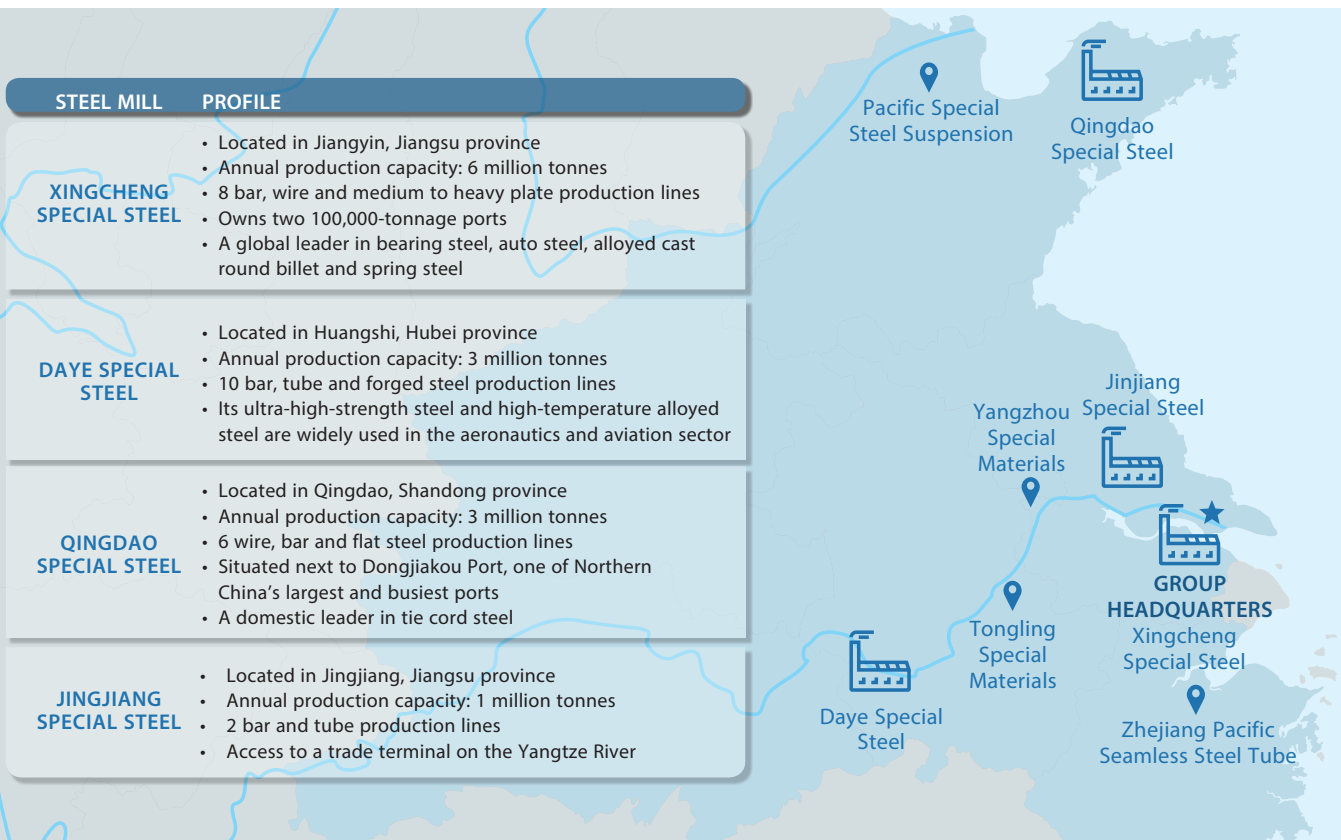
CITIC Heavy Industries delivered strong financial performance in 2019, on the back of its advanced industrial equipment and solutions, particularly in heavy machinery, and as a result of the company's recovery of downstream industry demand and expanded global reach. Profits increased 5.7% over the year. The company prioritised innovation in areas such as environmental protection and defence, as well as robotics applicable to other diverse industries.

CITIC Pacific Special Steel

CITIC Pacific Special Steel is China's largest dedicated manufacturer of special steel, producing bars, plates, seamless steel tubes, forged steel, wires, and casting billets for customers in the auto components, energy, machinery manufacturing, oil and petrochemicals, transport, shipbuilding and other industries. Its products are sold in China and more than 60 other markets, including the US and Japan, Europe and Southeast Asia.



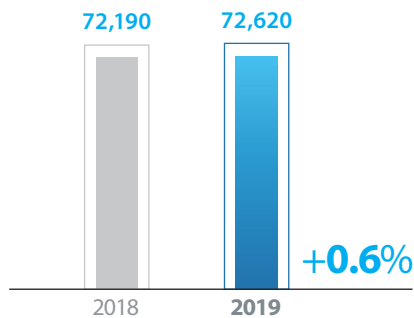
With a total production capacity of over 13 million tonnes per annum, CITIC Pacific Special Steel currently operates four main plants—Xingcheng Special Steel, Daye Special Steel, Qingdao Special Steel and Jinjiang Special Steel. The company also has one coking coal plant in Tongling and another iron ore processing plant in Yangzhou. In the last two years, CITIC Pacific Special Steel has extended its footprint into special steel downstream and complementary products with the acquisition of two processing plants—Pacific Special Steel Suspension in Ji'nan and Zhejiang Pacific Seamless Steel Tube in Shaoxing.



Year in Review

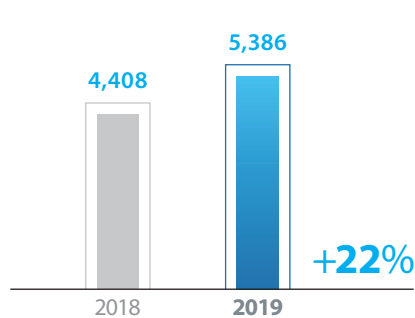
REVENUE

RMB million



PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS*

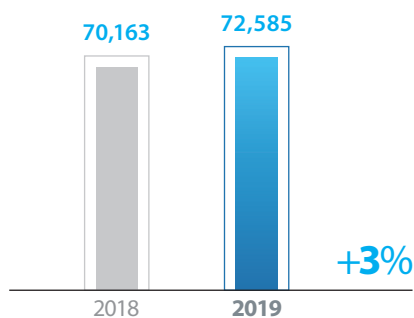
RMB million



* Profit on 100% basis

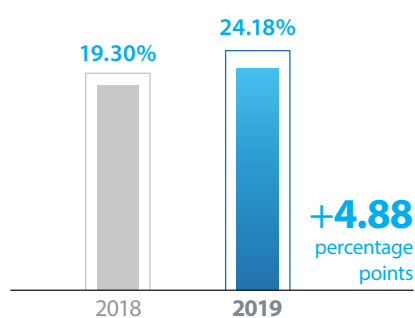
TOTAL ASSETS

RMB million



ROE

%



2019 was a tough year for China's steelmakers. Profits declined for most steel mills due to a surge in the cost of iron ore, weak demand from the real estate industry and the falling price of steel. Moreover, the slowdown of China's auto market and uncertainties caused by Sino-US tensions also gave rise to downside pressure on the industry. Although the operating environment for the special steel sector has been affected, it has shown resilience given its unique characteristic, which offers customers bespoke and higher value added products.

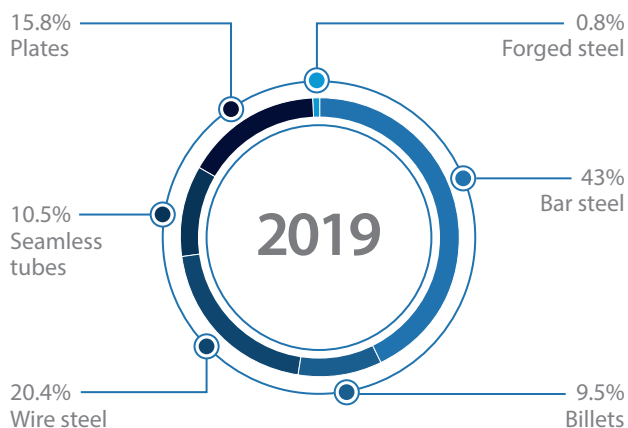
CITIC Pacific Special Steel bucked the industry trend and posted record highs in both sales volume and net profit in 2019 by substantially increasing the production of the four mills and effectively reducing costs. The company sold 13.27 million tonnes of special steel products during the year, an increase of 10% compared to 2018. Net profit attributable to ordinary shareholders improved 22% to RMB5.4 billion.



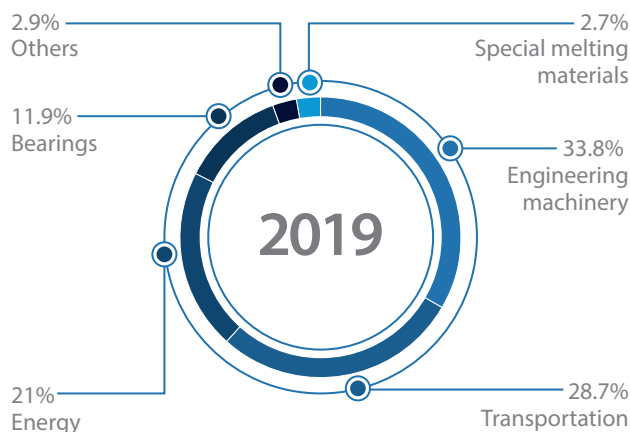
Converter process for steelmaking

During the year, CITIC Pacific Special Steel successfully achieved cost reductions and efficiency enhancements through ongoing measures in areas including production process, technology, procurement and logistics. For example, the company has optimised the steelmaking process, which significantly improved its steel rolling efficiency. The company also improved alignment of the supply and demand of iron ore to better manage the cost of raw materials, resulting in a decline in procurement costs. To stay competitive, CITIC Pacific Special Steel continued to make efforts in innovation by developing new products to replace the existing product lineup. In 2019, 2.04 million tonnes of new products were developed and sold, which represented 15% of the total sales volume, and a 28% increase in these products as compared to 2018. The company's high-end products exceeded 31% of total sales volume supported by R&D, quality improvement and product certifications.

SALES BY PRODUCT



SALES BY INDUSTRY



More than half of CITIC Pacific Special Steel’s products are sold to customers in the auto components, machinery manufacturing and energy industries. Given that China’s auto market faced contraction, sales volume to the auto components industry has declined for two consecutive years. Against this backdrop, the company optimised its product mix and further expanded sales to the energy and other industries. To cater for the growing demand from the wind power, petroleum and petrochemical sectors, the company increased its sales efforts and achieved good results in these areas.

While the majority of CITIC Pacific Special Steel’s customers are domestic, 13% of 2019 annual sales volume came from overseas, a 5% year-on-year increase to 1.77 million tonnes. Exports to the US, meanwhile, represented less than 1% of the total sales volume. The company is dedicated to developing new markets and customers, with 221 new customers added in 2019, a 77% increase.







Strategic Developments

In 2019, CITIC completed the restructuring of its special steel business on the Shenzhen Stock Exchange. The transaction helps the company gain greater access to financing options which better position the business to pursue opportunities that may arise in the special steel sector. It will also bring greater synergies across the business and enhance the level of disclosure and transparency of CITIC’s special steel assets.

In 2019, CITIC Pacific Special Steel acquired Zhejiang Pacific Seamless Steel Tube. This factory produces large-diameter thick-wall seamless steel tubes, which is complementary to existing products produced by Daye Special Steel and Jingjiang Special Steel. The acquisition enables the company to provide a complete product array of seamless steel tubes. Zhejiang Pacific Seamless Steel Tube’s annual production capacity is 100,000 tonnes, with customers spanning the power generation, petroleum, petrochemicals, and coal chemical industries.

During the year, Qingdao Special Steel started a production extension project to ramp up annual capacity from the current 3 million tonnes to 4.2 million tonnes. This project is expected to be completed in the second half of 2020.

Major Products

Products	Production capacity ('000 tonnes)	Examples	Industries
Bars 	6,000	<ul style="list-style-type: none"> Bearing steel Gear steel Spring steel Alloy tube billet Oilfield steel 	<ul style="list-style-type: none"> Automobile Machinery Power Petroleum & petrochemical Railway
Special plates 	2,600	<ul style="list-style-type: none"> High-rise building steel High strength plate High strength corrosion-resistant bridge plate Special wear plate Plastic mould plate Military plate 	<ul style="list-style-type: none"> Power Construction Shipbuilding Machinery Military Petroleum & petrochemical
Seamless steel tubes 	1,500	<ul style="list-style-type: none"> Petroleum pipe Engineering pipe Ultra high strength steel pipe Military pipe 	<ul style="list-style-type: none"> Petroleum & petrochemical Machinery Military Automobile
Wires 	2,730	<ul style="list-style-type: none"> Alloy structural steel Bearing steel Spring steel Cutting wire steel Tire cord steel High strength cable steel 	<ul style="list-style-type: none"> Automobile Metal works Machinery Construction
Casting billets 	1,000	<ul style="list-style-type: none"> Alloy structural steel Gear steel Bearing steel 	<ul style="list-style-type: none"> Power Petroleum & petrochemical Machinery
Special forged steel 	120	<ul style="list-style-type: none"> Tool and die steel Ultra high strength stainless steel High-temperature alloys 	<ul style="list-style-type: none"> Machinery Military & aerospace Automobile



Qingdao Special Steel

CITIC Dicastal

CITIC Dicastal is the world's largest producer of aluminium parts, including wheels and lightweight cast components for powertrains, chassis and body systems for the automotive industry. Total annual production capacity is 69 million wheels and 90,000 tonnes of castings.

CITIC Dicastal has 26 main manufacturing facilities across China, the United States, Europe and Africa.



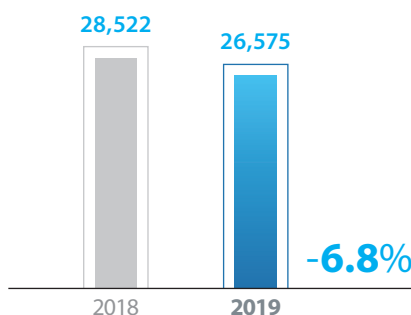
Year in Review

In 2019, major global automotive markets continued to experience a slowdown. Similarly, in China, sales of passenger vehicles were down 9.6% for the year according to the China Association of Automobile Manufacturers. However, CITIC Dicastal was able to maintain its sales of aluminium wheels, and the sale of its casting products grew by 6%, taking total volume sold to 54.6 million units and 81,662 tonnes respectively. This is the result of the company's strong capability in identifying trends in customer preferences and its continued focus on delivering top quality products and services to its customers.

Nevertheless, CITIC Dicastal's performance was impacted by downward pricing pressure on its products. Revenue for 2019 was RMB26.6 billion, a 6.8% reduction compared with 2018. Net profit of RMB968 million saw a larger decline of 19.6% due to the effect of import tariffs levied by the United States.

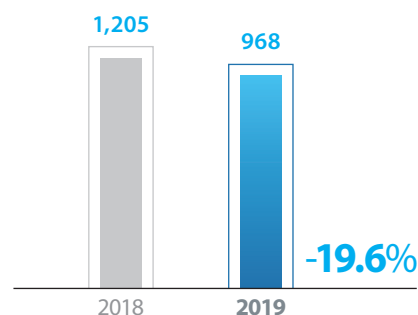
REVENUE

RMB million



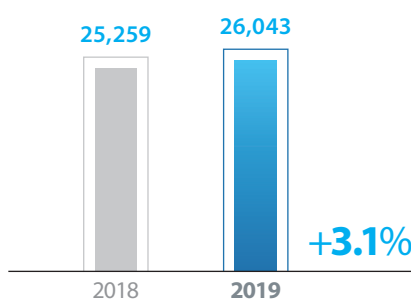
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB million



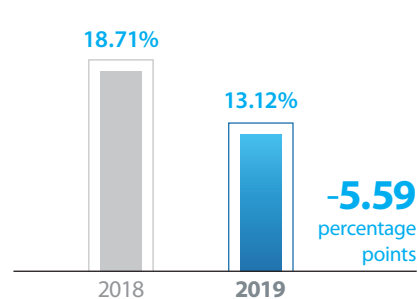
TOTAL ASSETS

RMB million



ROE

%



SALES BY PRODUCT



SALES BY AREA BREAKDOWN BY REGION



Restructuring

During 2019, CITIC divested 57.89% of CITIC Dicastal through a public offering for tender to strategic investors at a consideration of RMB5.5 billion. In January 2020, CITIC completed the restructuring which will enable CITIC Dicastal to crystallise its valuation whilst attaining more resources and expertise.

New Plants—Diversified Layouts

Since June 2019, CITIC Dicastal's three-million-unit capacity plant (phase one) in Morocco has been in production, with capacity utilisation approaching 100%. Construction of the second phase started in November 2019 and will be completed in the second half of 2020. The second phase project is poised to double Morocco's total capacity to six million units. Overseas production facilities enable CITIC Dicastal to serve its international customers strategically, either from the US or Europe/North Africa.

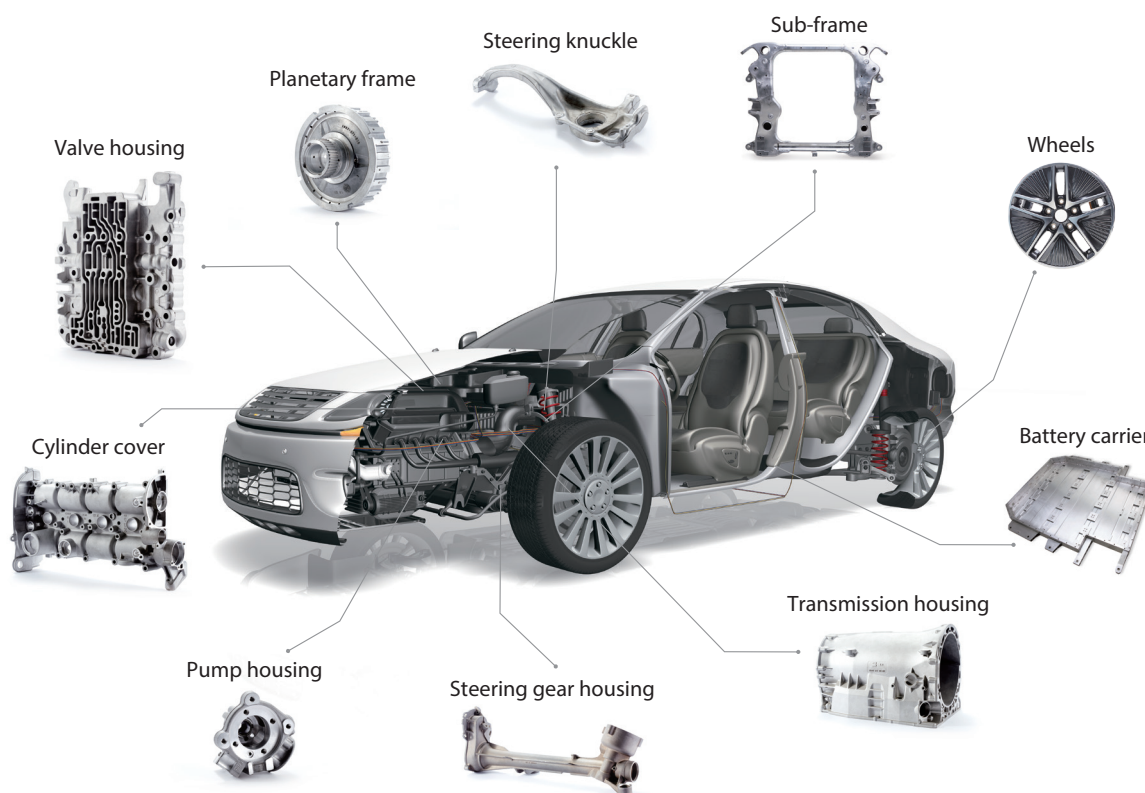
MAIN MANUFACTURING BASES



Since July 2019, a new product line of casting in Wuxi has also begun production with an initial annual capacity of 3,000 tonnes.

During the year, CITIC Dicastal signed agreement with Japan's largest aluminium manufacture, UACJ Group, and CITIC BOHAI Aluminum Industries Holding Company Limited. The three sides agreed to collaboratively develop downstream products.

Major Products



Customers

Major customers for CITIC Dicastal's aluminium wheels include the 12 leading global automakers, among them Ford, GM and Chrysler, as well as major Chinese automakers including FAW, SAIC and Dongfeng. Major customers for lightweight aluminium cast components include Daimler, Volkswagen and parts manufacturers such as TRW, ZF and Bosch. In 2019, the top 10 customers of aluminium wheels accounted for over 34.8% of the total sales of aluminium wheels.

Research and Development

Given that lightweight autos are about to go mainstream, CITIC Dicastal currently undertakes more than 50 R&D projects a year, most of which are immersed in cutting-edge lightweight technology. This year's breakthroughs concentrated on aluminous sub-frames and EV battery boxes.

In addition, CITIC Dicastal also conducts research on new materials, particularly carbon fiber composites, which has the potential to replace aluminium as a raw material for auto casting in the future.

With regard to casting, the permeability of aluminous material is growing rapidly. It is expected that aluminium will replace steel as the main raw material for casting, just as aluminous wheels have done since the 1990s. Aluminous casting is a fast-growing market which CITIC Dicastal entered much earlier than its competitors, notably through the purchase of German casting-maker KSM in 2011. As of today, CITIC Dicastal's casting customers span not only domestic OEMS, but also Daimler, BMW, Audi and Volkswagen from Germany as well as GM, Ford and Tesla from the United States. This strategic position bodes well for the future outlook of the firm.

CITIC Heavy Industries

CITIC Heavy Industries is one of China's largest manufacturers of heavy machinery, with major products and services comprising heavy machinery and EPC. During these years, the company also focuses on developing specialised robotics and intelligent equipment.

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

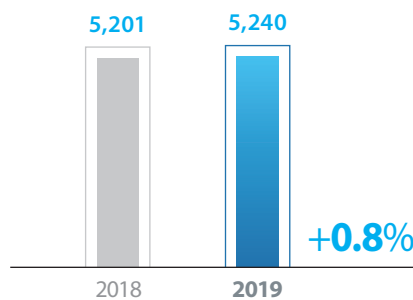


Year in Review

In 2019, profit attributable to shareholders improved 10% to RMB117 million, owing to the company's successful delivery of integrated services in China. Improvements in efficiency and cost reductions also contributed to the company's rise in profitability. Sales volumes and profitability in the company's specialised robotics, however, declined due to China's institutional reforms in 2019. At the same time, the specialised robotics business continued to be the main contributor of CITIC Heavy Industries' profit. During the year, the company held its market leading position in China with a market share of more than 70%.

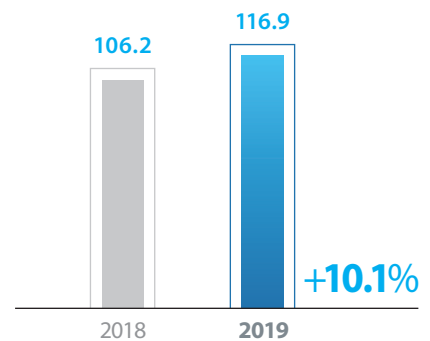
REVENUE

RMB million



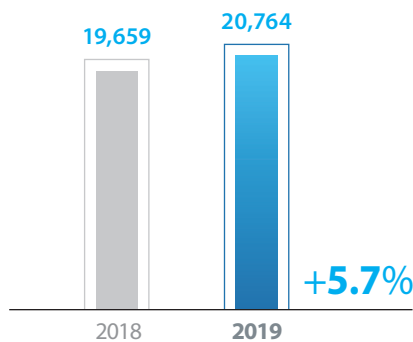
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB million



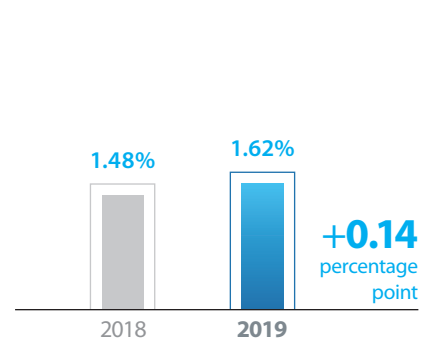
TOTAL ASSETS

RMB million



ROE

%



Major Projects

Domestically, the company maintained its leading edge in heavy machinery manufacturing during the year, with increasing sales volumes and margins.

CITIC Heavy Industries also delivered mining and other equipment to domestic and overseas customers and expanded into new markets in Africa, Latin America and Southeast Asia.

China



- developed and manufactured a variety of tunnel boring machines for excavating transportation tunnels and reservoirs, and completed the world's first extra-large diameter vertical heading machine
- delivered key equipment for the Dateng Gorge Water Conservancy project in Guangxi
- developed a 1200t/d large-scale active lime production line (protected under its own intellectual property rights) with the largest domestic production capacity and signed a procurement contract with Chinese Rizhao Steel to deliver four lines capable of producing 1,000 tonnes of limestone per day

Democratic Republic of the Congo



- supplied the mill equipment to Sino-Congolaise des Mines (Sicomines), one of the most significant Chinese investment projects in Africa for minings of copper and cobalt

South Africa



- delivered grinding mills to Gamsberg Mine for zinc in the Northern Cape Province, with 4 million tonnes annual capacity of zinc ores

Ecuador



- delivered semi-autogenous mills to Ecuador's Mirador copper project, which is considered as one of the largest industrial-scale mining projects in the copper-rich Andean country, with a production capacity of 20 million tonnes per year

Indonesia



- signed procurement contracts with Indonesia's Huayue Nickel and Cobalt Limited to deliver 12 sets of host devices

Apart from key manufacturing, CITIC Heavy Industries started Xingbang Manufacturing Industry Fund alongside China Capital Management and China Capital Zhongcai Fund Management, with a mandate of high-end manufacturing, energy conservation and environmental protection technologies, new energy and advanced materials.



The opening of the Gamsberg Mine with His Excellency President Cyril Ramaphosa of South Africa

New Business

CITIC Heavy Industries focuses on high-end manufacturing that is composed of specialised robotics, cone beam computed tomography (CBCT) and CT for checkpoint businesses, green power equipment, and tunnel boring machine. In 2019, the company set up a new Intelligent Robotics High-tech Park in Luoyang, which is the first Chinese smart factory for advanced robotics and is designated as a master design for future openings. Its intelligent system boosted the productivity by 30%.

During the year, CITIC Heavy Industries supplied CT equipment for its customers, which is widely used in transportation, customs and border control, post logistics and security checks. CITIC Heavy Industries has also rolled out a new green-power generator. The generator uses by-product heat and pressure to generate electricity, such as waste heat from the production of cement. In 2019, the first high-temp/super-high-pressure/high-speed turbine resistance turbine (under 30MW) was introduced to the market, with the highest flow efficiency in China.

Research and Development

CITIC Heavy Industries made several breakthroughs in product development during the year. Through its Innovation Institute established in 2017, the company incubated several new projects, including specialised ultra-high-pressure water-jet robots, high-speed/high-efficiency turbines and heavy-duty hydraulic manipulators.

The company also developed an intelligent crushing system for mining customers that reduces the number of operators by 60% and increases efficiency by 10%.

Also during the year, CITIC Heavy Industries launched an Internet of Things platform that has connected more than 130 items of equipment, covering the company's six core product lines. Through this platform, the company has uploaded all crusher data to the cloud and gained access to overseas crusher data covering the same equipment specifications for supporting the company's integrated services and marketing initiatives.



The robot showroom at Kaicheng Intelligence



ENGINEERING CONTRACTING

Our engineering contracting business is dedicated to meeting the comprehensive needs of clients with services ranging from feasibility studies, design, planning, exploration and financing to engineering, procurement and construction (EPC). Projects undertaken include the development of infrastructure, housing, municipal and industrial facilities as well as environmental protection initiatives in both China and international markets. For several consecutive years, both of our engineering contracting companies have been rated at the top of the industry, as determined by Engineering News-Record (ENR), a global industry authority. It ranked CITIC Construction in the Top 250 International Contractors and CITIC Engineering among the Top 60 Chinese Design Firms.

Major subsidiaries



CITIC Construction

is a leading international provider of engineering contracting services. Building on its strengths in international EPC projects, CITIC Construction has recently expanded in the China market. In addition to infrastructure, housing, municipal and industrial facilities, the company has been moving into the agriculture, energy and resources sectors.

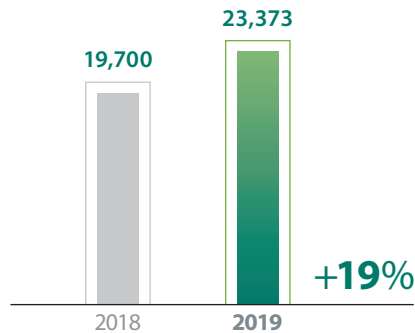


CITIC Engineering

is an EPC service provider, focusing on urban development and ecological preservation projects in China. The company has been capitalising on its strengths in engineering design to capture business opportunities and upgrading the engineering contracting process. CITIC Engineering has two well-known design and research institutes: the Central and Southern China Municipal Engineering Design and Research Institute and CITIC General Institute Architecture Design and Research.

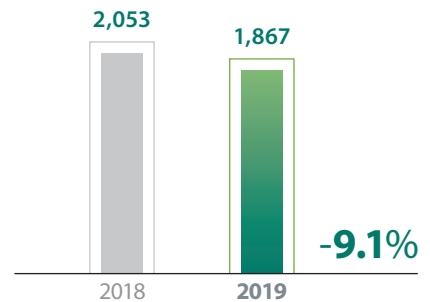
REVENUE

HK\$ million



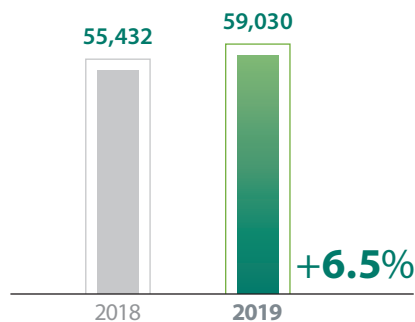
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



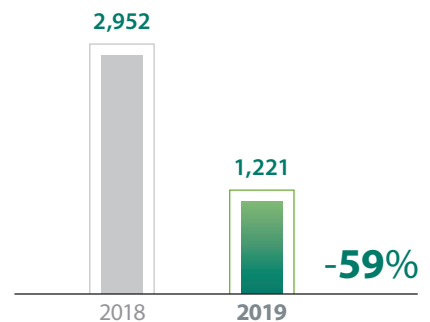
TOTAL ASSETS

HK\$ million



CAPITAL EXPENDITURE

HK\$ million



In 2019, the engineering contracting business's net profit attributable to ordinary shareholders was HK1,867 million, 9.1% less than the previous year. This was due to the profit from a one-time tax saving recorded in 2018, in accordance with the introduction of the Chinese government's new tax laws relating to income from overseas operations.

Projects in China and international markets both contributed to the bottom line in 2019. Key international projects included an agricultural and industrial complex construction project in Belarus, the east section of the Algerian East-West Expressway, and expressway upgrade projects in Kazakhstan. In Angola, the RED social housing project had delivered 28,000 apartment units by the end of 2019, accounting for 93% of that project's total units. In the Chinese market, the main revenue contributors included the Linqing highway project in Yunnan province, which commenced in 2019, an industrial new town development in Sichuan province and three EPC projects in Wuhan, including a clean water project, national network security centre and major road construction project.

The key domestic and international projects that commenced in 2019 included the construction of a national forest reserve in Anyang city, Henan province, and road and environmental projects for Beijing's 2020



Longquan community facilities at Shandong, China



National Network Security facilities at Wuhan, China

Pinggu World Leisure Conference. Also commenced during the year were a number of water related projects in China, including water purification and sewage treatment plants, the upgrade of Kazakhstan's KB expressway and Malaysia's Sunsuria headquarters development.

In 2019, CITIC's engineering contracting business team signed RMB51.2 billion in new contracts. In the domestic market, CITIC has been working closely with local governments and cooperating with private industry funds on PPP (Public-Private-Partnership) projects, which have become an increasingly important part of its domestic business. In 2019, CITIC Construction succeeded in winning a number of large PPP contracts, including the Chuda Highway project in Yunnan Province and Jiangbei New Area Research Park in Nanjing. During the reporting period, CITIC Construction's drive to increase its domestic business started showing results, with 46% of its revenue coming from mainland China, a significant increase compared with just 6% two years ago.

In the international market, CITIC's engineering contracting services expanded its business in Africa and Latin America. While continuing to focus on traditional markets such as Angola and Algeria, it has also been developing business opportunities in countries bordering Angola, as well as in Mozambique, Kenya, and Brazil. Along the Belt and Road Corridor, CITIC has been undertaking infrastructure, energy and agriculture EPC projects in countries such as Kazakhstan, Belarus, Cambodia, Myanmar and Thailand. CITIC also secured a large social housing project in Mozambique with a total of 35,000 apartment units, the Kazakhstan A30 national expressway upgrade project, and large-scale rice processing and storage facilities in Cambodia.

In 2019, both CITIC Construction and CITIC Engineering received industry recognition for their record of delivering quality projects to customers. CITIC Construction was named Best Quality Management Company by the Chinese Construction Industry Association for its strong performance in project management, occupational health and environmental protection. The company was also recognised with an award from the British Construction Research Institute's Green Building Evaluation and Royal Incident Prevention Association for its Royal Albert Dock Phase I project, completed in 2019. CITIC Engineering was acknowledged in the 2019 China Engineering Exploration and Design Industry Awards for its strong capabilities in engineering exploration and design on 50 projects.

Major projects

Undertaken by CITIC Construction

Sunsuria Headquarters, Phase II, Malaysia



Contract signing date:	December 2018
Contract value:	MYR489 million
Contract period:	36 months
Commencement of construction:	August 2019
Progress as of the end of 2019:	Project commenced on schedule

Located in Shah Alam, Selangor Darul Ehsan, Malaysia, the development of second phase of Sunsuria headquarters includes one office tower and two apartment buildings, occupying a total of 330,000m².

KB Expressway Upgrade, Kazakhstan



Contract signing date:	June 2018
Contract value:	US\$856 million
Contract period:	48 months
Commencement of construction:	May 2019
Progress as of the end of 2019:	26% complete

The Karagandy to Balkhash road upgrade is 362.6km in length. After the work is completed, the expressway will be qualified with first grade conditions, having four lanes and a speed limit of 120km/hr.

Agro-Industrial Complex Project, Belarus



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 2019:	46% complete

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.

East Section of the 84km East-West Highway, Algeria



Contract signing date:	December 2017
Contract value:	Approximately US\$680 million
Contract period:	39.5 months
Commencement of construction:	January 2018
Progress as of the end of 2019:	38% complete

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

National Forest Reserve Project, Henan Province, China



Contract signing date:	September 2019
Contract value:	RMB3,620 million
Contract period:	72 months
Commencement of construction:	September 2019
Progress as of the end of 2019:	3% complete

Located in the city of Anyang, Henan province, this development covers an area of 976 million acres. It consists of approximately 544 million acres of new plantation, 15.25 million acres of plantation needing to be revamped and 416.75 million acres of young forest, as well as associated infrastructure.

Linqing Highway, Phase II, Yunnan Province, China



Contract signing date:	June 2019
Contract value:	RMB6,217 million
Contract period:	48 months
Commencement of construction:	June 2019
Progress as of the end of 2019:	34% complete

The second phase construction stretches from Linxiang District, Lincang City to the Qingshui River. The highway will be 41.4km in length with four lanes and a speed limit of 80km/hr.

Longquan Community of Yellow River International Eco-city, Shandong Province, China



Contract signing date:	August 2018
Contract value:	RMB1,241 million
Contract period:	36 months
Commencement of construction:	August 2018
Progress as of the end of 2019:	56% complete

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

Industrial New Town of Linkong Economic Zone, Phase I, Sichuan Province, China



Contract signing date:	July 2018
Contract value:	RMB7,470 million
Contract period:	27 months (except Zongsi, which schedule is to be confirmed)
Commencement of construction:	July 2018
Progress as of the end of 2019:	39% complete

Located in the city of Ziyang, Sichuan province, the construction of the initial five roads undertaken by the project includes Chengzi Avenue, Sanxian Road, Zonger Road, Zongsan Road and Zongsi Road. The completed project will have a total length of approximately 38.9km.

Major projects

Undertaken by CITIC Engineering

The Clean Water Project in Jiangxia District, Wuhan City, Hubei Province, China



Contract signing date:	October 2016
Contract value:	RMB5,110 million (Phase I, RMB1,050 million; Phase II, RMB650 million)
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:	Phase I: 89% complete; Phase II: complete

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 four phases.

The National Network Security Talents and Innovation Base Project, Wuhan City, Hubei Province, China



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:	56% complete

This project, located in the Economic Development Zone of Wuhan Airport, Hubei province, 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.

Gushu Water Treatment Plant, Shenzhen City, Guangdong Province, China



Contract signing date:	December 2019
Contract value:	RMB1,239 million
Contract period:	25 months
Commencement of construction:	December 2019
Progress as of the end of 2019:	3% Complete

Located in Gushu District, Shenzhen City, this plant occupying 15.14 hectares of land is designed to purify 320,000 tonnes of wastewater per day. As an important project in the Greater Bay Area, the Gushu water treatment plant is targeting to become an advanced energy saving water treatment project.



REAL ESTATE

In mainland China, CITIC Limited is focused on developing and managing mixed-use properties and engages in urban renewal and development projects. In Hong Kong, it develops residential properties and owns and operates a portfolio of commercial and industrial properties. These businesses are mainly conducted through the following two wholly-owned subsidiaries.

Major subsidiaries



CITIC Pacific Properties

focuses on developing and investing in mixed-use and commercial properties, and mid-to high-end residential properties.

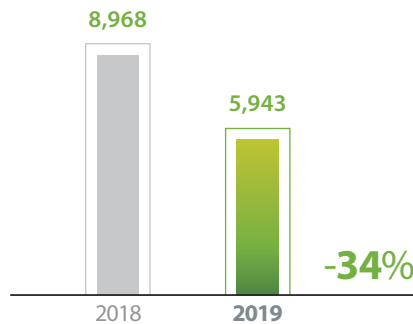


CITIC Urban Development & Operation

specialises in urban renewal and development.

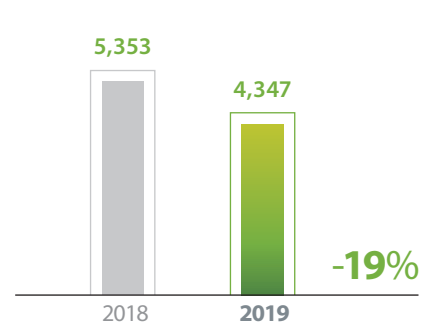
REVENUE

HK\$ million



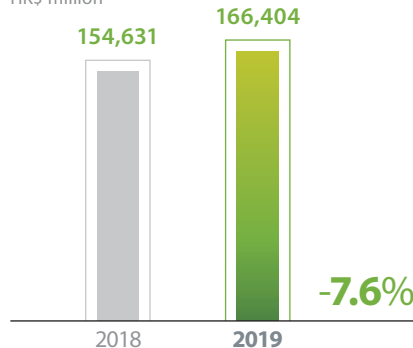
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



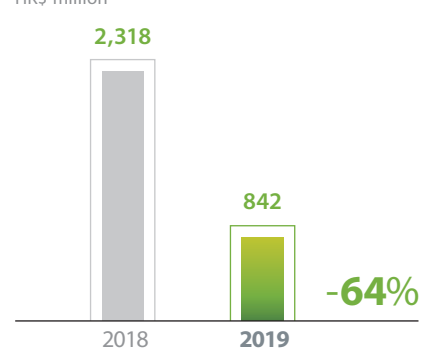
TOTAL ASSETS

HK\$ million



CAPITAL EXPENDITURE

HK\$ million



Year in Review

In 2019, profit attributable to ordinary shareholders was HK\$4.3 billion, 19% less than that of 2018. In addition to profit booked from our 10% stake in China Overseas Land & Investment Limited (COLI) and steady rental income from investment properties, contribution to the bottom line also came from a number of development projects in both mainland China and Hong Kong. Profit in 2019 was offset by an impairment made on our investment in COLI due mainly to its lower stock price against our higher book value.

During the year in mainland China, we made progress on a number of new development projects, while continuing to see through major projects started earlier. CITIC Tower in Beijing, which is 100% owned by the company, is now the tallest building in the city and an iconic new addition to the Beijing skyline. It serves as CITIC's flagship and headquarters and will also house other large domestic and multi-national companies. Significant profit contributions were derived from the sale of premium residential units in our highly successful mixed-use development at Lujiazui Harbour City, Shanghai, and from the disposal of a stake in our urban development project in Tianfu New Area, Chengdu. At CITIC Coastal City in Shantou, an urban development project, excavation was completed on more than 50% of the combined eastern and western tunnels leading to the New Town. Improvements were made on municipal roads serving the project, and schools and a mangrove forest park were under construction.

As of the end of February 2020, our land bank in mainland China was 3.7 million square metres in terms of gross floor area, most of which is in Shanghai, Guangzhou, Qingdao and Yangzhou and for mixed-use purpose.

In Hong Kong, our luxury residential project, KADOORIA, at Kadoorie Hill, Kowloon was well received in the market, with the remaining 24 units of the total 77 units selling out in 2019. Construction of the residential project, The Entrance, in Lok Wo Sha, Ma On Shan, was substantially completed, and pre-sales were launched in mid-September 2019. As of February 2020, 53 units of the total 148 units of the project



The Entrance at Ma On Shan, Hong Kong

had been sold. The Discovery Bay project is a 50-50 joint-venture development with HKR International. We launched the pre-sale of the 196 residential units in *Poggibonsi* in March 2019 and 21 garden houses in *IL PICCO* in January 2020. As of the end of February 2020, this project had a land bank of 124,000 square metres in terms of attributable floor area, for residential purpose yet to be developed.

In December 2019, we won a government public tender for a lot at Tai Hang Road on Hong Kong Island for HK\$3.2 billion. Tai Hang is a traditional luxury residential area. This site, covering an area of 3,990 square metres, will be developed into a luxury residential project.

Our Hong Kong investment property portfolio continued to contribute stable rental income during the year, with an overall average occupancy rate of approximately 96%.



A public area at Lujiazui HBC, Shanghai

Key development projects

Lujiazui Harbour City, Shanghai (50% owned)



Site area: 249,400m²

Gross floor area: 872,800m²

Completed area: 804,000m²

Purpose: Office, retail, hotel and residential

Lujiazui Harbour City is located on the south shore of the Huangpu River in central Shanghai. The 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. The Mandarin Oriental Hotel and its serviced apartments located within this project are currently in operation. Sales of the residential units in the project started in 2018, and momentum remained strong in 2019. As of the end of 2019, 139,000m² of the retail portion were put into operation, making this development a new landmark of art, culture and commerce in Shanghai.

T Center, Shanghai (100% owned)



Site area: 60,335m²

Gross floor area: 229,372m²

Purpose: Office and retail

Located in the western part of Shanghai, this office and retail development will integrate high-rise office towers with community and commercial centres at street level. Construction of the project is under way. The company increased its stake from 50% to 100% in January 2020.

Harbour City, Wuhan, Hubei province (85% owned)



Site area: 229,040m²

Gross floor area: 1,173,000m²

Purpose: Office, commercial apartment, retail and residential

This project is located between the first and second ring roads of Wuhan in the Riverside Commercial Zone of 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 600m of the project's east boundary facing the river with uninterrupted scenic views. Construction is under way.

Optics Valley Xintiandi, Wuhan, Hubei province (50% owned)



Site area: 353,800m²

Gross floor area: 1,197,400m²

Completed area: 125,300m²

Purpose: Office, commercial apartment, retail and residential

This mixed-use project is being developed under a 50:50 joint venture between CITIC and Shui On Group. It is located in the heart of the East Lake High-tech Development Zone in Wuhan. Construction is under way.

Qingliangmen, Nanjing, Jiangsu province (100% owned)



Site area: 31,200m²

Gross floor area: 131,100m²

Purpose: Office, commercial apartment, retail

This site will be developed into a medium- to high-end mixed-use development consisting of office towers, serviced apartments and retail shops. The project is located above a subway interchange station in the highly sought-after Gulou District of Nanjing. Situated in the heart of Nanjing's political, economic and cultural life, this area is the epicentre of the city.

CBD Project, Jinan, Shandong province (50% owned)



Site area: 79,300m²

Gross floor area: 355,900m²

Purpose: Office, commercial apartment, retail

This project, which includes a Grade A office tower, is jointly developed with a subsidiary of a local wholly state-owned enterprise in Jinan, capital of Shandong province and home to eight million people. The project site is located in the heart of Jinan's economic centre close to the city's high-tech park. Construction is under way.

Major investment properties

CITIC Tower, Beijing
(100% owned)



Approx. gross area: 437,000m²
Purpose: Office

Capital Mansion, Beijing
(100% owned)



Approx. gross area: 140,200m²
Purpose: Office

CITIC Square, Shanghai
(100% owned)



Approx. gross area: 132,300m²
Purpose: Office and retail

CITIC Building, Beijing
(100% owned)



Approx. gross area: 62,200m²
Purpose: Office

CITIC Tower, Hong Kong
(100% owned)



Approx. gross area: 52,000m²
Purpose: Office and retail

OTHERS

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 enterprise providing comprehensive telecommunications services.

CITIC Telecom serves three major customer segments, namely carriers, enterprises and consumers. Its business scope covers mobile, internet, international telecommunications and enterprise solutions, as well as fixed-line services across Greater China, Asia Pacific, Europe and North America. It also 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.



— CITIC Telecom joins the International 5G Alliance

In 2019, CITIC Telecom achieved a profit attributable to equity shareholders exceeding HK\$1 billion, a first for the company. This represented an increase of 5.4% year-on-year, which was mainly attributable to the company's robust growth in internet services, enterprise services and A2P (Application-to-Person) SMS businesses. CITIC Telecom will continue to build its 5G network in Macau and expand the data centre segment with more products and sales channels.

AsiaSat is involved in the leasing and sale of satellite transponders, broadcasting, communications and data uploading, as well as downloading services. In September 2019, the company was privatised and delisted from The Stock Exchange of Hong Kong. It is now a 50-50 joint venture of CITIC and The Carlyle Group.

Infrastructure

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

CITIC's infrastructure-related businesses include a regional development business and port terminals business.

The regional development business refers to the Xidian New Town Project in Ningbo, which involves the construction of seashore polders, land consolidation, urban infrastructure and supporting projects such as water engineering and green land development. The site for this project is approximately 6,480 mu (4,320,000 square metres) with a planned gross floor area of approximately 4 million square metres. In 2019, the first phase of the commercial portion of the Xidian New Town Project was successfully transferred through a listing-for-sale.

The port terminals business mainly consists of investment in and the proprietary operation of liquefied petroleum terminals and storage, as well as the operation of other types of berths, such as container berths. At present, CITIC has completed the grid layout for its liquefied petroleum ports in the Yangtze River Delta and the Yangtze River Economic Belt, which have a combined handling capacity of about 45.15 million tonnes and a storage capacity of about 2.64 million cubic metres. In the future, CITIC will expand into investment projects with a focus on liquefied petroleum in the Pearl River Delta and Bohai Economic Rim in order to become a leading supply chain service provider for liquid bulk cargo in the domestic market.

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/600,000m ³
Xinyuan Port	51%	7.2 million tonnes
Hengyang Storage Project	49%	14.15 million tonnes/1.44 million m ³
Xinhai Oil Terminal	30%	600,000m ³
Gangfa Crude Oil Port	20%	5 million tonnes
CMHI Container Port	20%	2.4 million TEU
Tunnel		
The Western Harbour Tunnel, Hong Kong	35%	Franchise till 2023

General Trading

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

In 2019, DCH's profit contribution dropped considerably, owing to a provision of impairment losses on certain non-current assets. Excluding one-off items such as a disposal gain in 2018, profit declined by 2.9%, as reduced losses in the China consumer product business offset challenges in the motor business.

During the year, DCH opened eight new dealerships in order to maintain its development in a challenging market landscape. Profits from the mainland China division were down 10.5% during the adoption of the China 6 emissions standard. In Hong Kong, reduced demand for both commercial and passenger vehicles dragged down profit by 35.9%.

Following a period of business restructuring, the consumer products segment returned to profitability with reduced losses in mainland China and successful restructuring in Southern Asia. In Hong Kong, profit decreased by 17.8% as social uncertainty impacted the tourism and catering industries. On the other hand, the healthcare business continued to expand and gain market share in key markets, including Hong Kong, Singapore and Thailand.

DCH was privatised and delisted from The Stock Exchange of Hong Kong in January 2020. It is now a wholly owned subsidiary of CITIC Limited. In support of DCH's long-term growth and competitiveness, CITIC will provide the necessary financing and operational resources to re-engineer its businesses.

Environmental Services

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

CITIC Envirotech, the company's water treatment business, has been continuously expanding and, by the end of 2019, its water treatment facilities had a daily handling capacity of more than 6 million tonnes. Major projects under CITIC Envirotech also made steady progress during the year. In Kazakhstan, the KBM water recycling project entered into the equipment installation phase; in the Beijing-Tianjin-Hebei area, its first ecological management EPC project was secured for the Xiong'an New Area; in Xiaogan, Hubei and Yunfu, Guangdong, waste water treatment demonstration projects were established for waste water treatment in rural areas; and, in the Greater Bay Area, benchmark recycling projects were initiated for Shantou Chaonan Printing and Dyeing Industrial Park, including integrated pollution monitoring, as well as heat and water supply services.

CITIC Envirotech's membrane technology business continued to offer advanced membrane products through its production arm, Memstar Pte Ltd, one of the world's leading manufacturers and suppliers of whole-chain membrane products. Sales volumes of membrane products in 2019 reached 6 million square metres, a record high for the company. During the year, the company's Ultrafiltration (UF) membrane facilities in water plants north of Guangzhou commenced production, paving the way for large-scale applications of membrane technologies and Memstar's membrane products in the tap water industry.

Sanfeng Environment, in which CITIC Environment is the second largest shareholder, continued to expand its domestic and foreign household waste incineration business during the year. By the end of 2019, this company had investments in 43 projects and its technologies and equipment were applied in 185 waste incineration projects around the world. Of these, 18 projects had a daily treatment capacity of over 20,000 tonnes per day.



UF membrane facilities at Guangzhou, China

CITIC Environment has also entered the hazardous waste treatment industry. By the end of 2019, it was operating 11 hazardous waste treatment projects in Xinjiang, Shandong, Guangdong and Jiangsu, with a total treatment capacity of approximately 1.5 million tonnes per year. CITIC Environment also supplied China's first hazardous waste treatment system with rotary kilns and plasma technology for a project in Dongguan.

In addition, the company made progress developing its energy saving services during the year, including the provision of intelligent combustion energy saving projects for industry and construction projects.

CITIC Envirotech was privatised and delisted from the Singapore Exchange in January 2020, after which CITIC's stake in CITIC Envirotech increased to 72.78% from 56.36%.

Modern Agriculture

CITIC Agriculture is committed to building a globally competitive agri-tech business with a focus on the latest developments in agricultural science and technology. It has also become involved in biological seed development, in line with its “technology oriented, finance driven, management based” approach.

In 2019, despite unfavourable factors such as ASF and a downturn in the crop seed industry, CITIC Agriculture contributed its expertise to the companies in which it has invested, particularly with regard to corporate strategy, structural adjustments and management.

CITIC Agriculture has a majority interest in Longping High-tech and is working with that company’s management to develop its seed corn business in Brazil. Additionally, CITIC Agriculture has interests in Beijing Capital Agribusiness and China Agriculture Vet, with the aim of building a globally recognised animal breeding industry in China.



The rice breeding station of Longping High-tech

During the year, CITIC Agriculture took a controlling interest in Huazhi Bio, a company focused on molecular breeding, germplasm improvement, bioinformatics and product testing, to form a wholly-owned subsidiary, CITIC Agricultural Biotechnology Co., Ltd.

Publishing

CITIC Press is a major provider of integrated content and associated services in mainland China. With all publishing and distribution licences obtained from the government, CITIC Press is principally engaged in book publishing and distribution, digital publishing and retail sales through its bookstores.

In 2019, CITIC Press ranked second in the Chinese book retail market, as measured by the value of books sold, and held the number one position in books on economics and business management, as well as academic and cultural subjects. Sales of children’s books published by the company grew 64% during the year.



— A CITIC bookstore in Beijing

In July 2019, CITIC Press was listed on the ChiNext board of the Shenzhen Stock Exchange. The listing will expedite the publisher's plans to acquire more quality content and will support its development in digital publishing. Also during the year, the company expanded its revenue stream by adding other forms of digital content, such as audio and video, to its e-book offerings in order to meet market demand and adapt to trends in digital publishing.

CITIC Bookstores operates differentiated retail stores in three different types of locations: city centres, office buildings and major airports. In 2019, CITIC Bookstores added outlets at the new Beijing Daxing International Airport and Shanghai Pudong International Airport. Currently, there are 105 CITIC Bookstores in over 20 medium to large cities in China, including the Xiong'an New Area, covering a floor space of 17,000 square metres.

General Aviation

CITIC Offshore Helicopter (COHC) operates a full-service general aviation business. It is the first and only main-board listed company in the general aviation industry in China (SZ:000099).

As a leading company in the aviation industry, COHC provides a full range of services, including offshore flights, onshore industry and forestry-related flights, integrated city flight services, city tours, financial leasing, maintenance, training, drone operation and data collection.

Headquartered in Shenzhen, Guangdong Province, COHC owns four helicopter airports and five major operational bases. Its bases and take-off and landing points form a network covering all provinces, cities and autonomous regions, excluding Tibet, and overseas in areas such as the North and South Poles and Myanmar. It has the largest civil helicopter fleet in Asia and currently operates 75 helicopters comprising 15 world-class helicopter models.



— EC225 offshore operation

During the year, COHC remained a leader in offshore oil-related helicopter flight services in terms of market share. It is the only supplier of helicopter pilots in ports across the country, the only supplier of helicopters for China's national arctic scientific expeditions, and the only helicopter medical services provider for the Beijing 2022 Winter Olympic Games and Paralympic Winter Games. COHC is also the only general aviation company that engages in offshore oil-related flights.