

# Corporate Governance

## Corporate Governance Practices

CITIC Limited is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. We attach importance to our people, our code of conduct, and our corporate policies and standards, which together form the basis of our governance practices. We respect and are committed to comply with the laws, rules and regulations of each country and area in which we operate, and we strive to ensure for our people a healthy and safe working environment which is our paramount concern. We endeavour to contribute to the sustainable development of CITIC Limited, with particular focus on our accountability to shareholders and stakeholders. This report describes how CITIC Limited has applied its corporate governance practices to its everyday activities.

CITIC Limited has applied the principles and complied throughout the year 2019 with all the code provisions of the corporate governance code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments including but not limited to keeping in line with the latest requirements under the Listing Rules relating to the Environmental, Social and Governance Reporting Guide and other related regulations.

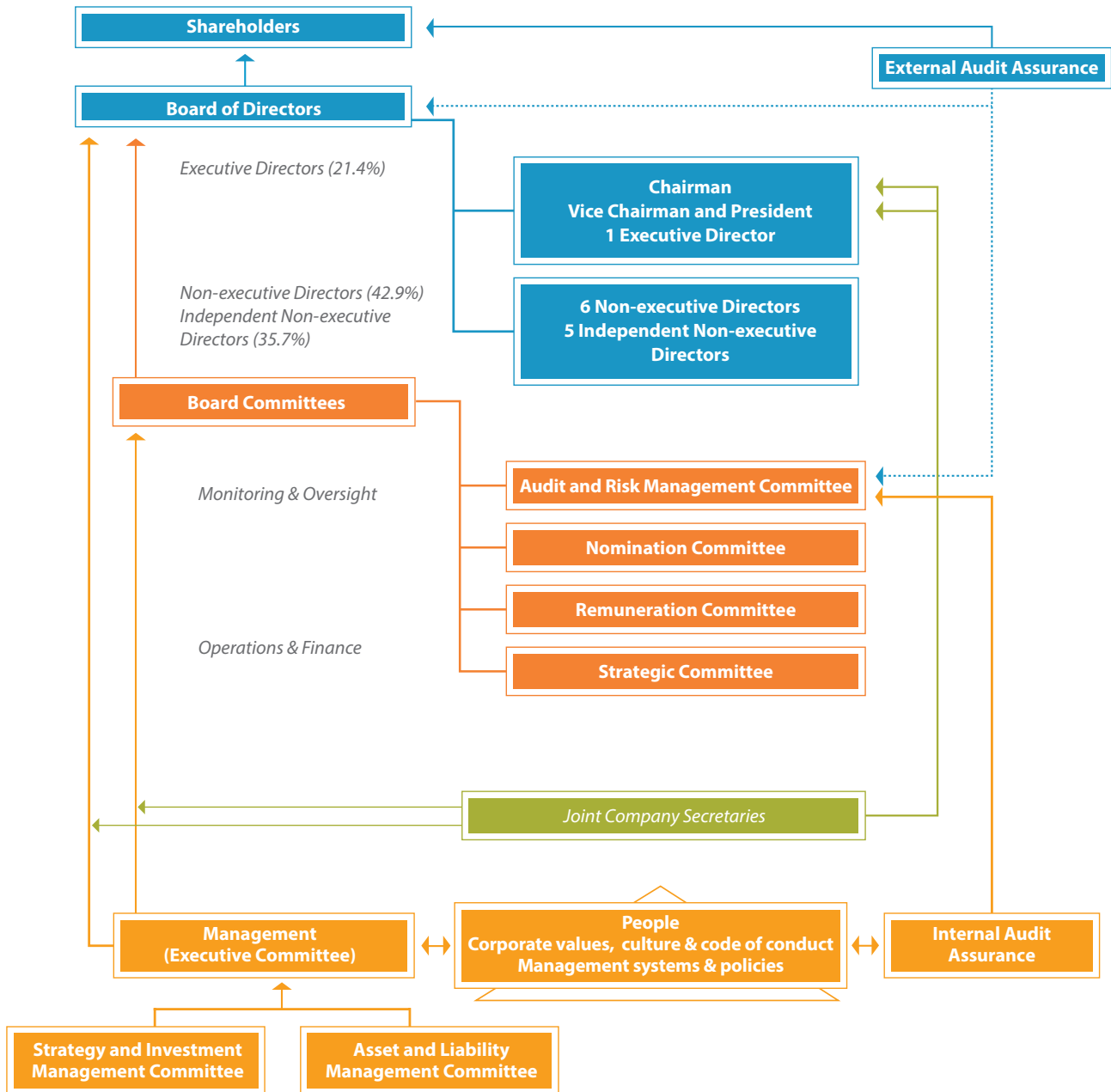
## Preservation of Value and Strategy

CITIC Limited is one of China’s largest conglomerates and a constituent of the Hang Seng Index. Among its diverse global businesses, CITIC Limited focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. When we analyse a business, we look at its market position, competitiveness and future prospects.

CITIC Limited enjoys leading market positions in sectors well matched to China’s economy. CITIC’s rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising in China.

Going forward, the Group will continue to take a strategic approach in developing our businesses, riding on our professional management team, strong capital base, diverse business interests and synergies with our assets. Our expectation is that CITIC Limited’s businesses will generate a return on capital invested above the cost of our capital and generate cash flow to the benefit of CITIC Limited and its shareholders. By pursuing this strategy, CITIC Limited expects to generate and preserve value for all its shareholders.

## Corporate Governance Structure



## Board of Directors

### Overall accountability

The members of the board of directors are individually and collectively accountable to the shareholders for the success and sustainable development of CITIC Limited. The board provides direction and approval in relation to matters concerning CITIC Limited's business strategies, policies and plans, while the day-to-day business operations are delegated to the executive committee. In discharging their corporate accountability, directors of CITIC Limited are required to pursue excellence in the interests of the shareholders and fulfil their fiduciary duties by applying the required levels of skill, care and diligence to a standard in accordance with the statutory requirements.

During the year under review, the board performed a self-evaluation of its performance and reviewed the contribution required from a director to perform his/her responsibilities. The board is of the view that all directors have given sufficient time and attention to CITIC Limited's affairs and the board operates effectively as a whole. The board also noted the time involved by the directors in CITIC Limited and other public companies held by the directors. Mr Francis Siu Wai Keung, an independent non-executive director, has devoted sufficient time to the board notwithstanding that he currently holds directorships in six public companies (including CITIC Limited). He is the chairman of the audit and risk management committee and a member of a number of board committees which he attended and actively provided guidance and recommendations in each committee meeting. He also attended all board meetings, the annual general meeting in 2019 as well as the strategic committee and board retreat meeting. CITIC Limited considered that he has given sufficient time and attention to CITIC Limited's affairs as an independent non-executive director.

### Board composition and changes

CITIC Limited announced the following changes in board composition.

On 29 January 2019, Mr Wu Youguang resigned as a non-executive director of CITIC Limited.

On 21 February 2019, Mr Pu Jian resigned as an executive director, vice president, a member of the executive committee and vice chairman of the strategy and investment management committee of CITIC Limited.

On 28 March 2019, Ms Lee Boo Jin resigned as an independent non-executive director and a member of the nomination committee of CITIC Limited. On the same day, Mr Gregory Lynn Curl was appointed as an independent non-executive director and a member of the nomination committee of CITIC Limited. The appointment of Mr Curl as director was recommended by the nomination committee.

At the annual general meeting of CITIC Limited held on 5 June 2019, Mr Paul Chow Man Yiu retired as an independent non-executive director of CITIC Limited by rotation and did not offer himself for re-election. Following his retirement, he ceased to act as a member of the remuneration committee of CITIC Limited.

On 30 March 2020, Mr Chang Zhenming resigned as chairman of the board and executive director, chairman of nomination committee, chairman of strategic committee and chairman of executive committee of CITIC Limited. On the same day, Mr Zhu Hexin was appointed as chairman of the board and executive director, chairman of nomination committee, chairman of strategic committee and chairman of executive committee of CITIC Limited. The appointment of Mr Zhu as director was recommended by the nomination committee.

The board currently has 14 directors, comprising three executive directors, six non-executive directors and five independent non-executive directors. Non-executive directors (including independent non-executive directors) comprise almost four-fifths of the board, of which independent non-executive directors satisfy the Listing Rules requirement of representing at least one-third of the board. CITIC Limited believes that the board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of CITIC Limited's business.

In relation to the six non-executive directors who are not independent (as considered by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), Mr Song Kangle, Ms Yan Shuqin, Mr Liu Zhuyu and Mr Peng Yanxiang are all non-executive directors of CITIC Group Corporation (the controlling shareholder of CITIC Limited) whilst Mr Liu Zhongyuan holds an executive position in the National Council for Social Security Fund (a shareholder of CITIC Limited) and Mr Yang Xiaoping is the senior vice chairman of CP Group.

CITIC Limited has received from each independent non-executive director a confirmation of his independence and considers that all independent non-executive directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Brief biographical particulars of the directors, together with information about the relationships amongst them, are set out on pages 110 to 113.

All directors, including the non-executive directors, have a specific term of appointment, which is not more than three years since his/her re-election by shareholders at the general meeting. Each director has entered into an appointment letter with CITIC Limited. Pursuant to Article 104(A) of CITIC Limited’s articles of association, every director, including the non-executive directors, shall be subject to retirement by rotation at least once every three years. One-third of the directors, or if their number is not three or a multiple of three, then the number nearest to one-third, must retire from office at each annual general meeting. Retiring directors are eligible for re-election at the annual general meeting during which they retire. Separate resolutions are proposed for the election of each director and his/her re-election is subject to a vote of shareholders.

Pursuant to Article 95 of the articles of association of CITIC Limited, any director appointed by the board subsequent to the last annual general meeting either to fill a casual vacancy or as an additional director shall hold office only until the next following annual general meeting, or if earlier, the next following extraordinary general meeting of CITIC Limited and shall then be eligible for re-election at such meeting. Thereafter, they shall be subject to retirement by rotation and re-election in accordance with CITIC Limited’s articles of association. Induction materials will be provided to the newly appointed directors upon their appointment.

### Board responsibilities and delegation

The board collectively determines the overall strategies of CITIC Limited, monitors performance and the related risks and controls in pursuit of the strategic objectives of CITIC Limited. Day-to-day operation and management powers are delegated to the executive committee which reports to the board. All board members have separate and independent access to the management, and are provided with full and timely information about the conduct of the business and development of CITIC Limited, including reports and recommendations on significant matters. All board members are provided with monthly management updates on the latest development of CITIC Limited’s businesses. Should separate independent professional advice be considered necessary by the directors, independent professional services would be made available to the directors upon request.

The board is also responsible for CITIC Limited’s risk management and internal control systems and reviewing their effectiveness. The audit and risk management committee which acts on behalf of the board conducts a review of the effectiveness of the risk management and internal control systems annually and reports to the board on such review. Details are set out in the section below headed “Risk management and internal control”.

The board has delegated certain functions to the respective committees, the details of which are set out below. Matters specifically reserved for the board include approval of financial statements, dividend policy, significant changes in accounting policies, material contracts, changes to appointments such as directors, company secretary and external auditor, remuneration policy for directors and senior management, terms of reference of board committees, as well as major corporate policies such as the code of conduct and whistle-blowing policy.

CITIC Limited has arranged Directors & Officers Liability and Company Reimbursement Insurance for its directors and officers.

Details of the responsibilities, membership, attendance and activities during the year under review of each board committee are set out on pages 87 to 98.

### Board meetings and attendance

The board meets regularly to review the financial and operating performance of CITIC Limited and to discuss future strategy. Four regular board meetings were held in 2019. At the board meetings, the board reviewed significant matters including CITIC Limited's annual and half-year financial statements, annual budget, proposals for final and interim dividends, annual report and half-year report, and any notifiable transactions, connected transactions and continuing connected transactions. At each of the regular board meetings, the board received a written report from the president on CITIC Limited's major businesses, investments and projects, and corporate activities.

A schedule of board meeting dates is fixed for each year in advance. At least 14 days' formal notice of all regular board meetings is given to all directors, and all directors are given the opportunity to include matters for discussion in the agenda. The agenda and board papers for each meeting are sent to all directors at least three days in advance of every regular board meeting. All minutes of the board meetings are kept at the company secretariat office. Copies are provided to directors and the original minutes are available to all directors for inspection. During the year under review, in addition to the board meetings, the chairman also met with the independent non-executive directors without the presence of executive directors and non-executive directors.

One special board meeting was held in February 2020 to approve a connected transaction. Detailed information of the transaction was provided and relevant directors abstained from voting as required under the Listing Rules.

The attendance record of each director at board meetings and general meeting in 2019 and special board meeting in February 2020 is set out below:

	Attendance		
	Board Meetings in 2019	Special Board Meeting in February 2020	Annual General Meeting on 5 June 2019
<b>Number of Meetings</b>	4	1	1
<b>Current Directors</b>			
<i>Executive Directors</i>			
Mr Chang Zhenming (Chairman) <sup>(1)</sup>	4/4	✓	✓
Mr Wang Jiong (Vice Chairman and President)	4/4	✓	✓
Ms Li Qingping	2/4	✓	✓
<i>Non-executive Directors</i>			
Mr Song Kangle	4/4	✓	✓
Ms Yan Shuqin	4/4	✓	✓
Mr Liu Zhuyu	3/4	✓	✓
Mr Peng Yanxiang	3/4	✓	✓
Mr Liu Zhongyuan	4/4	✓	✓
Mr Yang Xiaoping	4/4	✓	–
<i>Independent Non-executive Directors</i>			
Mr Francis Siu Wai Keung	4/4	✓	✓
Dr Xu Jinwu	4/4	✓	✓
Mr Anthony Francis Neoh	4/4	✓	✓
Mr Shohei Harada	4/4	✓	✓
Mr Gregory Lynn Curl <sup>(2)</sup>	4/4	✓	✓
<b>Resigned Directors</b>			
<i>Executive Director</i>			
Mr Pu Jian <sup>(3)</sup>	N/A	N/A	N/A
<i>Non-executive Director</i>			
Mr Wu Youguang <sup>(4)</sup>	N/A	N/A	N/A
<i>Independent Non-executive Directors</i>			
Ms Lee Boo Jin <sup>(5)</sup>	N/A	N/A	N/A
Mr Paul Chow Man Yiu <sup>(6)</sup>	1/2	N/A	–

Notes:

- (1) resigned with effect from 30 March 2020
- (2) appointed with effect from 28 March 2019
- (3) resigned with effect from 21 February 2019
- (4) resigned with effect from 29 January 2019
- (5) resigned with effect from 28 March 2019
- (6) retired with effect from the conclusion of the annual general meeting of CITIC Limited held on 5 June 2019

### Chairman and the president

Mr Chang Zhenming served as the chairman of CITIC Limited until 29 March 2020 and Mr Zhu Hexin was appointed in his stead with effect from 30 March 2020. Mr Wang Jiong is the president of CITIC Limited. The chairman and the president have separate defined responsibilities whereby the chairman is primarily responsible for leadership and effective functioning of the board, ensuring key issues are promptly addressed by the board, as well as providing strategic direction for CITIC Limited. The president is responsible for the day-to-day management of CITIC Limited and the effective implementation of corporate strategy and policies. Their respective roles and responsibilities are set out in writing, which have been approved and adopted by the board.

### Directors' continuous professional development programme

CITIC Limited has a continuous professional development programme ("CPD Programme") for directors with an aim to improve their general understanding of CITIC Limited's businesses, to refresh their knowledge and skills as well as to receive updates on developments in corporate governance practices. Directors may also choose to attend external courses, conferences and luncheons organised by various local organisations.

In addition, each newly appointed director is provided with a package comprising comprehensive induction materials such as the duties and responsibilities of directors under the Listing Rules and the Companies Ordinance, guidelines for directors issued by the Companies Registry of Hong Kong, legal and other regulatory requirements and the governance policies of CITIC Limited to ensure that he/she has a proper understanding of his/her responsibilities under the relevant laws, rules and regulations. During the year under review and up to the date of this report, two directors were appointed. CITIC Limited has arranged for briefings given by external legal counsel to the new directors.

Under the CPD Programme of CITIC Limited for the year 2019, directors were provided with the monthly business updates and other reading materials concerning the latest developments in corporate governance practices and relevant legal and regulatory developments. Further, CITIC Limited has forwarded e-training courses launched by the Hong Kong Stock Exchange to the directors to help them to develop and refresh their knowledge and skills so as to ensure that their contribution to the board remains informed and relevant. Directors also attended the strategic committee and board retreat meeting held in November 2019 to discuss the corporate strategy and business development of CITIC Limited.

According to the record of the directors' participation in CITIC Limited's CPD Programme kept at the company secretariat office, a summary of training received by the directors for the period from 1 January 2019 to 31 December 2019 is as follows:

	Reading Materials/ Regulatory Updates/ Monthly Management Updates	Strategic Committee and Board Retreat Meeting
<b>Current Directors</b>		
<i>Executive Directors</i>		
Mr Chang Zhenming <sup>(1)</sup>	✓	✓
Mr Wang Jiong	✓	✓
Ms Li Qingping	✓	✓
<i>Non-executive Directors</i>		
Mr Song Kangle	✓	✓
Ms Yan Shuqin	✓	✓
Mr Liu Zhuyu	✓	
Mr Peng Yanxiang	✓	
Mr Liu Zhongyuan	✓	✓
Mr Yang Xiaoping	✓	✓
<i>Independent Non-executive Directors</i>		
Mr Francis Siu Wai Keung	✓	✓
Dr Xu Jinwu	✓	✓
Mr Anthony Francis Neoh	✓	✓
Mr Shohei Harada	✓	✓
Mr Gregory Lynn Curl <sup>(2)</sup>	✓	✓
<b>Resigned Directors</b>		
<i>Executive Director</i>		
Mr Pu Jian <sup>(3)</sup>	✓	N/A
<i>Non-executive Director</i>		
Mr Wu Youguang <sup>(4)</sup>	✓	N/A
<i>Independent Non-executive Directors</i>		
Ms Lee Boo Jin <sup>(5)</sup>	✓	N/A
Mr Paul Chow Man Yiu <sup>(6)</sup>	✓	N/A

Notes:

- (1) resigned with effect from 30 March 2020
- (2) appointed with effect from 28 March 2019; induction materials and briefing by external legal counsel were provided in respect of his appointment
- (3) resigned with effect from 21 February 2019
- (4) resigned with effect from 29 January 2019
- (5) resigned with effect from 28 March 2019
- (6) retired with effect from the conclusion of the annual general meeting of CITIC Limited held on 5 June 2019



### Board Committees

The board has appointed a number of committees to discharge the board functions. Sufficient resources are provided to enable the board committees to undertake their specific roles. The respective roles, responsibilities and activities of each board committee are set out below:

#### Audit and risk management committee

The audit and risk management committee oversees the relationship with the external auditor, and reviews CITIC Limited's financial reporting, annual audit and interim report. The committee acts on behalf of the board in providing oversight of CITIC Limited's financial reporting system, risk management and internal control systems, reviews and monitors the effectiveness of the internal audit function, and reviews CITIC Limited's policies and practices on corporate governance. The committee currently consists of two non-executive directors and three independent non-executive directors. The chairman of the committee is Mr Francis Siu Wai Keung, an independent non-executive director. Mr Siu has the relevant professional qualification and expertise in financial reporting matters. The audit and risk management committee holds four regular meetings each year (at least two of which are with CITIC Limited's external auditor). At the invitation of the audit and risk management committee, other directors, senior management and other relevant persons, as well as experts or consultants with relevant experience or expertise may also attend the meetings. The audit and risk management committee members also meet in separate private sessions with the external and internal auditors without the presence of executive directors and management at least once a year.

#### Duties of the audit and risk management committee

The authority, role and responsibilities of the audit and risk management committee are set out in written terms of reference. The committee reviews its terms of reference at least once a year to ensure they remain in line with the requirements of the CG Code. Any amendments to the terms of reference are submitted to the board for approval. The terms of reference are available on CITIC Limited's website ([https://www.citic.com/en/investor\\_relation/corporate\\_governance/AC\\_ToR\\_Eng.pdf](https://www.citic.com/en/investor_relation/corporate_governance/AC_ToR_Eng.pdf)) and the Hong Kong Stock Exchange's website.

Under its terms of reference, the audit and risk management committee shall

- review and monitor the integrity of CITIC Limited's financial information and provide oversight of the financial reporting system;
- monitor the effectiveness of external audit and oversee the appointment, remuneration and terms of engagement of CITIC Limited's external auditor, as well as its independence;
- oversee CITIC Limited's internal audit, risk management and internal control systems, including the resources for CITIC Limited's internal audit, risk management, accounting and financial reporting functions, staff qualifications and experience, as well as arrangements for concerns raised by staff on financial reporting, internal control and other matters ("whistle-blowing");

- undertake corporate governance functions delegated from the board, including
  - (a) reviewing CITIC Limited's policies and practices on corporate governance and making recommendations to the board as well as CITIC Limited's compliance with the CG Code and disclosure in the corporate governance report;
  - (b) reviewing and monitoring
    - (i) the training and continuous professional development of directors and senior management;
    - (ii) CITIC Limited's policies and practices on compliance with legal and regulatory requirements;
    - (iii) the code of conduct and compliance manual (if any) applicable to employees and directors; and
    - (iv) CITIC Limited's whistle-blowing policy and system.
- undertake other authorities delegated by the board.

### Committee composition and meeting attendance

The composition of the audit and risk management committee during the year under review as well as the meeting attendance of the committee members are as follows:

#### Membership and Attendance

Members	Attendance/ Number of Meetings
<b>Independent Non-executive Directors</b>	
Mr Francis Siu Wai Keung (Chairman)	4/4
Dr Xu Jinwu	4/4
Mr Anthony Francis Neoh	4/4
<b>Non-executive Directors</b>	
Mr Yang Xiaoping	3/4
Mr Peng Yanxiang	4/4
<b>Other Attendees</b>	
Representatives of Audit and Compliance Department	4/4
Representatives of Financial Control Department	4/4
Representatives of Office of the Board of Directors	4/4
External Auditor	4/4

The joint company secretary, Mr Ricky Choy Wing Kay acts as the secretary to the committee. The committee is supported by a working group which consists of representatives from Audit and Compliance Department, Financial Control Department, Office of the Board of Directors and other departments of CITIC Limited. The working group provides services to the committee to ensure that sufficient resources are made available for the committee to perform its duties. An agenda and committee papers are sent to the committee members at least three days prior to each regular meeting. The draft and final version of minutes are circulated to all committee members for their comments and records within a reasonable time after the meeting. Full minutes of the meetings are kept by the joint company secretary.

The chairman of the committee summarises the activities of the committee and issues arising and reports to the board after each audit and risk management committee meeting.

### Work done in 2019

The audit and risk management committee performed the followings in 2019:

Financial reporting	Reviewed the 2018 annual financial statements, annual report and results announcement
	Reviewed the 2019 half-year financial statements, half-year report and results announcement
	Recommended to the board approval of the 2018 annual report and 2019 half-year report
	Examined checklists for compliance with statutory and Listing Rules requirements for ensuring the integrity of the financial statements
External audit and interim review	Reviewed report provided by the external auditor on their statutory audit of the 2018 annual financial statements and their independent review of the 2019 half-year financial statements
	Discussed financial reporting and control matters set out in the report submitted by the external auditor or addressed in representation letters issued by management to the external auditor, and reviewed the status of assurances provided by the business and functional management with respect to the integrity of the financial statements
	Reviewed the external auditor plans for their independent review of CITIC Limited's 2019 half-year financial statements and their statutory audit of the 2019 annual financial statements, including the audit scope and the nature of their work
	Considered the independence of the external auditor of CITIC Limited
Internal control and internal audit	Examined management's annual self-assessments of the effectiveness of the risk management and internal control of the Group, including adequacy of the staff resources, qualifications and experience of CITIC Limited's internal audit, risk management, accounting and financial reporting functions
	Approved annual internal audit plan and reviewed the overall audit work progress in each committee meeting
	Reviewed internal audit's quarterly reports on risk management and internal control findings, recommendations, progress in rectification and other matters
	Noted any significant changes in financial or other risks faced by CITIC Limited and reviewed management's response to them

Corporate governance and code requirements	Reviewed reports submitted by the management on CITIC Limited's compliance with the code of conduct, regulatory and statutory obligations, and internal policies regarding the conduct of business and corporate governance work
	Reviewed the training and continuous professional development of directors
	Reviewed CITIC Limited's compliance with the CG Code and disclosure in the corporate governance report

At the meeting held on 24 March 2020, the audit and risk management committee reviewed and approved CITIC Limited's annual financial statements and annual report for the year ended 31 December 2019, and considered reports from the external and internal auditors. The audit and risk management committee recommended to the board for approval of the 2019 annual report.

### Nomination committee

The nomination committee was established by the board with written terms of reference in compliance with the CG Code. The terms of reference are available on CITIC Limited's website ([https://www.citic.com/en/investor\\_relation/corporate\\_governance/NC\\_ToR\\_Eng.pdf](https://www.citic.com/en/investor_relation/corporate_governance/NC_ToR_Eng.pdf)) and the Hong Kong Stock Exchange's website.

The nomination committee reports directly to the board and its principal duties are:

- to review the structure, size, composition and diversity of the board at least annually and make recommendations on any proposed changes to the board;
- to identify and nominate qualified candidates to become board members and/or to fill casual vacancies for the approval of the board;
- to assess the independence of independent non-executive directors;
- to make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors; and
- to review the board diversity policy and the director nomination policy, and make recommendation on any required changes to the board.

### Director Nomination Policy

The nomination committee is authorised by the board to determine the policy for the nomination of directors. The Director Nomination Policy which was adopted in 2018 sets out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship which shall take into consideration the principle of diversity. A summary of the Director Nomination Policy including the objectives and the selection procedures is set out below:–

- The policy is for both nomination of directors and recommendation for re-election of retiring directors.
- The nomination committee shall identify individuals from a number of sources including, without limitation, through referrals and recommendations by the management of CITIC Limited, Human Resources Department and external independent professionals.

- In the identification and evaluation process, the nomination committee shall have regard to the selection criteria which include but not limited to
  - (i) qualifications, skills, expertise, independence which contribute to the effective carrying out of the board responsibilities;
  - (ii) commitment in respect of sufficient time and relevant interest devoted to the business and affairs of CITIC Limited; and
  - (iii) board diversity including but not limited to skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service.
- The potential candidates are requested to provide the nomination committee with biographical details.
- The nomination committee shall review the qualification, experience, skills, expertise and the factors of the above selection criteria for the nomination of directors, and shall take into account the factors and requirements as set out in the Listing Rules in the case of nominating or recommending for re-election of independent non-executive directors.
- After the assessment and evaluation, if the nomination committee considers the potential candidate is suitable to be nominated as a director, it will make recommendation for the board's consideration and approval.
- The board shall approve the nomination and appoint the proposed qualified candidate as director if it agrees with the nomination committee's recommendation.
- The ultimate responsibility for selection and appointment of directors rests with the entire board.

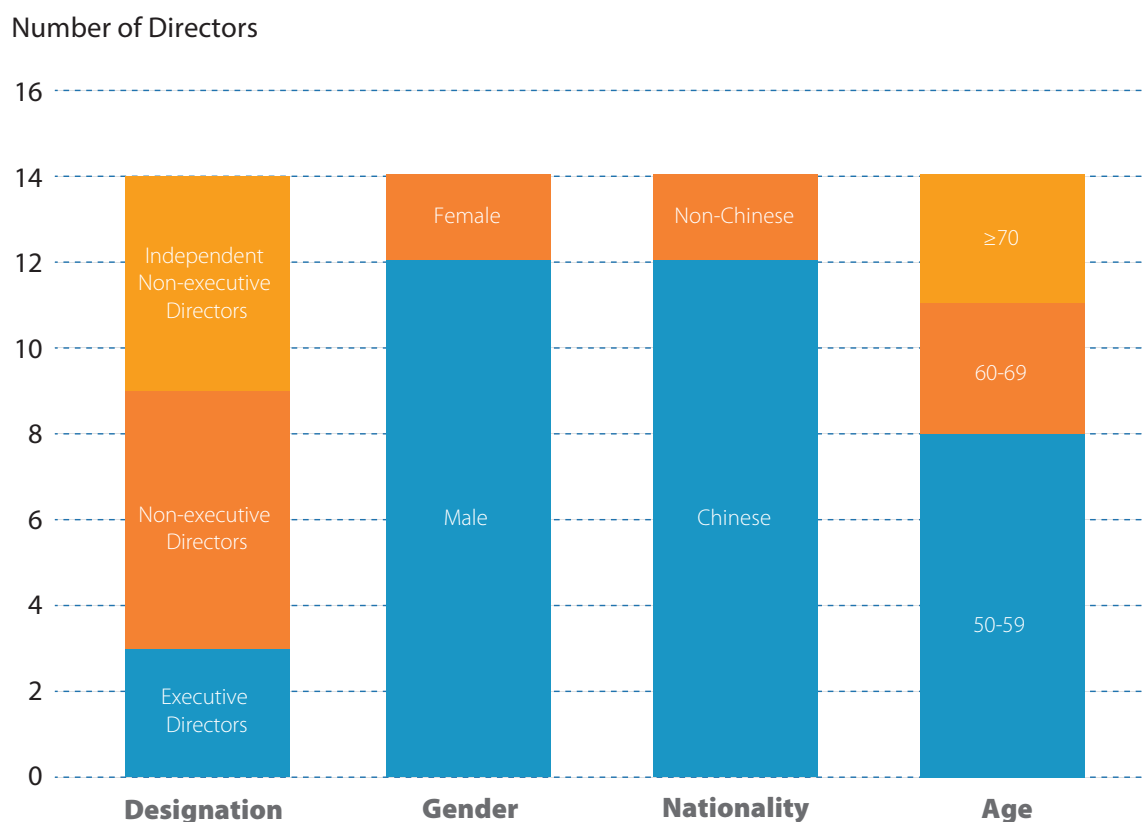
The nomination committee shall monitor the implementation of the policy and conduct a review on an annual basis.

### Board Diversity Policy

CITIC Limited recognises and embraces the benefits of diversity in board members. CITIC Limited sees diversity as a whole concept and believes that diversity in all aspects, including experience and expertise, provides CITIC Limited with a high level of corporate governance and penetrating insights into CITIC Limited's businesses and industry.

The Board Diversity Policy which was adopted in 2013 sets out the approach to achieve diversity in the board, which includes and makes good use of the difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the board. These differences will be considered in determining the optimum composition of the board and all board appointments will be based on merit, having due regard to the overall effective functioning of the board as a whole. CITIC Limited believes that diversity can strengthen the performance of the board, promote effective decision-making and better corporate governance and monitoring. The nomination committee discusses and agrees annually the relevant measurable objectives that the board has set for implementing this policy and makes recommendation to the board for approval. It also monitors the implementation of this policy and reports to the board on the achievement of the measurable objectives for achieving diversity under this policy.

The following chart shows the diversity profile of the current board members:



The nomination committee currently comprises two executive directors, one non-executive director and four independent non-executive directors, and is chaired by the chairman of the board. The committee meets at least annually and at such other times as it shall require. The joint company secretary, Mr Ricky Choy Wing Kay acts as the secretary to the committee. The committee is provided with sufficient resources enabling it to perform its duties, and it can seek independent professional advice at CITIC Limited’s expense if necessary.

During the year under review, one nomination committee meeting was held and two sets of written resolutions were passed by all the committee members. The joint company secretary prepared full minutes of the nomination committee meeting and the draft minutes were circulated to all committee members within a reasonable time after the meeting.

### Committee composition and meeting attendance

The composition of the nomination committee during the year under review as well as the meeting attendance of the committee members are as follows:

#### Membership and Attendance

Members	Attendance/ Number of Meetings	Date of appointment/ resignation
<b>Executive Directors</b>		
Mr Chang Zhenming (Chairman) <sup>(1)</sup>	1/1	
Mr Wang Jiong	1/1	
<b>Non-executive Director</b>		
Ms Yan Shuqin	1/1	
<b>Independent Non-executive Directors</b>		
Mr Francis Siu Wai Keung	1/1	
Dr Xu Jinwu	1/1	
Mr Anthony Francis Neoh	1/1	
Mr Gregory Lynn Curl	1/1	Appointed on 28 March 2019
Ms Lee Boo Jin	N/A	Resigned on 28 March 2019

Note:

<sup>(1)</sup> Mr Zhu Hexin was appointed as Chairman in place of Mr Chang Zhenming with effect from 30 March 2020.

### Work done in 2019

The nomination committee completed the following work in 2019:

- recommended the appointment of one independent non-executive director to the board for approval;
- made recommendations to the board on re-election of the directors retiring at the annual general meeting of CITIC Limited held on 5 June 2019;
- reviewed the structure, size, composition and diversity of the board;
- reviewed the board diversity policy and discussed the measurable objectives; and
- reviewed the director nomination policy.

In March 2020, two set of written resolutions were passed by all the committee members, one of which was to recommend to the board the retiring directors for re-election at the forthcoming annual general meeting to be held in 2020 and the other was to recommend to the board the appointment of an executive director.

## Remuneration committee

The principal role of the remuneration committee is to determine the remuneration packages of individual executive directors and senior management including salaries, bonuses, benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment). The remuneration committee reviews and approves the management's remuneration proposals with reference to the board's corporate goals and objectives, salaries paid by comparable companies, regulations promulgated by national regulatory authorities on the remuneration of directors and senior management, time commitment and responsibilities and employment conditions elsewhere in the Group, so as to align management incentives with shareholder interests.

The committee currently comprises three independent non-executive directors and a non-executive director. The chairman of the committee is Mr Anthony Francis Neoh, an independent non-executive director. The committee meets at least once a year. A joint company secretary serves as the secretary of the committee. The terms of reference are available on CITIC Limited's website ([https://www.citic.com/en/investor\\_relation/corporate\\_governance/RC\\_ToR\\_Eng.pdf](https://www.citic.com/en/investor_relation/corporate_governance/RC_ToR_Eng.pdf)) and the Hong Kong Stock Exchange's website.

During the year under review, one remuneration committee meeting was held and one set of written resolutions was passed by all the committee members. A joint company secretary prepared full minutes of the remuneration committee meeting and the draft minutes were circulated to all committee members within a reasonable time after the meeting.

## Committee composition and meeting attendance

The composition of the remuneration committee during the year under review as well as the meeting attendance of the committee members are as follows:

### Membership and Attendance

Members	Attendance/ Number of Meetings
<b>Independent Non-executive Directors</b>	
Mr Anthony Francis Neoh (Chairman)	1/1
Mr Francis Siu Wai Keung	1/1
Dr Xu Jinwu	1/1
Mr Paul Chow Man Yiu <sup>(Note)</sup>	N/A
<b>Non-executive Director</b>	
Mr Liu Zhuyu	1/1

Note:

Mr. Paul Chow Man Yiu ceased as a member with effect from the conclusion of the annual general meeting of CITIC Limited held on 5 June 2019.



### Work done in 2019

The remuneration committee completed the following work in 2019:

- reviewed and approved the proposal for 2019 annual salary for executives in charge (including executive directors and senior management) of CITIC Limited;
- reviewed and approved the proposal for monthly salary of two new executive committee members of CITIC Limited; and
- reviewed and approved the 2018 remuneration for executives in charge (including executive directors and senior management) of CITIC Limited.

Details of CITIC Limited’s remuneration policies are set out in the Environmental, Social and Governance Report on page 136 and directors’ remuneration and retirement benefits are disclosed on pages 241 to 244.

The remuneration paid to the directors, by name, for the year ended 31 December 2019 is set out in Note 13 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2019 is set out below:

### Remuneration of senior management other than directors for the full year 2019

Total Remuneration Bands	Number of Executives
Below HK\$500,000	1
HK\$500,001 – HK\$1,000,000	4
	5

Note:

Although the discretionary bonuses have yet to be confirmed by the relevant regulatory authority, it is expected that the unsealed remuneration will have no material impact on the consolidated financial statements of CITIC Limited for 2019.

### Strategic committee

A strategic committee has been established to accommodate the strategic development of CITIC Limited and enhance its core competitiveness, make and implement the development plan of CITIC Limited, improve the investment-related decision making procedures and procure well-advised and efficient decision making.

The strategic committee shall be accountable to and report to the board and its powers and functions are:

- considering the major strategic directions of CITIC Limited and making proposals to the board;
- considering the mid-to-long term development plan and 5-year development plan of CITIC Limited and making proposals to the board;
- considering the impact of the macro economic conditions on the development of various business sectors of CITIC Limited and making proposals to the board; and
- other matters in connection with strategy planning pursuant to authorisation of the board.

The committee is chaired by the chairman of the board (Mr Chang Zhenming served as chairman until 29 March 2020 and Mr Zhu Hexin was appointed in his stead with effect from 30 March 2020), and other members include an executive director, Mr Wang Jiong (being vice chairman and president of CITIC Limited), three non-executive directors, Mr Song Kangle, Ms Yan Shuqin and Mr Yang Xiaoping, and two independent non-executive directors, Mr Anthony Francis Neoh and Mr Shohei Harada. Mr Li Rucheng (being a former non-executive director of CITIC Limited) serves as a consultant to the committee. During the year under review, one strategic committee meeting was held. The Strategic Development Department prepared full minutes of the strategic committee meeting and the draft minutes were circulated to all the committee members within a reasonable time after the meeting. A joint company secretary is responsible for keeping all the minutes of the meetings.

### Special committee to deal with matters relating to investigations of CITIC Limited

A special committee has been established to deal with all matters relating to all investigations (including enquiries) of, and proceedings involving, CITIC Limited and its directors, arising from the 2008 forex incident, including but not limited to by the Market Misconduct Tribunal, the Securities and Futures Commission and the Commercial Crime Bureau of the Hong Kong Police Force. This committee was dissolved on 24 September 2019.

## Management Committees

### Executive committee

The Executive Committee is the highest authority of the management of CITIC Limited accountable to the board.

The functions and powers of the executive committee are:

- to formulate CITIC Limited's material strategic plans;
- to formulate CITIC Limited's annual material investment and financing plans (including reviewing material investment plans, feasibility studies, proposed disposals/divestments, mergers and acquisitions and other significant transactions of CITIC Limited);
- to review CITIC Limited's annual business plan and finance plans;
- to review monthly reports of CITIC Limited, and to submit to the board before each month-end the monthly report for the previous month;
- to manage and monitor CITIC Limited's core activities;
- to appoint and remove mid-level and above key personnel (other than personnel above the rank of assistant to general manager, and those appointed and removed by the board);
- to approve internal rules on day-to-day operations of CITIC Limited;
- to review and approve proposals to establish and adjust CITIC Limited's management and organizational structure; and
- to discharge other powers and functions conferred on it by the board.

The first three items and other matters within the authority of the board should be submitted for approval by the board, and thereafter implemented by the executive committee.

The committee is chaired by the chairman of the board (Mr Chang Zhenming served as chairman until 29 March 2020 and Mr Zhu Hexin was appointed in his stead with effect from 30 March 2020), and other members are Mr Wang Jiong (being executive director, vice chairman and president of CITIC Limited, and also serves as vice chairman of the committee), Mr Cai Huaxiang (serving as vice chairman of the committee), Ms Li Qingping (being executive director and vice president of CITIC Limited), Mr Cui Jun, Mr Liu Zhengjun (being vice president of CITIC Limited), Mr Cai Xiliang (being vice president of CITIC Limited) and Mr Xu Zuo (being vice president of CITIC Limited). Mr Huang Zhiqiang who was appointed as a member of the executive committee and vice president of CITIC Limited on 15 August 2019 subsequently resigned from both positions on 17 December 2019. Five committee meetings were held in 2019. The minutes of the meetings are kept at the executive office, which are circulated to the committee members after each meeting.

### Strategy and Investment Management Committee

CITIC Limited has established the strategy and investment management committee as a sub-committee under the executive committee to enhance strategy management, to prevent investment risks and to promote high quality development. The principal responsibilities of the strategy and investment management committee are to

- study and draw up CITIC Limited's integral development, medium and long-term development plan and industries investment guideline, approve development strategies and plans of subsidiaries;
- establish a mechanism of empowered operation and management, organise and implement it; and
- organise and implement full life-circle management of investment activities within the group.

The committee is led by the chairman of the committee Mr Wang Jiong (being executive director, vice chairman and president of CITIC Limited), and the vice chairman of the committee Mr Cai Xiliang (being vice president of CITIC Limited), and other members of the committee include Mr Zhang Youjun (being assistant president of CITIC Limited), responsible persons of the strategic development department, financial control department, legal and compliance functions and treasury department.

### Asset and Liability Management Committee

CITIC Limited has established the asset and liability management committee (the "ALCO") as a sub-committee under the executive committee to be in charge of monitoring and controlling the financial risks of CITIC Limited. The principal responsibilities of the ALCO are to

- monitor and control the asset and liability financial position of CITIC Limited on a regular basis;
- monitor and control the following issues of CITIC Limited
  - asset and liability structure
  - counterparties
  - currencies
  - interest rates
  - commodities
  - commitments and contingent liabilities
- review financing plans and manage the cash flow of CITIC Limited on the basis of the annual budget; and
- establish hedging policies and approve the use of new financial instruments for hedging.

The acting chairman of the committee is Mr Cao Guoqiang (being Chief Financial Officer of CITIC Limited), and other members of the ALCO include responsible persons of the financial control department, treasury department, strategic development department, the office of the board of directors and legal and compliance functions.

### Accountability and Audit

#### Financial reporting

The board recognises the importance of the integrity of its financial information and acknowledges its responsibility for preparing financial statements that give a true and fair view of the Group's affairs, its results and cash flows in accordance with the Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance. The board endeavours to present to shareholders a balanced and understandable assessment of CITIC Limited's performance, position and prospects. Accordingly, appropriate accounting policies are selected and applied consistently, and judgments and estimates made by the management for financial reporting purposes are prudent and reasonable.

New or revised accounting standards became effective during the year under review, and those most significant and relevant to the Group are disclosed in Note 2 to the consolidated financial statements on page 186.

The responsibilities of the external auditors with respect to the accounts for the year ended 31 December 2019 are set out in the Independent Auditor's Report on pages 357 to 366.

#### External auditors and their remuneration

The external auditors perform independent reviews or audits of the financial statements prepared by the management. PricewaterhouseCoopers ("PwC") was engaged as CITIC Limited's external auditor since 1989 and retired at the close of annual general meeting held on 16 May 2013. KPMG was engaged in place of PwC as CITIC Limited's external auditor and subsequently retired at the close of the annual general meeting held on 2 June 2015 ("2015 AGM"). Since then, PwC has been appointed as CITIC Limited's external auditor in place of KPMG with effect from the close of the 2015 AGM as its largest listed subsidiary, China CITIC Bank Corporation Limited, was required to change its external auditor. For 2019, PwC's fees were approximately as follows:

Statutory audit fee: HK\$107 million (2018: HK\$99 million).

Fees for other services, including special audits, advisory services relating to systems and tax services: HK\$40 million (2018: HK\$33 million).

Other audit firms provided statutory audit services at a fee of approximately HK\$72 million (2018: HK\$99 million) as well as other services for fees of HK\$27 million (2018: HK\$18 million).

#### Risk management and internal control

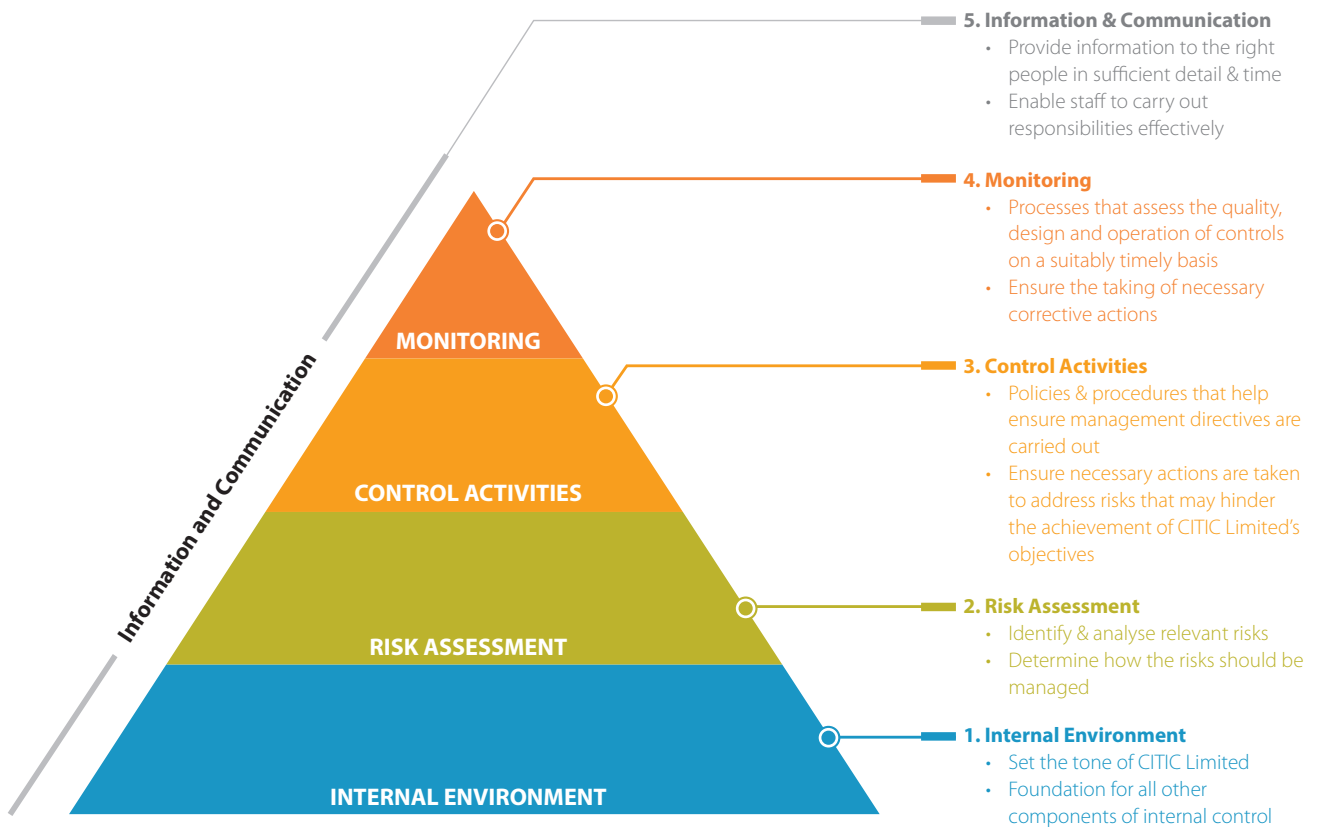
The Group's risk management and internal control systems are designed to reduce or manage risk to an acceptable level for the Group. They do not eliminate the risk of failure to achieve business objectives, however, can only provide reasonable assurance that the business objectives of CITIC Limited in the following areas are achieved:

- effectiveness and efficiency of operations, including the achievement of performance and operating targets and the safeguarding of assets;
- reliability of financial and operating information provided by the management, including management accounts and statutory and public financial reports; and
- compliance with applicable laws and regulations by business units and functions.

## Overview of risk management and internal control

The risk management and internal control system of CITIC Limited is established along the core concepts of risk management and internal control released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and the Basic Standard for Enterprise Internal Control, as well as relevant guidelines and governmental policies.

The framework of risk management and internal control adopted by CITIC Limited is illustrated below:



The risk management and internal control system of CITIC Limited comprises “Four Levels” and “Three Lines of Defence” based on the corporate governance structure. The “Four Levels” are the (i) board of directors, (ii) management and several committees, (iii) risk management functions of CITIC Limited, and (iv) member companies. The “Three Lines of Defence” are the (i) first line of defence comprised by business units of each level of CITIC Limited, (ii) second line of defence comprised by the risk management functions of each level of CITIC Limited, and (iii) third line of defence comprised by the internal audit departments or functions of each level of CITIC Limited.

The board has overall responsibility for maintaining a sound and effective risk management and internal control system. The audit and risk management committee acts on behalf of the board in providing oversight of the Group's financial reporting system, risk management and internal control systems, reviews and monitors the effectiveness of the internal audit function, and reviews the Group's policies and practices on corporate governance.

As a sub-committee of the Executive Committee, the Asset and Liability Management Committee ("ALCO") has been established to monitor financial risks of the Group in accordance with the relevant treasury and financial risk management policies. Based on the annual budget, ALCO reviews CITIC Limited's financing plan and instruments, oversees fund management and cash flow positions, and manages risks relating to counterparties, interest rates, currencies, commodities, commitments and contingent liabilities. It is also responsible for formulating hedging policy and approving the use of new risk management tools.

Relevant departments of CITIC Limited are responsible for communicating and implementing the decisions, monitoring the adherence of the management policies and preparing relevant reports. All units have the responsibility for identifying, effectively managing and reporting risks on a timely basis, in accordance with the overall risk framework under the management policies and within the scope of authorisation.

CITIC Limited is committed to constantly improving its risk management and internal control framework at all levels; strengthening the risk assessment and monitoring of major projects and key businesses; staying fully informed of the operations, financial condition and major business progress of its subsidiaries through off-site monitoring, on-site inspections and other means to assess the risks that may arise; reporting on a timely basis any weaknesses and potential risks; supervising and implementing management and control measures; and improving the completeness and effectiveness of its risk management and internal control practices across the Group.

### Key control policies and measures

The Group's risk management and internal control are primarily the collective responsibilities of management and the employee. For consistent compliance by every person in the Group, the following key control policies and measures have been implemented:

Key control policies and measures	
<b>Internal environment</b>	<ul style="list-style-type: none"> <li>• The Group has corporate governance policy, human resources policy and code of conduct for its business operation and governance, as well as periodic reviews and refresher training sessions on important ethical practices.</li> <li>• A whistle-blowing policy has been implemented for facilitating internal reporting of suspected malpractice.</li> <li>• An inside information and price sensitive disclosure policy is in place covering the reporting and dissemination of price-sensitive information.</li> </ul>
<b>Risk assessment</b>	<ul style="list-style-type: none"> <li>• The executive committee of CITIC Limited constantly monitors the business, operational and other risks of the business units.</li> <li>• The risk management function identifies and assesses the systematic risks that CITIC Limited is facing through regular risk assessments. It also controls the risks of subsidiaries through regular risk management reporting and risk assessment as well as the monitoring of major projects and businesses.</li> <li>• Risk management reports are collated, prepared and submitted to the board for deliberation, and corresponding risk management measures will be adopted immediately.</li> <li>• In addition to the risk management function, relevant functions of CITIC Limited will also identify and assess financial and other risks in terms of investment review, strategic planning, financial management and compliance with laws. The long-term objective is to further promote and monitor formal business-wide risk management processes. Further information in this regard is set out in the Risk Management section of this annual report.</li> </ul>
<b>Control activities</b>	<ul style="list-style-type: none"> <li>• Major control systems and processes include budgetary and cost controls, relevant reporting systems and processes for management reporting, corporate policies and procedures for approval, review and segregation of duties across the Group.</li> </ul>
<b>Monitoring</b>	<ul style="list-style-type: none"> <li>• Constant monitoring of compliance and review of risk management and internal control are conducted under the supervision of the audit and risk management committee. (Please refer to the section "Monitoring of risk management and internal control effectiveness").</li> <li>• The joint company secretaries of CITIC Limited and related functions are responsible for the overall assessment and monitoring of established procedures to ensure compliance with the Listing Rules and supervision of compliance matters related to applicable laws and other major requirements.</li> </ul>

<b>Key control policies and measures</b>	<ul style="list-style-type: none"> <li>The internal audit function reports directly to the audit and risk management committee, and is responsible for examination of risk management and internal control.</li> </ul>
<b>Information and communication</b>	<ul style="list-style-type: none"> <li>Implementation, maintenance and constant development of business and management information systems support CITIC Limited's businesses and operations, including finance, information disclosure and collaborative supervision.</li> <li>Corporate information is disseminated in a timely manner through the intranet, collaborative office system and corporate email system of CITIC Limited.</li> <li>A corporate website and shareholders communication policy ensure that shareholders receive complete and clear information about CITIC Limited and are encouraged to participate in general meetings of CITIC Limited.</li> </ul>

**Monitoring of risk management and internal control effectiveness**

During the year under review, the audit and risk management committee assessed the effectiveness of the risk management and internal control systems on behalf of the board. The reviews covered material controls, including financial, operational and compliance controls, the adequacy of the resources, qualifications and experience of employees in the internal audit, risk management, accounting and financial reporting functions, as well as the sufficiency of training sessions and related budgets.

The main risk management and internal control reviews during the year were as follows:

<b>Monitoring of risk management and internal control</b>	<b>Particulars of major tasks completed</b>	<b>Observations</b>
<b>Internal audit</b>	<ul style="list-style-type: none"> <li>Reviewed the internal audit report.</li> <li>Reviewed the progress and outcomes of internal audit in accordance with the approved annual internal audit plan.</li> </ul>	<ul style="list-style-type: none"> <li>Internal audit findings and recommendations, and management's remedial actions taken were considered at each audit and risk management committee meeting.</li> <li>Reported to the board on such reviews when necessary.</li> </ul>



Monitoring of risk management and internal control	Particulars of major tasks completed	Observations
<p><b>Compliance assessment</b></p>	<ul style="list-style-type: none"> <li>Reviewed the compliance assessments made by business units and head office functions of CITIC Limited; reported on a regular basis cases of non-compliance with laws and regulations, listing rules, provisions under industry regulation, internal policies and rules; reported on an annual basis any matters subject to criminal convictions, administrative punishments, investigation by competent authorities and other punitive measures as a result of non-compliance; rectified non-compliance and ongoing supervision to ensure completion of such rectification.</li> </ul>	<ul style="list-style-type: none"> <li>No major non-compliance cases were noted during the year.</li> </ul>
<p><b>Review of risk management and internal control system</b></p>	<ul style="list-style-type: none"> <li>Reviewed the business operation and risk management, the changes of risks, and ability to respond in several meetings during the year.</li> <li>Reviewed and confirmed the results of self-assessment on risk management and internal control effectiveness, and the written statements issued by senior management.</li> <li>Reviewed the results of the comprehensive assessment of the major control and risk management activities undertaken by business units and head office functions. Ensured that the supporting documents of the self-assessments on risk management and internal control by the management were reviewed by the internal audit function or risk management function.</li> <li>Reviewed the written statements issued by senior management of business units to confirm that their self-assessments remained correct and that their accounts were prepared in accordance with the financial reporting policies of the corporation.</li> </ul>	<ul style="list-style-type: none"> <li>No material issues were identified during the year, but business units and the Group's head office functions indicated certain areas of risk management and internal control meriting improvement.</li> <li>Management issued a positive confirmation.</li> </ul>

Monitoring of risk management and internal control	Particulars of major tasks completed	Observations
<b>Review of the internal audit, risk management, accounting and financial functions</b>	<ul style="list-style-type: none"> <li>Reviewed the self-assessments made by business units and the finance, audit, monitoring and compliance functions on the adequacy of the resources, qualifications and experience of employees in the internal audit, risk management, accounting and financial reporting functions, as well as the sufficiency of training sessions and budget.</li> </ul>	<ul style="list-style-type: none"> <li>Resources in the internal audit, risk management, accounting and finance functions were adequate.</li> <li>On the whole, the qualifications and experience of the staff of the internal audit, risk management, accounting and finance functions were satisfactory.</li> <li>Training activities and budgets were given constant attention and remained satisfactory during the year.</li> </ul>

The board and the management will establish sufficient and effective supervision, management and controls through the risk management and internal control framework of CITIC Limited, which will ensure compliance with the Listing Rules and other legal or regulatory requirements of the jurisdictions in which the Group operates, in order to constantly improve the risk management and internal control system.

### Internal Audit

CITIC Limited regards internal audit as an important part of the supervisory function of the board and the audit and risk management committee. The primary objective of internal audit, which is set out in the internal audit charter, is to provide independent and objective internal assurance and consulting services, evaluate and improve the effectiveness of risk management and internal control processes for the Company so as to add value and improve the Company's operations and accomplish its objectives.

#### Authority

Under the internal audit charter of CITIC Limited, the internal audit department can obtain and access all records, personnel and physical properties relevant to internal audit. The head of the internal audit department has unrestricted access to the board and senior management.

#### Responsibility

The responsibilities of the internal audit are set out in the internal audit charter, which stipulates that (a) examination and assessment are conducted in respect of risk management and internal control to evaluate whether risks related to the following are effectively controlled: achievement of strategic objectives, reliability and integrity of financial and operational information, efficiency and effectiveness of operations, safeguarding of assets, and compliance with the laws, regulations and policies of the Company; (b) follow-up audits and other measures are conducted to track and examine corrective actions in respect of audit findings; (c) special audits are conducted when required by the board and senior management.

#### Internal audit staffing and tasks completed in 2019

At 31 December 2019, CITIC Limited had approximately 480 internal audit staff members in the internal audit departments of the head office and major subsidiaries, providing audit services to various business units and functions of the Company.

During the year, the internal audit department prepared an annual internal audit plan in accordance with risk-based principles. Pursuant to the approved annual plan, detailed audit planning for each audit was devised, followed by field audits and discussions with management. Audit reports addressed to the management were prepared by the internal audit department after completion of the audits. Work reports were also tabled for review at each meeting of the audit and risk management committee, which included audit findings and follow-up results, work progress and staffing of internal audit. The internal audit department issued audit reports on various business segments and subsidiaries of the Company.

Other tasks performed by the internal audit department during the year included the following:

- Implementation of internal audit assessment to evaluate the audit work of major subsidiaries in terms of management, quality, performance, communication and coordination, in order to facilitate the effective execution of internal audit.
- Continuous training and development programme, including online training, sharing sessions and seminars, for internal audit staff to enhance their audit skills and knowledge.

## Business Ethics

### Code of Conduct

At CITIC, we are committed to upholding “The CITIC Spirit 中信風格” which is the cornerstone of our corporate culture, and also the fundamental code of the Company for guiding the business practice and conduct of our people:

Compliance	遵紀守法
Integrity	作風正派
Earnest	實事求是
Innovation	開拓創新
Modesty	謙虛謹慎
Cooperation	團結互助
Diligence	勤勉奮發
Effectiveness	雷厲風行

We stick to core values and corporate culture & spirits with the characteristics of “CITIC SPIRIT”, think highly of employees’ integrity, morality and professional integrity. The company’s Code of Conducts requires employees to strictly obey the laws, regulations and disciplines in their operational activities. It is a code that the employees must abide by and a standard for assessing professional conducts of employees. In 2019, we organised trainings in terms of professional integrity, anti-fraud and anti-corruption based on the types of industries and levels of posts. Various publicizing platforms including the internal network, official accounts of Wechat and APP were utilised to educate and guide employees to establish and maintain their excellent conducts and behaviors. The heads of every branches were required to conduct education, supervision and assessment regarding employees’ conducts. The company developed the system of regular self-criticism to detect the risks to honesty and justice, to investigate and punish all sorts of illegal behaviors, to analyze and evaluate the effective implementation of this system, to propose advices for further improvement and correction, and to stably improve the levels of internal control management.

### Whistle-blowing policy

Employees are encouraged to propose complaints against the possible misconducts. The dedicated organization has been established with many channels including e-mails, phone call and fax and the dedicated personal have been put into charge. All reports with regard to misconducts received by the company shall be seriously treated with appropriate measures for internal investigations. The informer-protection mechanism has been established and implemented to keep the confidentiality of informers' identity and issues having been reported. The range of information needing told to the relevant parties shall be strictly restricted in the investigative process.

### Inside information/price sensitive information disclosure policy

CITIC Limited has adopted an inside information/price sensitive information disclosure policy setting out the practices and procedures for monitoring business and corporate developments and events so that any potential inside information/price sensitive information is promptly identified and relayed to the board to enable it to make timely decisions on disclosure, if necessary, and for taking appropriate measures to preserve confidentiality of inside information/price sensitive information until proper dissemination of the inside information/price sensitive information via the electronic publication system operated by the Hong Kong Stock Exchange.

### Good employment practices

In Hong Kong, CITIC Limited has followed the guide to good employment practices issued by the Employers' Federation of Hong Kong to ensure legally compliant, non-discriminatory and professional employment practices are implemented.

### Directors' and relevant employees' securities transactions

CITIC Limited has adopted the model code for securities transactions by directors of listed companies ("Model Code") contained in Appendix 10 to the Listing Rules. All directors and senior management confirmed that they have complied with the required standard set out in the Model Code throughout 2019. As at 31 December 2019, none of the directors of CITIC Limited had interests in the securities of CITIC Limited as referred to in the Report of the Directors on page 132.

In addition to the requirements set out in CITIC Limited's code of conduct, the joint company secretaries regularly write to executive management and other relevant employees who are privy to unpublished inside information/price sensitive information, as reminders of their responsibility to comply with the provisions of the Model Code and keep the matter confidential until announced. They are also specifically reminded not to engage in any insider dealings as stipulated under Section 270 of the Securities and Futures Ordinance.

### Joint Company Secretaries

Mr Wang Kang and Mr Ricky Choy Wing Kay are the joint company secretaries of CITIC Limited. All directors have access to the advice and services of the joint company secretaries on board procedures and corporate governance matters as and when required. The joint company secretaries report to the chairman and/or the vice chairman/president of CITIC Limited. During the year under review, Mr Wang and Mr Choy took no less than 15 hours of relevant professional training respectively.

### Constitutional Documents

There were no changes in the articles of association of CITIC Limited during the year under review. The latest version of the articles of association is available on the websites of the Hong Kong Stock Exchange and CITIC Limited.

### Communication with Shareholders

CITIC Limited considers effective communication with shareholders essential to enable them to have a clear assessment of the enterprise performance as well as to ensure the board of directors is accountable. Major means of communication with shareholders of CITIC Limited are as follows:

#### Information disclosure at corporate website

CITIC Limited endeavours to disclose all material information about the Group to all interested parties as widely and in as timely a manner as possible. CITIC Limited maintains a corporate website at <https://www.citic.com/en/>, where important information about CITIC Limited's activities and corporate matters such as annual reports and half-year reports to shareholders, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders.

When announcements are made through the Hong Kong Stock Exchange, the same information will be made available on CITIC Limited's website.

During the year under review, CITIC Limited has issued announcements in respect of notifiable transactions, connected transactions, continuing connected transactions and overseas regulatory announcements, which can be viewed on CITIC Limited's website ([https://www.citic.com/en/investor\\_relation/announcements\\_circulars/](https://www.citic.com/en/investor_relation/announcements_circulars/)).

#### General meetings with shareholders

CITIC Limited's annual general meeting provides a useful platform for direct communication between the board and shareholders. Separate resolutions are proposed on each substantial separate issue at the general meetings.

#### Dividend policy

In compliance with the requirement for a policy on payment of dividends under the code provision of the CG Code, CITIC Limited has adopted a dividend policy in 2018 to enhance its transparency and to facilitate shareholders and investors to make their investment decisions.

CITIC Limited attaches importance to providing reasonable returns for investors. The dividend policy of CITIC Limited maintains continuity and stability and takes into consideration the long-term interests of CITIC Limited, overall interests of all shareholders and the sustainable development of CITIC Limited. CITIC Limited expects to pay dividends twice each financial year and cash dividend distribution is preferred. The payment of dividend is also subject to any restrictions under Hong Kong legislation and CITIC Limited's articles of association. According to the articles of association, CITIC Limited in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the board of directors. No dividend shall be payable except out of the profits of CITIC Limited.

#### Voting by poll

Resolutions put to vote at the general meetings of CITIC Limited (other than on procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the websites of the Hong Kong Stock Exchange and CITIC Limited respectively on the same day as the poll.

### Investor relations

CITIC Limited aims to generate sustainable shareholder value. We recognise that effective management of stakeholder relationships, including those with investors, is key to realising that value. We believe that our objectives and shareholder objectives should be aligned for long-term value creation and hope that our shareholders agree with our conviction that sustainable long-term growth is more important than short-term gains.

CITIC Limited acknowledges its responsibility to engage with shareholders and respond respectfully to their questions. We aspire to transparent and open communications and are committed to timely disclosure of relevant and material information. We meet with investors regularly to update them on our business progress and strategy. In addition, we respond promptly to questions received from the media and individual shareholders. We endeavour to share financial and non-financial information that is relevant and material, and clearly communicate our business strategy through biannual and other timely communications. In all cases, great care is taken to ensure that price sensitive information is not disclosed selectively. When announcements are made through the Hong Kong Stock Exchange, the same information will be made available on CITIC Limited's website.

### Shareholders' rights

Set out below is a summary of certain rights of the shareholders of CITIC Limited as required to be disclosed pursuant to the mandatory disclosure requirement under the CG Code:

#### Convening of extraordinary general meeting on requisition by shareholders

In accordance with Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholder(s) of CITIC Limited representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of CITIC Limited are entitled to send a request to CITIC Limited to convene an extraordinary general meeting ("EGM"). The written requisition must state the general nature of the business to be dealt with at the EGM and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM. The request must be authenticated by the shareholder(s) making it and deposited at the registered office of CITIC Limited at 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong for the attention of the joint company secretaries in hard copy form or sent to CITIC Limited in electronic form. The requisition may consist of several documents in like form, each signed by one or more of the shareholder(s) concerned.

Pursuant to Section 567 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the directors of CITIC Limited must within 21 days after the date on which the written requisition is received by CITIC Limited proceed to duly convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given. If the directors do not do so, the shareholder(s) who requested for the EGM, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM pursuant to Section 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), provided that the EGM so convened shall not be held after the expiration of 3 months from the date of the original requisition.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the directors of CITIC Limited.

### Procedures for directing shareholders' enquiries to the board

Shareholders may at any time send their enquiries and concerns to the board of directors of CITIC Limited in writing through the joint company secretaries whose contact details are as follows:

The Joint Company Secretaries  
CITIC Limited  
32nd Floor, CITIC Tower,  
1 Tim Mei Avenue, Central, Hong Kong  
Email: [contact@citic.com](mailto:contact@citic.com)  
Tel No.: +852 2820 2184  
Fax No.: +852 2918 4838

The joint company secretaries will forward the shareholders' enquiries and concerns to the board of directors and/or relevant board committees of CITIC Limited, where appropriate, to answer the shareholders' questions.

### Procedures for putting forward proposals at general meetings by shareholders

Shareholders are requested to follow Sections 615 and 616 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for including a resolution at the annual general meeting of CITIC Limited ("AGM"). The requirements and procedures are set out below:

- (i) Any number of shareholders representing at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at the AGM to which the requisition relates, or at least 50 shareholders having a right to vote on the resolution at the AGM to which the requisition relates, may submit a requisition in writing to put forward a resolution which may properly be moved at the AGM.
- (ii) CITIC Limited shall not be bound by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to give notice of the proposed resolution or to circulate a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution to shareholders of CITIC Limited entitled to receive notice of the AGM unless a copy of the requisition specifying the resolution of which notice is to be given and signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) is deposited at the registered office of CITIC Limited at 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong for the attention of the joint company secretaries in hard copy form or is sent to CITIC Limited in electronic form not later than (i) 6 weeks before the AGM to which the requisition relates; or (ii) if later, the time at which notice is given of the AGM.

Pursuant to Article 108 of CITIC Limited's articles of association, no person, other than a retiring director, shall, unless recommended by the board for election, be eligible for election to the office of director at any general meeting, unless notice in writing by a shareholder of his intention to propose that person for election as a director and notice in writing by that person of his willingness to be elected shall have been given to CITIC Limited in the period commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.