



# COMPREHENSIVE FINANCIAL SERVICES



Our comprehensive financial services segment aims to become a leader in integration. To facilitate connectivity and collaboration, we will apply to establish a financial holding company, providing more robust financial solutions for the real economy and in turn strengthening each of our businesses.

## MAJOR SUBSIDIARIES

### CITIC Bank

is a joint-stock commercial bank offering corporate banking, retail banking and financial markets services. In a joint venture with Baidu, CITIC Bank also launched an intelligent direct bank, CITIC AiBank.

### 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

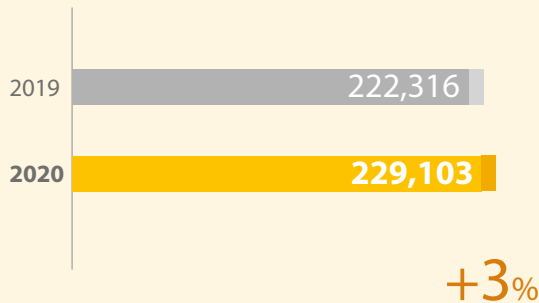
is a joint venture between CITIC Corporation and Prudential plc, offering life, health and accident insurance, as well as reinsurance services.

### CITIC Securities

is a premium securities company in China with businesses spanning securities, funds, futures, direct investments, equity funds, commodities. All respective businesses maintain a leading position in the market.

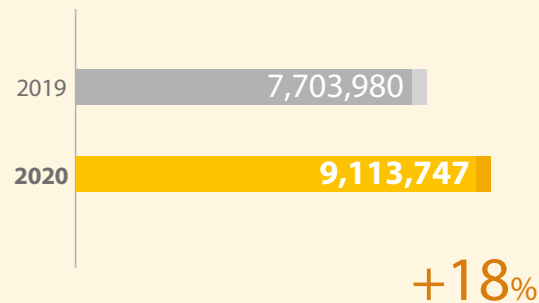
## REVENUE

HK\$ million



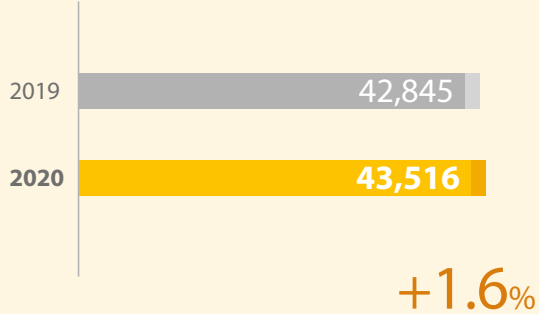
## TOTAL ASSETS

HK\$ million



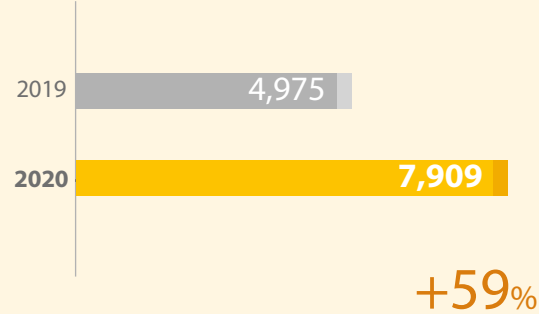
## PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



## CAPITAL EXPENDITURE

HK\$ million



## Year in Review

In 2020, despite confronting challenges arising from the COVID-19 pandemic, the overall businesses performed well as profit attributable to shareholders increased by 1.6% year-on-year, reaching HKD43.5 billion. CITIC Bank actively pursued business transformation for different operations. Its annual net profit increased 2% to RMB49 billion as both net interest and non-interest income recorded satisfactory growth. Experiencing pressure including the COVID-19 pandemic and amplified regulations,

CITIC Trust maintained steady operations as it continued to reduce the scale of its business, and optimise its asset structure. Its net profit increased 7% to RMB3.9 billion as a result. CITIC-Prudential Life's net profit surged 40% to RMB2.5 billion, driven by the dual growth of premium income and investment income. Backed by optimistic capital market sentiment, the securities business performed well, with net profit of CITIC Securities increasing by 22%.



## BANKING

### CITIC Bank

is a leading national commercial bank with highly integrated capabilities and strong brand recognition in China. With nearly 60,000 staff and total assets exceeding RMB7 trillion, its core businesses include corporate banking, retail banking and financial markets services. In 2020, CITIC Bank was ranked 21st in the Top 500 World Banking Brands and 24th in the Top 1000 World Banks according to Tier 1 capital as published by the British financial magazine *The Banker*.



In response to the impact of the COVID-19 pandemic in 2020, multiple measures were implemented in terms of monetary, fiscal, and industrial policies to ensure that the overall Chinese banking sector remained stable, that risks were well managed and that the ability to serve the real economy continued to improve. Facing a wide range of challenges and pressure, CITIC Bank continued to promote its business transformation. Net profit increased by 2% to RMB49.0 billion and revenue reached RMB195.4 billion, a 4%

increase year-on-year. Accompanied by the growth of interest-earning assets, net interest income increased by 2% year-on-year. Non-interest income<sup>1</sup> increased by 10% year-on-year to RMB44.9 billion, of which fee income increased by 8% compared with the previous year, mainly driven by increased fee income generated from the wealth management business and income from the fund custody business. The proportion of non-interest income continued to increase from 21.8% to 23.0%.

RMB million	2020	2019	Change
Revenue	195,399	187,881	4%
Profit attributable to ordinary shareholders	48,980	48,015	2%
Total assets	7,511,161	6,750,433	11%
Return on equity (%)	10.08%	11.06%	-0.98 percentage point

<sup>1</sup> The income related to credit card consumption installments has been reclassified from fee income to interest income since 2020. The financial indicators have been restated during the comparison period with respect to interest income and non-interest income.

With its balanced strategy, CITIC Bank's total assets grew moderately by 11% in 2020. Total loans increased by 12%, which were mainly allocated in key areas including inclusive finance, manufacturing, and private enterprises. Total deposits recorded steady growth of 12% throughout the year. Net interest margin narrowed by 19 bps to 2.26% mainly due to the decline in overall market interest rates.

CITIC Bank continues to increase its efforts to resolve non-performing and problematic loans and its asset quality has become more solid. During the reporting period, the NPL ratio declined by 0.01 percentage point to 1.64%. To further strengthen the quality of its asset base and effectively mitigate risks, CITIC

Bank has increased its provisions and strengthened its efforts in disposal of non-performing assets while impairment allowances increased by 7% year-on-year to RMB83 billion. The provision coverage ratio at the end of the year reached 171.68%, a decline of 3.57 percentage points from the same period last year.

By the end of the year, the core tier-1 capital adequacy ratio increased by 5 bps to 8.74%, while the total capital ratio rose 57 bps to 13.01%. CITIC Bank will continue to strengthen its capital base, through the selective expansion of capital replenishment channels and by developing a capital-light business model to strengthen the organic growth of capital.

## Business Highlights

RMB million	Revenue 2020	By percentage 2020	Revenue 2019	By percentage 2019
Corporate banking	89,473	45.8	93,790	49.9
Retail banking	79,644	40.8	71,284	37.9
Financial markets	22,713	11.6	19,476	10.4
Other	3,569	1.8	3,331	1.8

### Corporate Banking

Our corporate banking sector recorded revenue of RMB89.5 billion, a surge of 50% year-on-year, accounting for 45.8% of total revenue. Corporate loans grew by 11% during the year. CITIC Bank continued to lower corporate financing costs to benefit more customers and allocated more credit resources to new-type infrastructure including transportation, water conservancy, and others, as well as to high-end manufacturing. To help corporate clients overcome challenges during the pandemic, emergency loans of nearly RMB200 billion were made to various corporates that were struggling to survive the pandemic. The bank's corporate deposits increased by 14%, maintaining its leading position among Chinese joint stock commercial banks. CITIC Bank adheres to the principle of being customer-centric and continued to strengthen relationships with core customers and foster customer acquisition. The number of corporate

clients reached 825,300 in total. Leveraging synergies across all of our businesses, CITIC Bank has maintained steady growth during the year.

- Investment Banking:** CITIC Bank actively serves the real economy, particularly in providing full support to manufacturing industries and the new economy to mitigate the impact of the COVID-19 pandemic. The bank underwrote 38 anti-pandemic related bonds worth RMB26.8 billion in Beijing, Tianjin, Zhejiang and other locations.
- International Business:** CITIC Bank introduced seven major measures and launched a green channel for the import and export of pandemic prevention resources to ensure smooth cross-border settlement during the pandemic. Our free trade (FT) zone business has formed a "three-point nationwide"

FT account<sup>2</sup> system in Shanghai, Guangzhou and Haikou. Assets of these FT accounts have increased 194% year-on-year.

- **Transaction Banking:** The bank continued to develop its transaction banking business to drive the transformation of corporate banking. During the year, CITIC Bank served a total of 713,600 transaction banking clients, an increase of 18% year-on-year. Transaction volumes increased by 37% to 132.8 million trades while turnover surged by 66%, reaching RMB107 trillion.
- **Custody Business:** Custody assets reached a new high of over RMB10 trillion. After CITIC Bank became the custodian of a national annuity as well as 25 provincial annuities, it further obtained annuity qualifications in Guangdong, Shandong and Zhejiang provinces. The assets of pension custody exceeded RMB200 billion, of which the scale of corporate annuity custody exceeded RMB100 billion for the first time, reaching RMB111.5 billion, achieving the leading market position among Chinese joint stock commercial banks.
- **Car Loans:** The bank first launched its car loan business in 2000 and has maintained the leading market position ever since. The total number of clients reached 5,051 in 2020, an increase of 901 clients over the last year. The total annual drawdown of loans was RMB378.3 billion, an increase of 26%. Overall asset quality remained solid.

## Retail Banking

Revenue from retail banking was RMB79.6 billion in 2020, accounting for 40.8% of total revenue, with an increase of 2.9 percentage points. The total number of customer continued to increase while our customer acquisition model has shifted to “traditional customer acquisition + scenario acquisition”, leveraging CITIC synergies and digitalisation to enhance the efficiency of customer acquisition. During the year, the number of retail clients grew by 8% to 111 million including 969,500 mid- and high-end clients, an increase of 9%, and 51,100

private banking clients, an increase of 22%. All key retail banking businesses are progressing well and developed in an orderly manner:

- **Personal lending business:** To support the real economy and consumer consumption upgrading, CITIC Bank promoted the balanced development of its three main products including mortgage, personal business loan and unsecured loan. Total personal loans (excluding credit card) increased by 16% last year. The Bank continued to grant mortgage loans in accordance with the real estate regulations and control requirements of the government at all levels, with total mortgage loans increasing by 18% during the year. Personal business loan products continued to be optimised with diversified credit-extending and repayment methods being adopted to provide flexible financing solutions to small and micro enterprises. In terms of online unsecured loans, the Bank strives to build up its standardised “Xin Miao Dai” products and boost its brand recognition, providing customers with more convenient and efficient online loan services.
- **Credit Card Business:** The Bank strictly adheres to regulatory requirements and stringent risk management to develop its credit card business. Revenue grew 1.6% to RMB61.5 billion, with total turnover of RMB2,437.7 billion, a decrease of 5% compared with last year. The total credit card loan balance declined by 6% to RMB485.6 billion.
- **Going Abroad Financial Services:** CITIC Bank has built one-stop services to cover the full cycle customer journey, introducing functions such as air flight bookings, hotel reservations, overseas coupons, departure tax rebates, online ED-cards, etc., integrating both financial and non-financial business resources abroad. The total number of users has reached 7.63 million. The balance of personal foreign currency assets under management was US\$6.8 billion, of which the balance of personal foreign currency deposits was US\$6.5 billion, an increase of 15% over the end of the previous year.

<sup>2</sup> A free trade account is a domestic and foreign currency account based on FTU-Free Trade Accounting Unit according to the customers' needs.

## Financial Markets

CITIC Bank's financial markets business continued to adhere closely to the capital-light principle and optimise its asset portfolio to drive quality development. In 2020, revenue generated from financial markets reached RMB22.7 billion, an increase of 17% year-on-year, and accounting for 11.6% of the total revenue. Non-interest income from financial markets increased by 13% to RMB13.6 billion.

CITIC Bank actively develops multi-dimensional cooperation with inter-bank customers in terms of bills, investment, capital and custody. Our online CITIC Interbank+ platform was further optimised to improve the customer experience. The bank retained its leading position in the interbank market-making business with transaction volume reaching US\$1.69 trillion, an increase of 0.6% compared to the previous year. The Bank continued to promote its NAV products under the wealth management business. As of the end of 2020, the total volume of non-risk-bearing wealth management products reached RMB1,078.9 billion. Revenue from the wealth management business reached RMB2.1 billion during the year.

## 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 RMB6.9 billion in Fintech, a year-on-year increase of 24%.

CITIC Bank has empowered its business lines through Fintech and successfully launched the first independent distributed system, the Lingyun Project, among large and medium-sized domestic banks for the structuring of large-scale and complex engineering implementation, providing real-time big data services and analysis to customers. Riding on the AI-driven platform "CITIC Brain", it has launched 307 AI models to automatically provide real time services to over 10 million clients. For example, the AI recommendation function has helped the wealth management business achieve online sales

of over RMB230.0 billion. Its blockchain technology continued to outperform peers, and its blockchain platform is also the first to pass five credible assessments of the China Academy of Information and Communications Technology in one go. The blockchain-powered forfaiting trading platform was officially transferred to the People's Bank of China Clearing Centre to become a national industry platform applied in equity investment for strategic customers, with total AUM increased by RMB52 billion.

In line with CITIC Bank's commitment to develop and innovate, CITIC AiBank was officially launched in November 2017. A new share issuance accepted by Canada Pension Plan Investment Board (CPP Investments) was approved by the China Banking and Insurance Regulatory Commission in November 2020; its registered capital increased from RMB4 billion to RMB5.6 billion with CITIC Bank holding 65.7% of the shares.

At the end of 2020, the number of CITIC AiBank users was over 51 million, cumulative online loans exceeded RMB300 billion and total revenue reached RMB1.7 billion. CITIC AiBank continued to innovate new products, including a collaboration with Baidu to launch Baidu QuickPass Card, the first digital card for deposits and loans available in the domestic market. Its key financial indicators remained healthy and balance sheet was further optimised during the year. As of the end of 2020, total assets had reached RMB66.5 billion, an increase of 13%; total liabilities increased by 8% to RMB59.9 billion.



■ The launch of Baidu QuickPass Card in August 2020

## TRUST

### CITIC Trust

is a leading national non-bank financial institution under the supervision of the China Banking and Insurance Regulatory Commission. It focuses principally on the trust business, complemented by a proprietary business to better manage its balance sheet, and invests in subsidiaries to diversify its portfolio. CITIC Trust is the only trust company in China whose core indicators have been ranked among the top three in the industry for 13 consecutive years. As a leader in its field, CITIC Trust also has the highest rating in the sector and has been awarded “The Best China Trust Company” by The Asian Banker for three consecutive years through 2020.



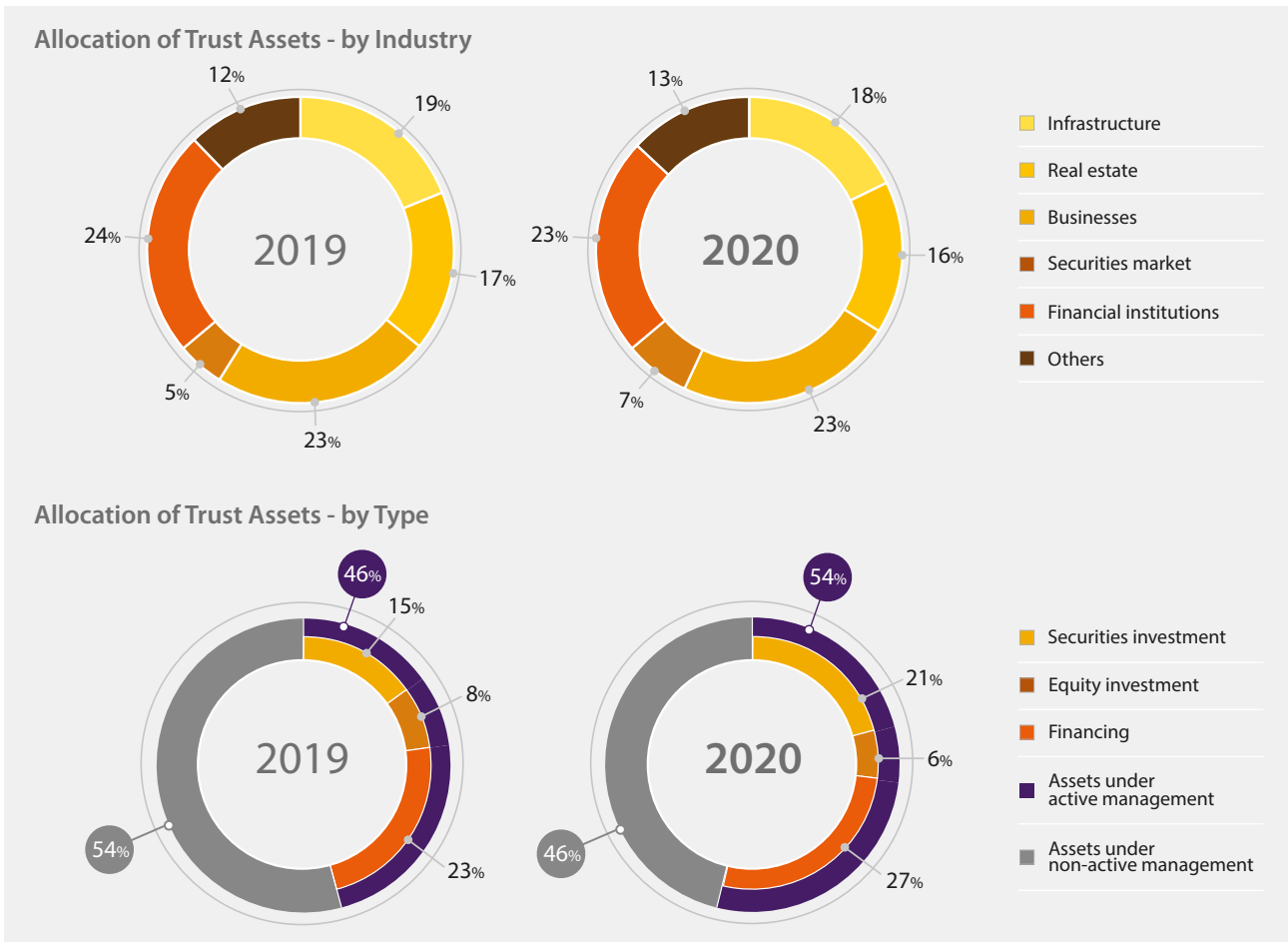
CITIC Trust proactively adopted changes in 2020 although the industry faced challenges under multiple factors including the COVID-19 pandemic, economic downturn and tightened regulations. In response to new regulatory requirements, CITIC Trust took initiatives to reduce trust assets under management and optimise its asset structure to maintain sustainable operations. The final balance of trust assets under management at the

end of the period was RMB1.2 trillion, resulting in total operating revenue of RMB8.7 billion. Revenue generated from trust fees and commissions reached RMB6.1 billion, and net profit achieved a record high of RMB3.86 billion. Benefiting from improved asset management capability, fee income and investment income recorded solid growth of 24% and 23% respectively during the period.

RMB million	2020	2019	Change
Revenue	8,746	7,183	22%
Profit attributable to shareholders	3,855	3,593	7%
Total proprietary assets	47,114	42,403	11%
Trust assets under management	1,224,659	1,574,156	-22%
Return on equity (%)	11.97%	12.82%	-0.85 percentage points

CITIC Trust's mission is "implement national strategies, serve the real economy, and make a better life". The company continued to improve its active asset management capability and optimise asset allocation. By the end of 2020, trust assets under management

were RMB1.2 trillion, of which the proportion of trust assets under active management increased from 46% to 54%. Trust profits attributable to beneficiaries reached RMB68.2 billion, maintaining the Top 1 industry ranking it has held for many years.



## Key Business Highlights

### Trust Business

#### • Financing Service

CITIC Trust offers a wide range of diversified and flexible financial solutions to clients, including corporates, government departments, financial institutions and other institutional investors. During the year, CITIC Trust continued to deepen the integration of industry and finance to support the real economy and invested approximately RMB600 billion in projects to fully capture opportunities that arose from the implementation of national strategies including Belt and Road, as well as the development of key regions including the Beijing-Tianjin-Hebei region and the Yangtze River Delta. It

mainly focuses on promoting the development of new infrastructure, urbanisation, strategic emerging industries, new consumption, and the "silver economy".

During the year, CITIC Trust and its partners jointly set up a science and technology innovation fund to provide financial empowerment for high-tech and industrial upgrades. It also collaborated with fintech companies including JD.com and Kingdee



to promote the transformation and upgrading of consumption. During the pandemic, it was the first company in the trust industry to provide financial aid and support to Wuhan. Leveraging its competitive advantages, CITIC Trust also proactively provided flexible and diverse financial services to support small and medium-sized enterprises to fight against the pandemic.

### • **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 services provide tailored products and services such as family trust and insurance trust. At present, CITIC Trust has ten wealth management centres located in Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Hangzhou, Xiamen, Xi'an, Chengdu, and Nanjing, providing professional and comprehensive wealth management services to clients.

Our family trust business and insurance trust services maintained the leading position in the trust industry. CITIC Trust collaborated with 11 insurance companies and published the first industry standards for the insurance trust service in China, laying the foundation for the industry. It established the first offshore family trust in Hong Kong through its overseas platform CTI Capital Trust Limited, a pioneer in China's trust industry, and further improved the inheritance mapping of domestic and overseas family assets for customers. Clients under family trusts numbered over 3,000 with AUM over RMB49 billion, a year-on-year increase of 44%.

CITIC Trust continued to improve its investment capability and launched a series of TOF (Trust of Funds) products including Xinrui. These trust products structure both equity and fixed income funds as the underlying assets, and through quantitative analysis and screening of fund managers by historical performance, effectively hedge market risks and provide stable returns for clients. It also launched Xinyuan, an actively managed currency enhancement fund whose performance outperformed peers. In addition, CITIC Trust leveraged the advantages of CITIC Group's synergistic resources by cooperating with CITIC Securities and CITIC Construction to launch a series of trust products namely "Xin'an", "Yunyong" and

"Yunfeng", and it continues to promote various businesses including fixed income securities.

### • **Trust Service**

To ensure the independence of trust assets, CITIC Trust provides key trust-related services including custodial account management, execution supervision, settlement/liquidation, equity allocation and contract custody, among others.

CITIC Trust has vigorously expanded its asset securitisation business, continued to explore new models and led industry innovation. CITIC Trust was among the first institutions to qualify as an underwriter of non-financial corporate debt financing instruments and as a manager of asset-backed securities as well as a trustee manager. Its asset securitisation business reached RMB87.4 billion at the end of 2020. It issued the first single-tier SPV structured commercial real estate mortgage-backed securities in China. CITIC Trust also became the only trust company that has successfully won bids for the trustees of occupational annuities in Guangdong and Zhejiang provinces, which was a breakthrough in the annuity business.

CITIC Trust continued to explore new charitable trust models, including co-trustee, DAF (Donor-Advised Fund) and investment-linked charity. It has completed seven DAF donations in China and launched the first charitable trust program in support of legal education as well as the first Charitable Lead Trust (CLT). As of the end of 2020, there were six charitable trusts under management with AUM of RMB549 million. It has driven over 900 customers to donate, benefiting over 350,000 beneficiaries. CITIC Trust also participated in charitable poverty alleviation to build up its good reputation. As 2020 was designated the final year of poverty alleviation in China, CITIC Trust donated a total of RMB2.34 million to projects in several poor counties of Hunan, Guizhou and Yunnan Provinces. And, in response to the COVID-19 pandemic, it also made three donations totalling RMB13.5 million to Wuhan and Huanggang in Hubei Province, and Chaoyang District in Beijing.

### **Proprietary Business**

To support sustainable growth, the principle of proprietary business is to formulate a proper asset allocation strategy to balance return and risks under

compliance with net capital adequacy ratio and leverage ratio requirements. At the end of 2020, our total proprietary assets amounted to RMB47.1 billion, up 11% over the previous year. Investment income achieved solid growth of 23%.

## Professional Subsidiary Business

CITIC Trust has established several subsidiaries, including overseas investment platform CTI Capital, private equity platform CITIC Juxin and consumer finance platform CITIC Consumer Finance, to provide comprehensive financial services integrating equity investment funds, mutual funds, currency brokers, overseas investment and consumer finance. As of the end of 2020, total assets managed by our subsidiaries exceeded RMB190 billion, which were mainly allocated to new technology, high-end manufacturing, cultural education, healthcare and other sectors.

CITIC Juxin, as a private equity platform, explored alternative investments in high-tech industries including commercial aerospace and the space industry. During the reporting period, CITIC Juxin's equity investments achieved remarkable results with a profit of RMB118 million. One of its investments, Macromach's Aerospace Engine Extremely Fine Manufacturing, was listed as a showcase project of the Chinese Academy of Sciences. Meanwhile, in September 2020, Beijing Tianlian Space Technology

Co., Ltd. jointly invested by CITIC Juxin, provided technical support for the separation of satellites in the first orbit of the Long March 11 carrier rocket's second sea launch.

CITIC Consumer Finance, a subsidiary of CITIC Trust, focuses on the RMB personal lending business. Its registered capital increased from RMB300 million in 2019 to RMB700 million in 2020. Product development, risk control, technology and compliance are progressing well. The total loan balance reached RMB5.9 billion at the end of 2020 and the full year profit reached RMB30.88 million.

As the first overseas platform of China Trust Company, CTI Capital has been operating in Hong Kong for seven years and obtained multiple licences including Type 1, 4, and 9 licences, trust licence and money lenders licence from Securities and Futures Commission (SFC) of Hong Kong. CTI Capital fully supports the development of Greater Bay Area with AUM reaching RMB8.7 billion at the end of 2020. CTI Capital Global Opportunities Fund achieved outstanding performance and received several awards of excellence. During the period, with the approval of the China Securities Regulatory Commission, CTI Capital qualified as a Qualified Foreign Investor (QFII/RQFII), becoming the first domestic trust company to receive this qualification.

## Risk and Capital

CITIC Trust adheres to the concept of "leveraging risk management to serve business development and enhance value" to ensure risk prevention and safeguard the bottom line. CITIC Trust uses net capital management to strike a balance between capital expansion and business development. By the end of 2019, registered capital increased from RMB10

billion to RMB11.3 billion. During the reporting period, there were 845 trust projects completed with no defaults recorded and RMB1,047.1 billion of principal distributed. As of the end of 2020, the net capital adequacy ratio increased to 200% and the balance of net capital reached RMB22 billion, building a solid foundation for sustainable growth.

Indicator	Year End 2020 (RMB billion)	Year End 2019 (RMB billion)	YoY Change	Regulatory Requirement
Net capital	22.0	19.8	11%	≥RMB200 million
Total risk capital	11.0	11.4	-4%	N/A
Net capital adequacy ratio (%)	200%	173%	+17 percentage points	≥100%
Net capital/Net asset (%)	72%	67%	+5 percentage points	≥40%



## INSURANCE

### CITIC-Prudential Life

is a 50-50 joint venture between CITIC Limited and Prudential Corporation Holdings Limited, which offers life, health and accident insurance and reinsurance services. At the end of 2020, CITIC-Prudential Life operated a total of 22 subsidiaries in 99 cities across China. CITIC-Prudential Asset Management, the joint venture's asset management subsidiary, secured a business license in March 2020.



Affected by the pandemic, the insurance industry as a whole saw a decline in new business in 2020. Despite a complex and volatile environment, CITIC-Prudential Life maintained stable operations based on a diversified and differentiated channel development strategy and continued its high-quality development. In 2020, operating revenue was RMB28.8 billion, recording year-on-year growth of 16%. Net profit surged by 40% to RMB2.5 billion mainly driven by higher premium income and investment income while

ROE reached 24.5%. Annual premium income grew by 9% to RMB23.4 billion while total assets increased by 33% to RMB138.1 billion. Seizing the opportunity of the capital market volatility and strategic asset allocation, the investment return of non-ILP (non-investment link policies) increased 50% year-on-year. According to China Chengxin Credit Rating and China Lianhe Credit Rating, the latest ratings of CITIC-Prudential Life have been raised from AA+ to AAA in 2020, and the rating outlook is stable.

RMB million	2020	2019	Change
Operating revenue	28,772	24,885	16%
Net profit attributable to shareholders	2,509	1,794	40%
Total assets	138,094	104,105	33%
Return on equity (%)	24.5%	24.5%	flat

### Risk Management

CITIC-Prudential Life maintained a solid solvency level during the reporting period with a solvency adequacy ratio of 249%. Since 2016, the company has been rated "Class A" by the Chinese Insurance Regulatory

Commission (CIRC) in every quarterly Integrated Risk Rating (IRR). It is also the only foreign-funded life insurance company that has been rated as Class A 19 consecutive times.

## Products

CITIC-Prudential Life adheres to a customer-centric approach and has built a comprehensive product structure that includes clients' insurable interests, value-added services and customer experience. It continued its business focus on life and health insurance, complemented by a developing accident insurance business. In 2020, CITIC-Prudential Life's premium income from life insurance increased by 11% to RMB17.1 billion. Premium income from health insurance and accident insurance reached RMB6.2 billion, a year-on-year increase of 7%. In

2020, it continued to promote the development of its protection-oriented business, and upgraded major critical illness insurance and medical insurance products, adopting a responsible expansion strategy across various products in response to the COVID-19 pandemic. Operation of the long-term annuity insurance business remained stable during the reporting period, accompanied by the launch of high-quality annuity plans. CITIC-Prudential Life continued to steer the business back to its insurance origins and strives to enhance product competitiveness.

By product type (RMB million)	2020	2020 proportion	2019	YoY change
Life insurance	17,115	73%	15,488	11%
Health insurance and accident insurance	6,245	27%	5,856	7%
<b>Total premium income</b>	<b>23,361</b>	<b>100%</b>	<b>21,344</b>	<b>9%</b>

## Distribution

CITIC-Prudential Life adheres to a diversified and differentiated distribution strategy. In 2020, new business of the overall industry declined due to the bottlenecks in distribution development and the impact of the pandemic. CITIC-Prudential Life adheres to a talent-leading strategy and continued to strengthen basic management to achieve its high-

end development transformation. The bancassurance channel consolidated competitive advantages and continued to implement the three-wheel strategy of "team + product + technology". CITIC-Prudential Life's premium income from bancassurance surged 31% to RMB10.9 billion.

By distribution channel (RMB million)	2020	2020 proportion	2019	YoY change
Agency	11,477	49%	11,832	-3%
Bancassurance	10,893	47%	8,301	31%
Others	990	4%	1,211	-18%
<b>Total premium income</b>	<b>23,361</b>	<b>100%</b>	<b>21,344</b>	<b>9%</b>

Note: Distribution channels are classified according to CBIRC. Others includes professional agency, other part-time agency, direct sales, online sales and broker; Group business is included mainly in Direct Sales.

## Investment of Insurance Funds

In face of the complex environment during the pandemic and high market volatility in 2020, CITIC-Prudential Life strengthened its market risk management and enhanced its asset portfolio to raise the investment return. The total investment of insurance funds increased by 40% to RMB127.5 billion at the end of 2020. The investment return of non-ILP grew 50% to RMB5.3 billion. Riding on the advantage

of long-term insurance funds, CITIC-Prudential Life proactively supported the real economy in recovering from the pandemic and invested in various areas including infrastructure construction and the reform of state-owned enterprises through the issuance of local government debt, bond financing, and equity investments.



## SECURITIES

### CITIC Securities

is a leading securities company in China, covering investment banking, wealth management, asset management, financial markets and equity investment.

In 2020, CITIC Securities' business maintained a steady growth and recorded operating revenue of RMB71.87 billion, a year-on-year increase of 25.9% while net profit attributable to the shareholders reached RMB14.9 billion, a year-on-year increase of 21.9%.



RMB million	2020	2019	Change
Revenue	71,869	57,080	26%
Profit attributable to shareholders	14,902	12,229	22%
Total assets	1,052,962	791,722	33%
Return on equity (%)	8.43%	7.76%	+0.67 percentage points

### Investment Banking

In the domestic equity financing business, and following the reform of the registration system, CITIC Securities expanded its IPO business on the Sci-Tech Innovation Board and the GEM Board, focusing on the development of private placement business, while actively exploring business opportunities in convertible bonds and pre-emptive shares. In 2020, CITIC Securities completed a total of 158 A-share lead underwriting transactions, with an aggregate value of RMB313.6 billion (including asset private placements), representing year-on-year growth of 12% and a market share of 18.9%, ranking first in the market.

With respect to overseas equity financing, CITIC Securities further strengthened its integrated domestic and foreign management, and continued to focus on new economic sectors including the Internet, consumption, medical and pharmaceutical industries. On a joint bookrunner basis, the company

has completed 54 overseas equity transactions, with a total underwriting amount of US\$5.25 billion, of which the volume of equity financing businesses in the Hong Kong market amounted to US\$4.13 billion, ranking second among Chinese securities companies.

The debt financing business continued to maintain a leading position in the industry, with a total underwriting amount of RMB1,298.9 billion, a year-on-year increase of 27.8% which accounted for 12.9% of the total market and ranked first in the industry. The company underwrote a total of 2,989 debentures, ranking first among its peers.

In overseas Chinese-funded US dollar bond business, CITIC Securities completed 93 transactions, with a total underwriting volume of US\$3.82 billion, ranking fourth among Chinese securities companies. The company also offered diversified services to clients,

including structured and leveraged financing and risk management solutions.

In its financial advisory business, CITIC Securities topped the industry in the restructuring of A-share material assets by undertaking RMB277.7 billion in deals, with a market share of 43.5%. It completed global merger and acquisition transactions involving Chinese enterprises totaling US\$159.4 billion, ranking second in the industry. The company continued to expand its overseas business and actively engaged in cross-border mergers and acquisitions.

By the end of the reporting period, CITIC Securities, as a nominated adviser and broker in the New OTC Market, supervised 25 listed enterprises on the new OTC Market of which 15 companies have entered the higher level Innovation Tier and the Select Tier; five companies have applied for listing on the new OTC Market, of which two have started trading on the higher Select Tier. CITIC Securities provided market making services to 51 listed companies, with 31 companies entered into the two higher tiers.

## Wealth Management

During the reporting period, CITIC Securities further developed its wealth management business by enriching its product offerings and service system, strengthening its core asset allocation capabilities, and striving to build a team of high-caliber professionals.

In 2020, the total trading volume of stocks and funds amounted to RMB28.6 trillion, accounting for 10.9% of the trading volume of Hong Kong Stock Connect, while the total transaction volume of other financial products was RMB944.7 billion. As of the end of the reporting period, the number of clients exceeded 10.9 million and total assets under custody reached RMB8.5 trillion, including 27,000 high-net-worth clients each with assets over RMB6 million, accounting for a total of RMB1.3 trillion in assets.

## Asset Management

CITIC Securities continued its strategy with a focus on expanding its active management business, developing equity products, and pursuing opportunities in the physical economy. As of the end of the reporting period, the asset management team continued to outperform its peers in key business segments, achieving an AUM of RMB1,366.4 billion and assets under active management of RMB1,052.6 billion. The company's private equity management business (excluding pension funds, public offering products and asset securitisation products) achieved a market share of 13.5%, ranking first in the industry.

CITIC Securities is the largest shareholder of China AMC (China Asset Management Company Limited). By the end of 2020, the AUM of China AMC reached RMB1,461.1 billion, of which mutual funds accounted for RMB804.6 billion, and institutional and overseas business accounted for RMB656.5 billion.

## Financial Markets

CITIC Securities operates a comprehensive trading business with service offerings including equity derivatives, fixed-income, commodities and securities financing, in addition to proprietary trading. In the equity derivatives business, CITIC Securities' OTC derivative operations continued to expand its service offerings for both institutional and retail clients in the areas of risk management, global asset allocation and strategic investment. Equity derivatives trading covers core international markets, providing clients with global derivatives trading services. The market-making business continued to rank at the top of the market.

In terms of fixed-income business, CITIC Securities provides clients with a wide range of fixed-income products and services. The company also actively promotes the provision of investment advisory services to commercial banks and other clients. Again, sales of interest rate products topped the industry.

## Equity Investment

CITIC Securities' alternative investment subsidiary, CITIC Securities Investment, continued to invest in companies in the fields of technology, advanced manufacturing, innovative services, healthcare, advanced materials and industrial products, and striving to enter to the earlier investment stage. In 2020, CITIC Securities Investment invested in more than 70 new projects (including follow-on investments on the STAR Market), with an investment amount of nearly RMB4 billion.

Goldstone Investment is a platform of CITIC Securities that raises and manages private equity funds. It has initiated the establishment of Goldstone Manufacturing Transformation and Upgrading Advanced Materials Fund and Sichuan Goldstone Kangjian Equity Investment Partnership Fund, with a scale of more than RMB50 billion. As a fund manager, Goldstone Investment supports the development of enterprises with core competitive advantages in advanced materials, pharmaceutical and medical and information technology sectors through equity investment. In 2020, Goldstone Investment invested approximately RMB5 billion in various sectors including healthcare, chips, advanced materials and manufacturing. As of the end of the reporting period, Goldstone Investment has managed 18 private equity funds.



# ADVANCED INTELLIGENT MANUFACTURING



We strive to become a pioneer in the advanced intelligent manufacturing sector, aiming to achieve operational breakthroughs in critical technologies and reinforce our leading market position.

## MAJOR SUBSIDIARIES

### CITIC Dicastal

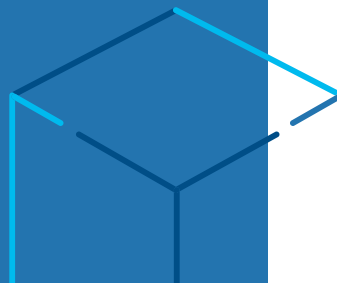
is the world's largest producer of aluminium automotive wheels.

### CITIC Heavy Industries

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

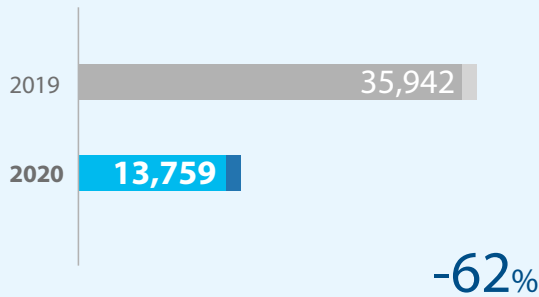
### CITIC Holdings

is dedicated to smart manufacturing, industrial internet, building lighthouse factories and related venture investment partnerships.



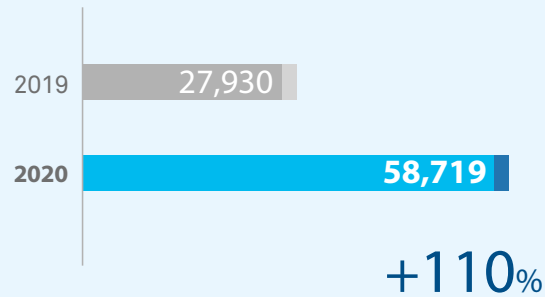
## REVENUE

HK\$ million



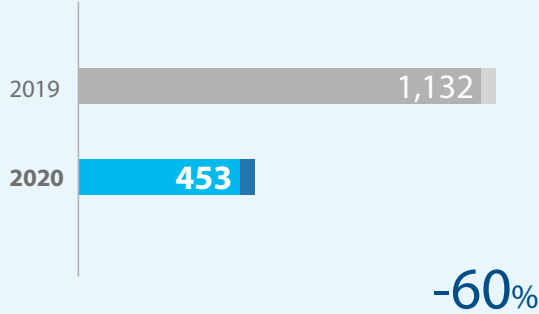
## TOTAL ASSETS

HK\$ million



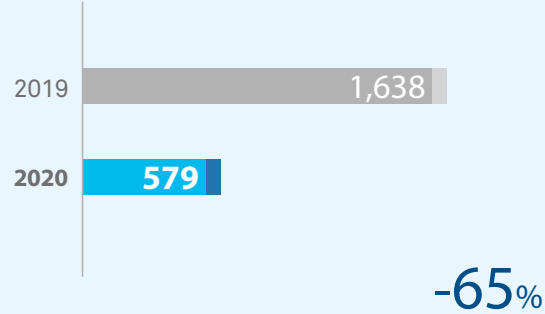
## PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



## CAPITAL EXPENDITURE

HK\$ million

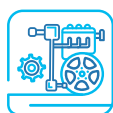


## Year in Review

Profit attributable to ordinary shareholders of the advanced intelligent manufacturing segment was HK\$453 million, a decrease of 60% year-on-year, primarily due to CITIC Limited's reduced shareholding in CITIC Dicastal and the loss recorded from Dicastal's KSM Castings in Germany. Total profit of CITIC Dicastal was RMB718 million, a decline of 25.8%. During the year, CITIC Dicastal accelerated its efforts to develop the domestic market to offset a decrease in international sales. Sales of aluminium

wheels and castings declined in the first half of 2020, but bounced back vigorously in the second half of the year, recording increases of 17% and 19% respectively, and resulting in a year-on-year gain in total sales volume. The net profit of CITIC Heavy Industries grew by 67% to RMB195 million, driven by the solid performance of its heavy machinery business and the contribution of its specialty robotics business.





## LIGHTWEIGHT AUTOMOTIVE COMPONENTS

### CITIC Dicastal

is the world's largest producer of automotive aluminium wheels. Its products include wheels and lightweight cast components for powertrains, chassis and body systems for the automotive industry. Total annual production capacity is 69 million wheels and 110,000 tonnes of castings. CITIC Dicastal has 26 major manufacturing facilities across China, the United States, Europe and Africa.

RMB million	2020	2019	Change
Revenue	26,103	26,575	-1.8%
Net profit attributable to shareholders	718	968	-25.8%
Total assets	28,870	26,043	10.9%
Return on equity (%)	8.75%	13.12%	-4.37 percentage points

In 2020, worldwide automobile production and sales have been greatly impacted by the COVID-19 pandemic and the global automobile industry declined. By contrast, the domestic automobile market recovered significantly in the second half of the year, mainly attributed to precise and effective pandemic control measures in China. In 2020, China's new vehicle sales decline narrowed to a 2% decrease overall, comprising a 6% decline in passenger vehicles offset by a 19% surge in commercial vehicle sales.

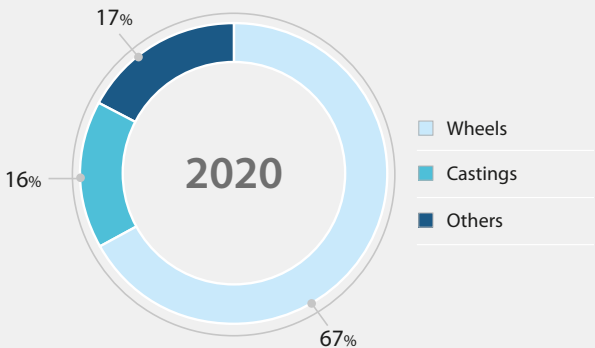
CITIC Dicastal actively adjusted its business strategy and expanded market share by enhancing product and service quality to meet changing customer needs and capture opportunities arising from the recovery of China's auto market. In 2020, CITIC Dicastal sold 55.7 million tonnes of wheels, reflecting 2% annual growth with a 17% surge in the second half of the year. 83,000 tonnes of casting products were sold, recording a 1.5% year-on-year growth with a surge of 19% in the second half of the year. Impacted by price declines of aluminium wheels and castings, revenue dropped 1.8% to RMB26.1 billion during the reporting period while net profit fell to RMB718 million, a year-on-year decrease of

25.8% mainly due to a loss at KSM Castings Group, a German aluminium castings subsidiary.

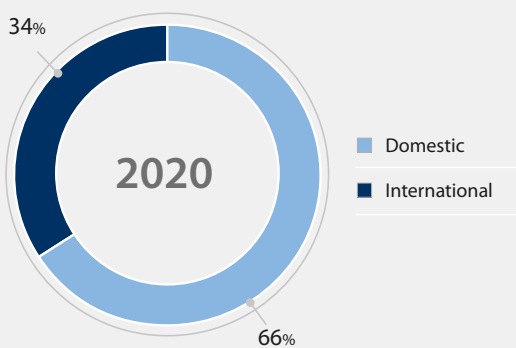
During the reporting period, the company implemented new projects in China and overseas and achieved significant results. The second phase of the Morocco project commenced production and by the end of December 2020 doubled production capacity of aluminium wheels from 3 million to 6 million units, which enabled CITIC Dicastal to better serve its international customers. Domestically, the company set up an aluminium wheel manufacturing base in Changsha with Phase One production capacity of 2 million units completed in 2019 and currently in full operation. Phase Two production capacity of 3 million units started construction in December 2020, and upon the completion of the Changsha base, the company will be poised to better serve OEM customers across southern and eastern China.

To enhance its competitiveness, CITIC Dicastal restructured its German aluminium casting subsidiary KSM in the second half of the year, laying a solid foundation for the growing demand of medium to high tonnage casting products fuelled by the growth of electric vehicles.

Sales by Product



Sales by Area Breakdown



## Major Products



## Customers

Major customers of CITIC Dicastal's aluminium wheels include 12 leading global automakers, among them Ford, General Motors (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 including TRW, ZF and Bosch. In 2020, the top 10 customers of aluminium wheels accounted for 37% of total product sales.

## Research and Development of Lightweight Products

Focusing on the areas of lightweight technology, systemisation and intelligent and global ecological modernisation, CITIC Dicastal is dedicated to supplying lightweight solutions to global OEMs incorporating new and advanced materials to meet the rapidly changing demands of auto markets and the evolving new energy vehicle industry. The company commences over 50 R&D projects each year focusing on the development of the new generation of automotive lightweight components. In 2020, CITIC Dicastal made a major breakthrough in the R&D of aluminium alloy wheels. The innovative Deformable Wheel, designed by CITIC Dicastal, was awarded the iF Product Design Award, the most authoritative industry recognition, out of a total of 7,000 entries from 56 countries.

The magnesium alloy wheel is one of the most cutting-edge and challenging products and CITIC Dicastal is currently developing a magnesium alloy wheel for GM's Cadillac models. This is the first customised premium magnesium alloy product in mass production for an OEM customer. The Company was also awarded the 2020 Awards of Excellence for Process by the International Magnesium Association for its demonstration that a finished magnesium alloy wheel can be two kilograms lighter than a forged aluminum alloy wheel of the same size.



■ Design and Innovation Centre

Carbon fibre is another iconic material of CITIC Dicastal for lightweight components development. In 2020, the company further extended the material's application to truck transmission shaft components, leveraging the establishment of the company's initial production of carbon fibre wheels.

The company has also successfully developed a new generation of aluminium alloy applications and maintained high performance while limiting iron content in raw materials. The new products have been procured by Chinese OEMs including FAW and Inner Mongolia First Machinery Group, and the company has entered into negotiations with overseas OEMs.



## INTELLIGENT HEAVY EQUIPMENT & SPECIALISED ROBOTICS

### CITIC Heavy Industries

is one of the world's leading suppliers and service providers of heavy mining and cement equipment, and one of China's largest heavy machinery manufacturers.

The company's major business includes research and development and offering advanced industrial equipment products, services and solutions to customers. Products include heavy machinery, key fundamental and spare components, EPC, specialised robotics and intelligent equipment. CITIC Heavy Industries' main production facilities are located in Luoyang, Henan; Tangshan, Hebei; Zhangzhou, Fujian; Lianyungang, Jiangsu; Beijing and Vigo, Spain.

In 2020, new orders of CITIC Heavy Industries reached a record high of RMB10 billion, a 48% surge compared to 2019. Benefiting from the significant growth of new orders for heavy machinery and EPC, revenue for 2020 increased 21% to RMB6.3 billion. Profit attributable to shareholders surged 67% to RMB200 million, mainly due to the continuous

optimisation of management processes, improved efficiency and effective cost-control measures. The company maintained its leading position in robotics and intelligent equipment in the manufacturing sector, and new orders for the wind power equipment business exceeded RMB2 billion for the year.

RMB million	2020	2019	Change
Revenue	6,318	5,240	21%
Net profit attributable to shareholders	195	117	67%
Total assets	20,196	20,764	-2.7%
Return on equity (%)	2.7%	1.62%	+1.08 percentage points

### Delivered Projects



#### China

- Supplied key components including anchoring parts and a water separation reheater and over 100 casting products for Hualong One, a Chinese Generation III PWR nuclear reactor with independent intellectual property rights
- Jointly developed China's first oversized diameter marine shield machine crossing Shantou Bay Tunnel
- Delivered four semi-autogenous grinding mills and four ball mills for Tibet Yulong Copper Industry's extension project, which is China's second largest copper mine located on the Tibetan plateau at an altitude of 4,660 metres



#### Serbia

- Delivered a slag vertical roller mill and hoisting system to Serbia Zijin Copper Doo Bor, China's largest investment project in Serbia, with respective production application in the VK copper mine and TIR smeltery, and achieved the milestone of launching China's first exported slag vertical roller mill in Europe

## New Projects

CITIC Heavy Industries has developed rapidly in the offshore wind power sector with new orders reaching over RMB2 billion for the year, becoming a new growth driver of the company. Major projects include offshore wind power single pile foundations for China Power Investment Corporation, Jiangsu Longyuan Zhenhua Marine Engineering and the CCCC First Aviation Engineering Bureau catheterostat project.

In order to reduce production costs and to meet transportation needs, the company invested RMB100 million to set up a subsidiary, CITIC HIC Equipment Manufacturing (Zhangzhou) Co., Ltd, with an expected output value of RMB1 billion upon the start of Phase One operation. Leveraging its mature technology in shaft boring, tunnel boring, and shield tunneling machines, CITIC Heavy Industries developed a large diameter hydraulic pile-driving hammer and rock socketed pile drill for offshore wind power equipment in a bid to seize opportunities presented by China's intense demand for clean energy. In addition, the Xingbang Manufacturing Industry Fund invested RMB247 million focusing on new energy and advanced materials. The company also developed an intelligent mineral processing system while expediting the Internet of Things platform for the mining equipment industry.

## Specialised Robotics

CITIC Heavy Industries' specialised robotics business is centred on its subsidiary Kaicheng Intelligence as the core platform on which to build a leading R&D and industrialisation base in China. It is an intelligent equipment manufacturer located in Tangshan, Hebei that integrates R&D, production, sales and service. According to the China Robotics Industry Development Report released by China's Ministry of Industry and Information Technology, CITIC Heavy Industries has been the first-tier representative of the specialised robotics industry for three consecutive years.

The company focuses on its core business of firefighting robots, accounting for over 70% share of

the domestic market. During the reporting period, the company successfully developed 5G applications of specialised robotics, disinfectant spraying robots for coronavirus prevention and second-generation bottom inspection robots for electrolytic aluminium plants. Its self-developed inspection robot for strip mining, equipped with 5G technology, has been applied by State Power Investment in Inner Mongolia to provide transport under extreme temperature ranges of minus 40-50 degrees.



■ Firefighting robots

The Chinese government is promoting the integrated development of intelligent technology and the mining industry, aiming to reduce mining manpower including the number of underground workers and replacing with robotics and automation through intelligent mining. Thus, orders for specialised mining robots developed by Kaicheng Intelligence have doubled in volume due to surging demand, becoming another growth engine for the company.

CITIC Heavy Industries has released its "5+N" strategy for specialised robotics development. The 5 core areas comprise emergency rescue, special operations, intelligent manufacturing plants, core manufacturing components and others, while the N represents other extended markets with huge potential including logistics, warehousing, medical care, healthcare and agriculture.



## INDUSTRIAL INTERNET PLATFORM

### CITIC Holdings

develops and invests in smart manufacturing, industrial internet, and Lighthouses, which are recognised as the most advanced production facilities in the world. Centred on digitalisation, it strives to integrate digital technology with key pragmatic applications.

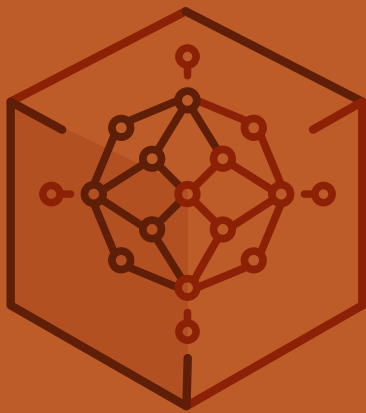
In the field of industrial internet, CITIC Holdings, together with CITIC Dicastal, China Resources Cement, and Foxconn Industrial, co-founded Shenzhen CRF Digital Technology (CRF) to enhance vertical value chains, such as auto components and new construction materials, with an internet-based intelligent industrial ecosystems. CRF solutions enable digital lean manufacturing and AI powered closed-loop control systems to advance the development of world-class lighthouse factories.

In terms of investment, CITIC New Future (Beijing) Investment Management, a private equity arm under CITIC Holdings, is mandated to nurture emerging businesses by financing innovative tech



■ CITIC Dicastal's global operation gateway powered by CRF

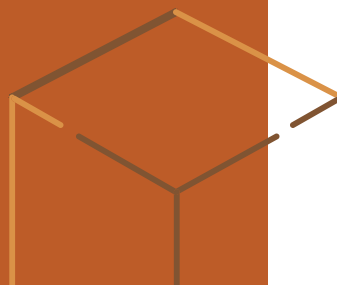
sectors, namely modern supply chains, intelligent manufacturing and smart vehicles. In 2020, Kunshan Xinjia Emerging Industry Equity Investment Fund was launched and invested in alternative operating system, database architecture and field-programmable gate array (FPGA) developments.



# ADVANCED MATERIALS



Our advanced materials segment aims to ensure supply chain stability and to build competitive advantages through the development of complete vertical industrial value chains jointly with the businesses of the advanced intelligent manufacturing segment.



## MAJOR SUBSIDIARIES

### CITIC Pacific Special Steel

is China's largest producer of special steel.

### CITIC Metal

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

### CITIC Mining International

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

### CITIC Resources

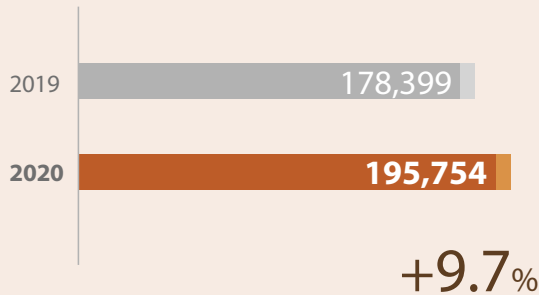
is listed on the Hong Kong Stock Exchange. Its principal business is the exploration, development and production of oil. It also invests in coal mining, the import and export of commodities, aluminium smelting, bauxite mining and alumina refining.

### CITIC Pacific Energy Investment

invests in and manages power plants.

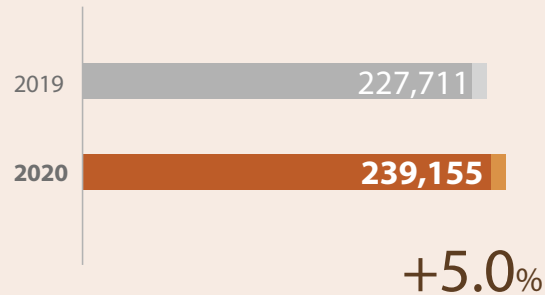
## REVENUE

HK\$ million



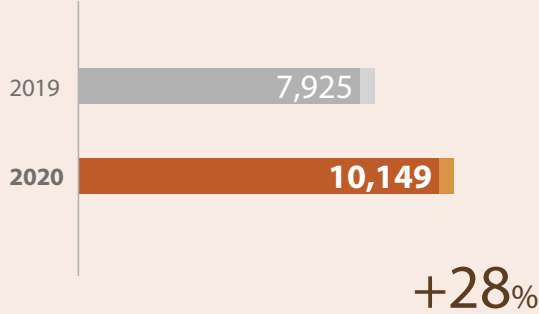
## TOTAL ASSETS

HK\$ million



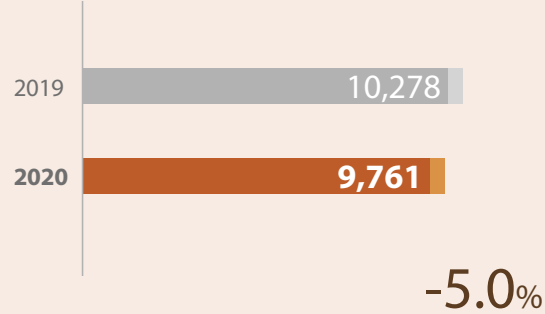
## PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



## CAPITAL EXPENDITURE

HK\$ million



Comprehensive Financial Services  
Advanced Intelligent Manufacturing  
Advanced Materials

New Consumption

New-type Urbanisation

## Year in Review

This segment realised a net profit of HK\$10.1 billion, an increase of 28% year-on-year, attributable to strong commodity prices, particularly iron ore, and the outstanding performance of the company's special steel business. In 2020, CITIC Pacific Special Steel focused its efforts on cultivating domestic business to compensate for the decline in foreign trade. With the company's continuing efforts to improve its operating efficiency and control costs, sales volume of special steel products increased

by 5.4% to approximately 14 million tonnes with total revenue of RMB74.7 billion and profit of RMB6 billion, an increase of 2.9% and 12% respectively. Net profit from the Sino Iron project grew substantially to HK\$3.4 billion, reflecting the strong price of iron ore as well as effective cost controls. Net profit of CITIC Metal increased by 80% to RMB1.7 billion. CITIC Resources, however, recorded a loss, mainly resulting from a decrease in the price of crude oil.

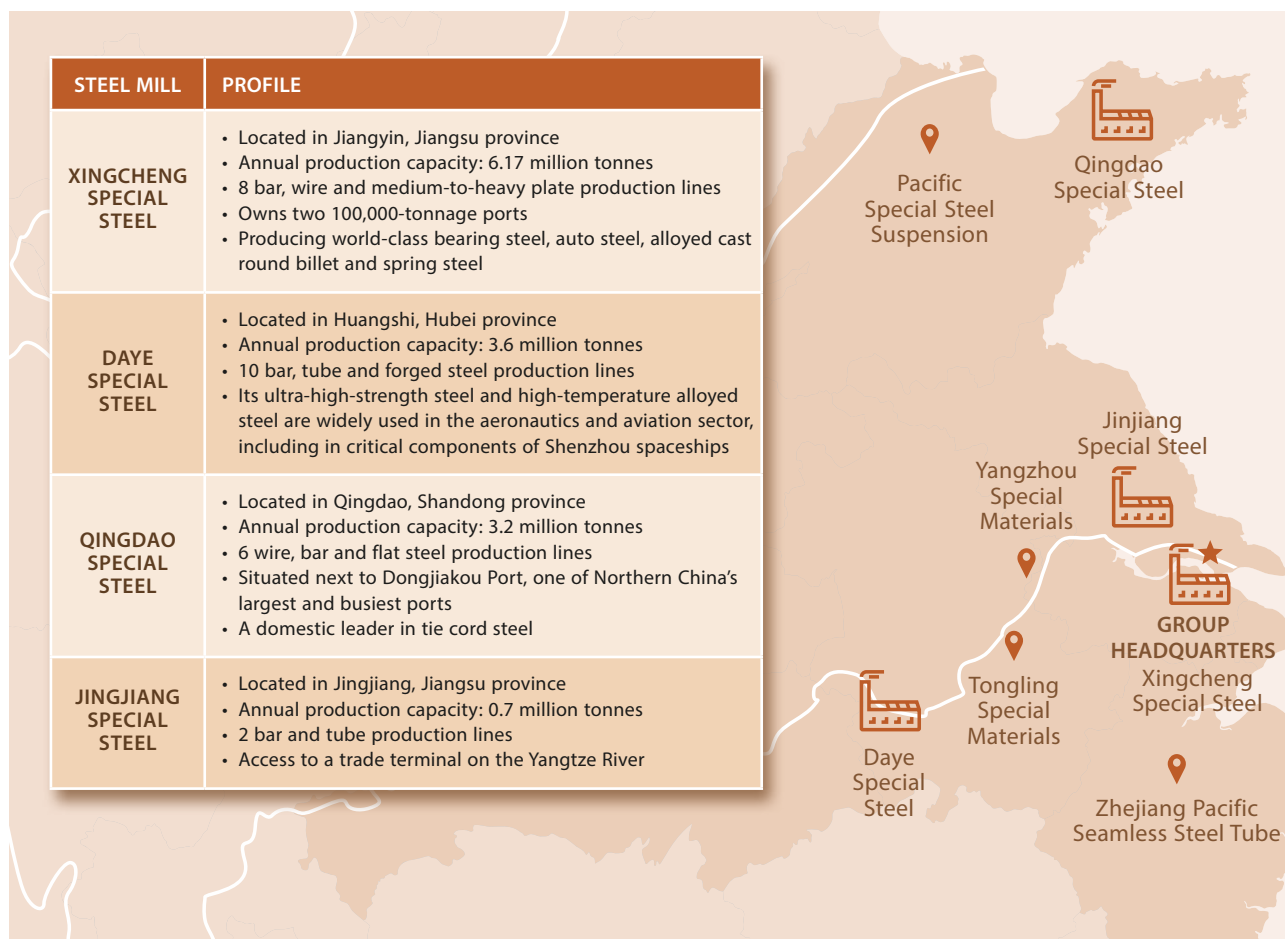




## SPECIALTY NEW MATERIALS

### CITIC Pacific Special Steel

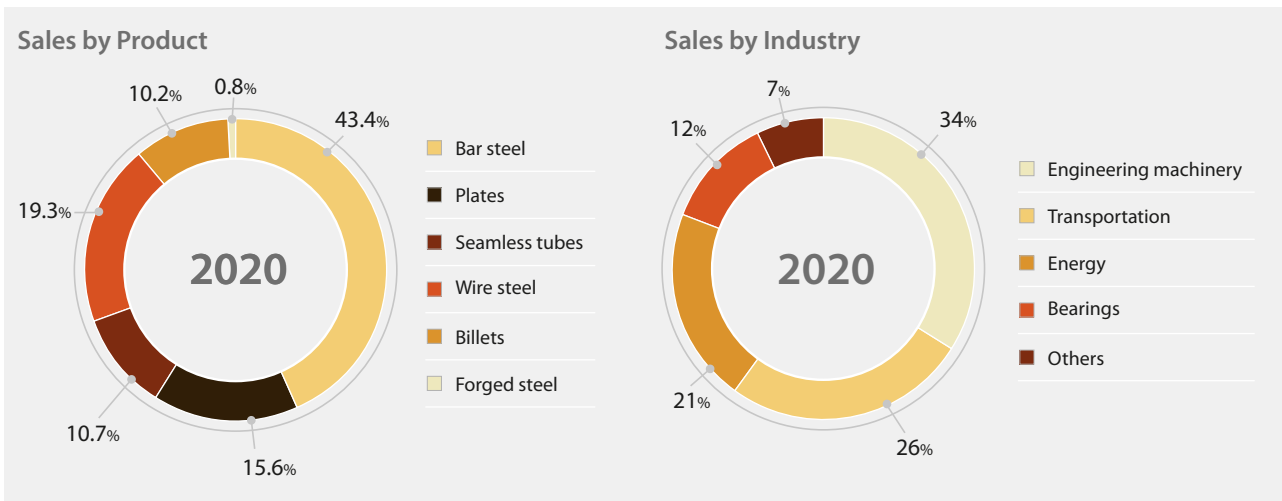
Is China's largest dedicated manufacturer of special steel, producing bars, plates, seamless steel tubes, forged steel, wires and casting billets for customers in the auto components, energy, machinery manufacturing, oil and petrochemicals, transport, shipbuilding and other industrial sectors. Its products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



With a total production capacity of over 14 million tonnes per annum, CITIC Pacific Special Steel currently operates four main plants—Xingcheng Special Steel, Daye Special Steel, Qingdao Special Steel and Jingjiang Special Steel. The company also has two raw material processing plants in Tongling and Yangzhou, as well as two industrial extension

plants—Pacific Special Steel Suspension in Ji'nan and Zhejiang Pacific Seamless Steel Tube in Shaoxing. In addition, the company successfully acquired 40% of the shares of Shanghai Electric Group Pipe Co., Ltd. and thereby obtained management rights of Tianjin Pipe Corporation in January 2021.

RMB million	2020	2019	Change
Revenue	74,728	72,620	2.9%
Profit attributable to ordinary shareholders	6,024	5,386	11.8%
Total assets	77,441	72,585	6.7%
Return on equity (%)	22.90%	24.18%	-1.28 percentage points



In 2020, as the COVID-19 pandemic continued to impact the global economy, China's steelmakers were challenged by shrinking steel demand overseas as well as surging raw material prices. Nevertheless, domestic demand for steel rebounded quickly due to a quick recovery in the construction and manufacturing industries after the COVID-19 lockdown eased.

In response to the pressure created by the pandemic, CITIC Pacific Special Steel adjusted its business strategy in accordance with market changes and actively explored sales opportunities in the domestic market to compensate for the decline in foreign trade. Sales increased for all four of its steel mills in 2020, during which the company sold 13.99 million tonnes of special steel products, an increase of 5.4% compared to 2019. Revenue grew by 2.9% to RMB74.7 billion and net profit attributable to ordinary shareholders improved 12% to RMB6 billion as a result of production and sales volume growth and effective cost reductions.



Special plates of Xingcheng Special Steel

## Sales and Products

CITIC Pacific Special Steel adheres to the business strategy “domestic trade to supplement foreign trade, and midrange products to supplement high-end products”. In 2020, 13.99 million tonnes of steel products were sold, of which 1.36 million tons were export sales that accounted for 10% of total sales. Xingcheng Special Steel posted record sales volumes as premium crankshaft steel sales directly supplying BMW and Hyundai doubled; sales doubled for Daye Special Steel’s high-performance flat spring steel with a 1,550 MPa standard; steel for automobile standard parts produced by Qingdao Special Steel tripled, and Jingjiang Special Steel’s cylinder pipe continued to hold the largest market share in China.

More than half of CITIC Pacific Special Steel’s products are sold to the auto components, machinery manufacturing, and energy industries. CITIC’s bearing steel continued to top global production and sales volumes in 2020, a position that has been maintained for over 10 consecutive years. Meanwhile, in the domestic market, the company has leading market shares in steel products for high-end auto components, engineering machinery, wind power, marine mooring chain and high-end casting billets.

Within the year, the company successfully achieved cost reductions and efficiency enhancement through ongoing measures in five key areas: production, procurement, facility operation, logistics and period expenses.

## R&D and Innovation

In 2020, 2.25 million tonnes of new products were developed and sold, representing 16% of the total sales volume and a 10% increase in these products as compared to 2019. The company obtained 213 patents during the year.

During the year, the company developed multiple high-grade, advanced and unique products, including ultra-high strength salt bath wire rods for bridge cables with record rating at 2,060 MPa, bearing steel for shield tunneling machines, and high-temperature-and-corrosion resistant alloy steel.

Its 2,000 MPa high strength wire rod for cable wire with independent R&D is being used in the world’s first cable-stayed bridge for both highway and railway in the Shanghai-Suzhou-Nantong Yangtze River Expressway Railway Bridge. Daye Special Steel also supplied steel used for key components for China’s Beidou Navigation Satellite system and was awarded “Prominent Supplier of Chinese Space Industry”.









■ Workstation of the testing lab at Qingdao Special Steel

## New Projects

As an experienced special steel manufacturer, CITIC Pacific Special Steel continuously invests in the special steel industry. The company successfully acquired 40% of the shares of Shanghai Electric Group Pipe Co., Ltd., which primarily owns 51% of Tianjin Pipe Corporation. Thus, CITIC Pacific Special Steel owns 20.5% of Tianjin Pipe Corporation together with management rights obtained. Tianjin Pipe’s medium-thin wall seamless steel tube is complementary to existing products and will provide CITIC Pacific Special Steel a complete array of seamless steel tube products totaling annual capacity of 5 million tonnes.

Through this acquisition, the company will advance its integration of market resources, accelerate the expansion of its seamless steel plate strategy blueprint, and expand its influence and market penetration across the machining, petroleum extraction, automobile, and marine industries. The acquisition bodes well for CITIC Pacific Special Steel’s future development as it elevates the company’s brand influence in seamless steel products and enhances its industry competitiveness.

## Major Products

Products	Production capacity ('000 tonnes)	Examples	Industries
Bars	 6,070	<ul style="list-style-type: none"> <li>Bearing steel</li> <li>Gear steel</li> <li>Spring steel</li> <li>Alloy tube billet</li> <li>Oilfield steel</li> </ul>	<ul style="list-style-type: none"> <li>Automobile</li> <li>Machinery</li> <li>Power</li> <li>Petroleum &amp; petrochemical</li> <li>Railway</li> </ul>
Special Plates	 2,180	<ul style="list-style-type: none"> <li>High-rise building steel</li> <li>High strength plate</li> <li>High strength corrosion-resistant bridge plate</li> <li>Special wear plate</li> <li>Plastic mould plate</li> </ul>	<ul style="list-style-type: none"> <li>Power</li> <li>Construction</li> <li>Shipbuilding</li> <li>Machinery</li> <li>Petroleum &amp; petrochemical</li> </ul>
Seamless Steel Tubes	 1,500	<ul style="list-style-type: none"> <li>Petroleum pipe</li> <li>Engineering pipe</li> <li>Ultra high strength steel pipe</li> </ul>	<ul style="list-style-type: none"> <li>Petroleum &amp; petrochemical</li> <li>Machinery</li> <li>Automobile</li> </ul>
Wires	 2,700	<ul style="list-style-type: none"> <li>Alloy structural steel</li> <li>Bearing steel</li> <li>Spring steel</li> <li>Cutting wire steel</li> <li>Tire cord steel</li> <li>High strength cable steel</li> </ul>	<ul style="list-style-type: none"> <li>Automobile</li> <li>Metal works</li> <li>Machinery</li> <li>Construction</li> </ul>
Casting Billets	 1,430	<ul style="list-style-type: none"> <li>Alloy structural steel</li> <li>Gear steel</li> <li>Bearing steel</li> </ul>	<ul style="list-style-type: none"> <li>Power</li> <li>Petroleum &amp; petrochemical</li> <li>Machinery</li> </ul>
Special Forged Steel	 110	<ul style="list-style-type: none"> <li>Tool and die steel</li> <li>Ultra high strength stainless steel</li> <li>High-temperature alloys</li> </ul>	<ul style="list-style-type: none"> <li>Machinery</li> <li>Aerospace</li> <li>Automobile</li> </ul>

## Titanium Dioxide

CITIC Titanium, founded in 2002, is a new high-tech enterprise specialised in R&D, production and sale of high-grade chloride process TiO<sub>2</sub>. CITIC Titanium has a capacity of 60,000 tonnes/year of chloride Titanium Dioxide. At the same time, it has mastered both fluidised chlorination and molten salt chlorination techniques. Its product quality is among the best

in the world. Since 2019, CITIC Titanium has begun building new production lines that have a capacity of 60,000 tonnes/year. Titanium dioxide, CITIC Titanium's major product, is widely used in industries closely related to the development of the national economy, including coatings, paints, paper, plastic, rubber, chemical fibres, ceramics and electronics.



## SPECIALTY RAW MATERIALS

### Ferroniobium

CITIC Metal indirectly holds a 5% interest in Brazilian miner CBMM, which is the world’s largest manufacturer of ferroniobium products. CITIC Metal primarily supplies ferroniobium to medium and large steel mills as it is used to produce high strength and high-performance steels. In 2020, CITIC Metal’s ferroniobium trading volume increased to about 34,100 tonnes, accounting for an approximate 80% share of the Chinese market.



■ CBMM mine pit

### Magnetite Iron Ore

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

In 2020, 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. Notwithstanding poor weather early in the year and the impact of COVID-19, a record 184 ships were loaded at Cape Preston during the calendar year.



■ Cape-size cargo ship deployed by Sino Iron for concentrate transport

Despite the ongoing solid performance of the six processing lines and associated mining and export infrastructure, continuity of operations remains at risk due to the inability to secure the necessary approvals and tenure. These matters require the urgent cooperation of all affected parties.

### Copper

CITIC Metal owns a 15% equity stake in the Las Bambas Copper Mine Project in Peru, with the mineral resources of 14.39 million tonnes of copper, which has been under production since 2016 with the annual copper production around 400kt. In 2018 and 2019, CITIC Metal acquired a 26% stake in Ivanhoe Mines Limited (TSX:IVN), a world renowned mining company listed on the Toronto Stock Exchange, which owns the world-scale, undeveloped and high-grade mining asset Kamo-a-Kakula Copper Mine in the Democratic Republic of the Congo, with the mineral resources of 43.69 million tonnes of copper. During the year, the construction of Kamo-a-Kakula Copper Mine has progressed solidly and right on schedule with its first concentrates to be delivered in July 2021. CITIC Metal has attributable mineral resources of 6.65 million tonnes of copper.



■ Las Bambas copper mine

## Crude Oil

In 2020, CITIC Resources' overall average daily oil production was 45,770 barrels, a 5.3% decrease compared to 2019.



■ Yuedong oilfield

Oilfields	Karazhanbas oilfield	Yuedong oilfield	Seram Block
CITIC Resource's interest	<b>50%</b>	<b>90%</b>	<b>41%</b>
Daily oil production in 2020 (100% basis)	<b>36,550 Barrels</b>	<b>7,520 Barrels</b>	<b>1,700 Barrels</b>
Change compared to 2019	<b>-7.8%</b>	<b>+7.3%</b>	<b>+0.1%</b>
Proven oil reserve estimates as of 31 December 2020 (100% basis)	<b>167.5 million Barrels</b>	<b>30.3 million Barrels</b>	<b>3.3 million Barrels</b>

During the year, Karazhanbas oilfield was affected by both the pandemic and the Kazakhstan government's production limit, resulting in a production decline of 7.5% compared to 2019. This oilfield recorded a large share of loss due to a decrease in oil prices and sales volume. Yuedong oilfield implemented a development plan and increased the drilling of new wells, which offset production declines caused by the natural decline of old wells, so actual production in 2020 increased by 7.6% compared to the prior year. However, the decline in oil prices during 2020 was greater in magnitude than the increase from production, which resulted in a reduced profit recorded in the segment result compared to 2019. During the year, Seram Block in Indonesia also drilled new wells; thus, production for 2020 was comparable

to the prior year. In 2020, this oilfield enjoyed higher sales volume because it sold some of its oil reserves from 2019 in early 2020. As it captured the right sales timing according to the oil price trends during the year, realised sales prices also rose. Its segment result also recorded an increased profit due to staff downsizing, which led to the increase in operating efficiency and reduction in labour costs in 2020.

## Power Generation

CITIC Limited, through CITIC Pacific Energy Investment, invests in and manages multiple power stations in mainland China. New units of Inner Mongolian Shenglu Power Plant went into production in 2020, with an installed capacity of 2,000MW. At the same time, the company completed the sale of Fengtai Power Plant in Inner Mongolia, which has an installed capacity of 400MW. At present, the company has a total installed capacity of over 8,000MW for coal-fired power stations including Ligang Power Plant in Jiangsu Province, which is the largest power plant in China, with an installed capacity of 4,040MW. During the year, a total of 29.2 billion kWh of electricity was generated, comparable to 2019; 15.58 million GJ of heat was supplied, which was 22% less than that in 2019. Both figures were mainly derived from the Ligang Power Plant.



■ Sunburst's distributed photovoltaic power generation project

## Trading

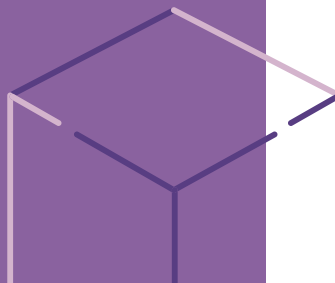
CITIC Limited's business in traded commodities is conducted mainly through CITIC Metal Co., Ltd and CITIC Resources Holdings Limited, involving materials such as iron ore, ferroniobium, copper, aluminium and steel. CITIC Metal's iron ore trading volume increased to more than 53 million tonnes in 2020, with both revenue and profit hitting a record high, consolidating its position as an iron ore industry leader in China.



# NEW CONSUMPTION



Driven by the principle of putting customers first, our new consumption segment aims to embrace opportunities catalysed by an increase in domestic digital and lifestyle consumption, setting new trends in the consumer market.



## MAJOR SUBSIDIARIES

### CITIC Telecom

is a leading international integrated telecommunications and information and communications technologies services provider in Asia.

### CITIC Press

is a major provider of integrated content and associated services in China.

### Dah Chong Hong

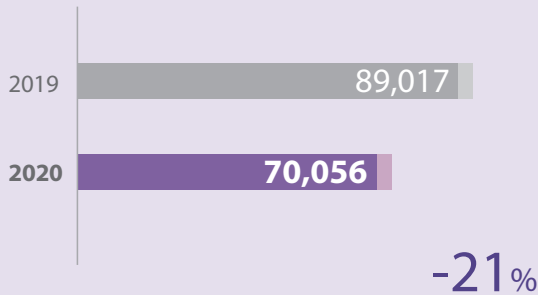
is an Asian motor and consumer products distributor.

### CITIC Agriculture

focuses on the latest developments in agricultural science and technology.

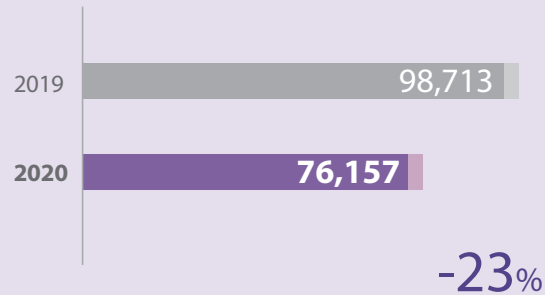
## REVENUE

HK\$ million



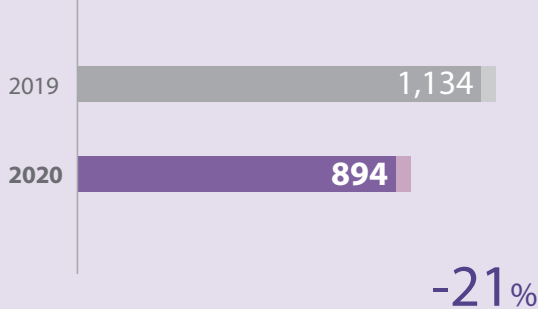
## TOTAL ASSETS

HK\$ million



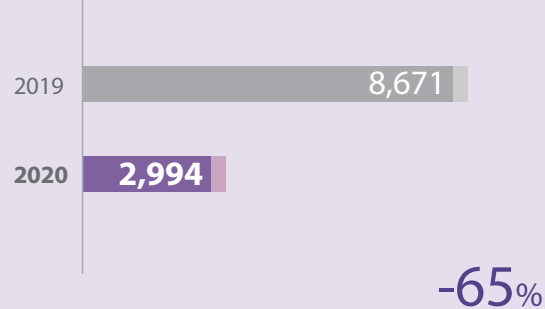
## PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

HK\$ million



## CAPITAL EXPENDITURE

HK\$ million



## Year in Review

Profit attributable to ordinary shareholders of the new consumption segment was HK\$894 million, a 21% decrease against 2019, mainly due to the reduction in profit contribution after the sale of 22% equity in McDonald's China and the impact on its business operations during the pandemic. CITIC Press responded quickly to the changing business landscape through the rapid expansion of online sales,

and its net profit rose by 12% to RMB282 million. CITIC Telecom International maintained steady performance and continued to generate stable cash flow. CITIC Agriculture's major investment projects, Longping Hi-Tech hybrid rice and LP Semences corn seeds, also recorded sales growth, delivering a turnaround profit.





## INFORMATION SERVICES

### CITIC Telecom International

(CITIC Telecom) is an integrated internet-based enterprise providing comprehensive telecommunications services. It is listed on The Stock Exchange of Hong Kong.

CITIC Telecom serves three major customer segments, namely operators, enterprises, and consumers. Its business scope covers five major categories, including 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), which is one of the leading integrated telecommunications services providers and the only provider that offers comprehensive telecommunications services in Macau. CITIC Telecom has branch organisations in 21 countries and regions around the world, with more than 2,500 employees. Its network nodes cover over 130 countries and regions, connecting more than 600 operators around the world, serving over 3,000 multinational enterprises and more than 40,000 local enterprises.

In 2020, the revenue of CITIC Telecom was HK\$8.9 billion of which the telecommunications business accounted for HK\$8.0 billion, up 7.9% year-on-year. Profit attributable to shareholders increased by 2.1% to HK\$1.02 billion.

During the year, CTM actively carried out 5G network construction projects, introduced 5G products, promoted smart city applications with its partners, and led its peers in making full preparations for the launch of 5G services. In June 2020, CTM completed full 5G outdoor coverage, which became a milestone in the construction and development of the 5G network and boosted the development of Macau as a smart city.

CTM has maintained its leading position in terms of market share of broadband services. During the

pandemic, corporate customers in various industries were keen to develop their online business, and the demand for content services by personal customers also increased. Therefore, market demand for high-speed optical fibre broadband services increased, driving business growth and broadband upgrades to enhance Internet access speed. CTM captured this opportunity and launched 10Gbps high-speed optical fibre broadband services in October 2020 to meet the higher service requirements of customers.

CITIC Telecom's data centre business maintained steady growth. Tenants were successfully moved in Phase IIIA of CITIC Telecom Tower Data Centre. Phase IIIB is under construction as scheduled and will be able to meet greater demand upon completion. In view of the increasing demand for cloud connectivity, the company enhanced its product functions by introducing more global cloud connectivity service capabilities.



■ Installation of 5G network in Macau

The global digital transformation is driving a growing demand for corporate messaging and CITIC Telecom is a regional leader in this sector. Over the years, CITIC Telecom has been pooling resources to upgrade its technology, enhance its business model and platform capabilities, releasing new services, and expanding its customer base, which delivered strong growth and brought considerable financial contributions to shareholders. It has also continued to upgrade DataMall, a global mobile trading platform to support application scenarios including 5G, eSIM and the Internet of Things, and has made new breakthroughs in the Internet of Vehicles market to provide traffic platforms and services for leading automobile manufacturers.

Going forward, CITIC Telecom will continue to build a 5G ecosystem equipped with high-quality 5G network services with its partners, and actively participate in the building of Digital Macau. CITIC Telecom strives to become a prime smart city operator and to complement the Macau SAR Government in connection with the working arrangements relating to the issuance of 5G licence and the concession assets.

Moreover, the company will complete the construction of CITIC Telecom Tower Phase IIIB data centre to grow the segment. In terms of enterprise business, CITIC Telecom will enhance its integrated management over VPN and internet access service, improve and optimise cloud computing and information security businesses, and increase its SD-WAN coverage, in order to facilitate digital transformations among enterprise clients by providing excellent products and services.

Additionally, CITIC Telecom will extend its Southeast Asia market coverage by rolling out one-stop ICT service in the region. CITIC Telecom will adopt a master strategy that combines in-house R&D with external collaboration to drive technological innovation. The company will strengthen coordination and increase investment, to expand technological and product innovations and to improve quality assurance for informatisation and network platform, aiming to provide global customers with superior ICT services.

## AsiaSat

is a joint venture of CITIC and The Carlyle Group and is involved in the leasing and sales of satellite transponders, providing broadcasting, communications, and signal uploading and downloading services.

AsiaSat has five satellites in orbit and telecommunications port facilities to provide reliable satellite connections, data and media solutions in the broadcasting and telecommunications market. These solutions range from traditional services (i.e. content transmission to cable TV front-end system, telecommunications, Direct-to-Home (DTH), digital terrestrial television (DTT) platform; and temporary rental services) to innovative services (i.e. mixed IP-based OTT services, video livestream, equipment hosting services, and cutting-edge VSAT solutions for aviation, maritime and mobile backhaul services).

In 2020, community lockdown measures to combat COVID-19 kept individuals and families at home for a long period, which stimulated viewer ratings of traditional TV, and changed consumers' viewing habits, increasing expectations for TV content and visual resolution. AsiaSat seized this opportunity to provide high-quality and uninterrupted services to viewers by leveraging its leading TV broadcasting platform.

Satellite technology has the ability to multicast high-definition programme content, with vast geographical coverage and an increasing number of receiving users. While traditional streaming TV services need to reduce streaming definition in the case of network congestion, by contrast, satellites can cope with unexpected surges in service demand in a more flexible manner.



■ Tai Po earth station

AsiaSat currently delivers over 550 TV and radio channels originating from more than 30 countries and regions in over 30 languages. In the past year, the number of HDTV channels has increased across AsiaSat's powerful satellite TV platforms, including AsiaSat 5, AsiaSat 7, as well as AsiaSat 9 at 122°E, raising the share of HDTV services to 30% across the AsiaSat fleet.

In December 2020, AsiaSat announced its cooperation with the HERMES Live platform to provide broadcast-grade live streaming services to global customers, further expanding its media solutions offerings. AsiaSat will provide a complete solution that addresses customers' need for distributing content in a flexible and cost-effective way. HERMES Live facilitates the digital transformation of business and commerce through its one-stop live video streaming solution and live event service, which seamlessly broadcasts to global users' devices, and simulcasts to multiple social media platforms. This cooperation will expand AsiaSat's media services into new areas, to complement its core competencies in providing the best-in-class satellite capacity and transmission solutions, and to maintain AsiaSat's dynamic edge in the new normal.



## LIFESTYLE CONSUMPTION

### CITIC Press

is a major provider of integrated content and associated services in mainland China. Holding all publishing and distribution licences issued by the government, CITIC Press is principally engaged in book and digital book publication and bookstore retailing.

In 2020, CITIC Press recorded operating revenue of RMB1.89 billion, flat year-on-year. Net profit attributable to ordinary shareholders was RMB282 million, up by 12% against 2019; net profit attributable to ordinary shareholders after non-recurring gains and losses was RMB256 million, up by 31% year-on-year. Net cash flow from operating activities was RMB323 million, an increase of 3%; and the weighted average return on net assets was 15.74%.

During the year, CITIC Press recorded sales growth of 14% according to the retail value of books, ranking first among publishing agencies in terms of overall market share. The company continued to hold the largest market share in sales of social sciences books. Economics and business books increased in market share from 14.6% in 2019 to 16.89% in 2020. CITIC Press ranked first among lifestyle books and fifth in the education category. The company offers comprehensive coverage in mass publishing and has become a leading force in many categories.

In recent years, CITIC Press focused on the development of its children's books business. In 2020, it recorded a year-on-year increase of 31% in operating revenue, far exceeding the 1.96% growth rate of the national children's books market, and becoming a new growth engine for the company. CITIC Press' market share of children's books increased to 2.57% from 1.74% in 2019, rising six positions to fifth place and thus entering the first



■ CITIC Books Genesis branch, awarded one of Beijing's most beautiful bookstores in 2020

division of this sector. On the digital front, CITIC Press engaged in developing content in various forms aimed at different audiences.

Company sales were significantly impacted during the early phase of the COVID-19 pandemic. However, CITIC Press responded quickly and resumed normal operation of its online business in early February. The company was a first mover in capturing online market share.

In response to the severe impact of the pandemic to customer traffic in offline brick-and-mortar stores, the company implemented various measures to reduce costs for greater efficiency, enabling the bookstore business to achieve quarterly profits for the first time in the third quarter. Net profit attributable to shareholders in the second half of the year was RMB4.6 million and online sales increased by 28% year-on-year. CITIC Press also explored new modes of offline operation and launched three types of new shops in featured venues with a focus on commercial and leisure travel themes, all of which were well received by the market.

## Dah Chong Hong

(DCH) is a wholly owned subsidiary of CITIC Limited with motor and consumer products distribution operations extending across 12 Asian economies. In its motor business, DCH represents more than 20 leading automotive brands as a dealer and distributor with a wide range of supporting services. DCH's consumer products business includes brand development, manufacturing, commodity trading, agency distribution, logistics and retail in the food and fast-moving consumer goods (FMCG), healthcare and electrical products industries.

In 2020, DCH was deeply affected by abrupt shifts in purchasing behavior and demand during the COVID-19 pandemic. Despite recording a loss for the first half of the year, DCH delivered a full-year profit of HK\$136 million, a decrease of 15% against 2019, as a result of rapid responses to changing market environments, favorable government policies and effective pandemic management in key geographies.

The motor business comprises 80% of total revenue and remains DCH's largest segment with operations in mainland China, Hong Kong and Macau, as well as Taiwan, Singapore and Myanmar.

In mainland China, DCH operates more than 100 4S shops for brands including Bentley, Mercedes-Benz, Lexus, Toyota and Honda. In early 2020, new vehicle sales fell sharply as a result of the COVID-19 pandemic and gradually strengthened towards the end of the year. Operationally, the motor business focused on defending profitability and market share while managing vehicle inventory to respond to changing market conditions. DCH also continued to optimise its brand and dealership portfolio, targeting increased exposure to premium brands and strategic geographical locations. Reflecting this strategy, DCH acquired its first 4S shops for BMW

and Volkswagen. Digitalising the vehicle purchase and ownership experience remains a priority with continued efforts to consolidate data from multiple consumer touchpoints for unparalleled levels of service. Recognising long-term growth potential, DCH has also actively expanded used car sales across its existing 4S shop network.

In Hong Kong, performance was impacted by declines in market demand, related to the pandemic as well as the expiry of the ex-gratia payout for the retirement of pre-Euro IV commercial vehicles. While carefully managing sales strategies, DCH focused on streamlining its brand portfolio and explored new opportunities in used cars with the launch of the Hong Kong Motor City. Located in the Kowloon Bay headquarters, the 120,000 square-foot shopping centre brings together DCH motor sales businesses and independent used car dealers to offer a unique omni-channel experience, supported by integrated digital services at [www.motorcity.hk](http://www.motorcity.hk).



■ Hong Kong Motor City

Leveraging decades of motor expertise, DCH also operates independent service outlets, parts trading, motor leasing, financing, insurance, engineering projects, aviation support and the sales of luxury yachts. In 2020, DCH led the Hong Kong market in the number of contracted yachts and established DCH Boats in mainland China as the exclusive authorised distributor of Princess Yachts and Williams Jet Tenders and agent of Bali, Parker, Aquador, Flipper and Falcon.



■ DCH food mart in Tai Po, Hong Kong

DCH is a leading distributor of consumer products in Asia and represents over 1,000 domestic and international brands in the food and FMCG, healthcare and electrical products categories with operations in mainland China, Hong Kong, Macau, Taiwan, Japan, Singapore, Thailand, Malaysia, Indonesia, the Philippines and Brunei.

The consumer products segment comprises 20% of DCH revenue. During the year, results were affected by the pandemic's severe impact on the retail, catering and tourism industries. Operationally, the consumer products business faced production shutdowns, supply chain disruptions and retail store closures.

In food and FMCG, DCH businesses include food manufacturing, brand development, commodity trading, agency distribution and retail. During the year, DCH's food retail business was benefited by an uplift in basic grocery sales, while wholesale distribution, particularly to restaurants, hotels and airlines, faced sharp declines. Sales were also impacted in lifestyle categories dependent on consumer footfall and tourism such as nutritional products, beauty products and confectionary. In response to these challenges, DCH focused on expanding retail channels and introducing new brands and products in the ready-to-eat, home cooking and healthy eating categories. DCH is also prioritising growth in digital channels, strengthening relationships with online sales platforms and progressing the development of dedicated e-commerce sites.

In healthcare, DCH Auriga offers comprehensive pharmaceutical distribution solutions to the world's leading life science companies, leveraging decades of experience managing sophisticated medical supply chains. It has operations in nine economies, distributing pharmaceuticals, vaccines, over-the-counter medicine, medical devices, personal care, nutrition and hospital consumables. In 2020, the business was impacted by reduced demand for both prescription and over-the-counter medicines, as well as periodic operational and manufacturing closures in Thailand and Malaysia. To offset these challenges, DCH Auriga actively sourced new opportunities in personal protective equipment and other COVID-19 related products and services, while increasing management focus and investing in new infrastructure to underpin regional growth across Southeast Asia. It has made steady gains in Hong Kong market share, leveraging state-of-the-art facilities, cold chain expertise and long-term relationships with leading principals, private clinics and public healthcare providers. In Hong Kong, DCH Auriga has been appointed as the exclusive logistics provider for the Sinovac and Fosun-BioNTech COVID-19 vaccines, contracted to provide sophisticated cold chain services, including delivery and warehousing.

The electrical products business delivered a steady result, despite the pandemic's impact on retail channels, through careful promotion, product strategies and inventory management. It will continue to increase exposure to e-commerce channels, enhancing its lifestyle portfolio and driving operational synergies.

With the majority of its operations in mainland China, DCH Logistics delivered increased profit and continued to focus on the development of operations to serve the Greater Bay Area. Strengthening the existing network, the new Hengqin Logistics facility officially opened in 2019, fully equipped to provide cold chain and value-added services to the region, particularly for catering customers in Macau.



## AGRICULTURAL BREEDING

### CITIC Agriculture

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

In 2020, CITIC Agriculture took serious measures in cost reduction and efficiency enhancement, management reform and digital transformation to comprehensively improve its investment and management capabilities, and achieved significant profit growth. CITIC Agriculture is the largest shareholder of Longping High-tech, a company listed on the Shenzhen Stock Exchange.

During the year, overseas sales of Longping High-tech and sales of core crops have increased. The company’s core competitiveness in scientific research and innovation has been further strengthened by the major breakthrough in third-generation hybrid rice breeding by Fellow Yuan Longping and by approval of the genetically modified organism (GMO) biosafety certificate for Ruifeng 125 as one of the first batch of China’s genetically modified corn varieties. Longping Agriculture Science, a subsidiary of Longping High-tech has introduced a China-Brazil integrated management and control model to refine production and operations, realise growth in both



■ LP Sementes corn breeding plantation

sales and profit, and further enhance its market position. During the year, CITIC Agriculture has assisted Beijing Capital Agribusiness to successfully introduce the GGP (great grandparent) breeding stock from the world’s top breeding stock company to effectively improve domestic breeding pigs. CITIC Agriculture has also assisted China Agriculture Vet to complete the construction of the largest P3 laboratory animal housing in China, which passed the examination of the Ministry of Agriculture and Rural Affairs.

In 2020, CITIC Agriculture and the Hunan Provincial Government jointly funded the establishment of the Yuelu Mountain Breeding Industry Innovation Center Company to promote breeding industry innovation and industrial transformation. Huazhi Biotechnology Co., Ltd, in which CITIC Agriculture has an interest, has built an integrated application capability of “biotechnology + data technology” and has developed into a key generic technology platform in the field of biological breeding.



# NEW-TYPE URBANISATION



In the new-type urbanisation segment, we have positioned ourselves as the builders of smart cities. We will continue to implement China's regional development strategies, providing smart-city solutions that integrate engineering contracting, wastewater treatment and property development and operation.

## MAJOR SUBSIDIARIES

### CITIC Construction

is a leading international engineering contracting services provider.

### CITIC Engineering

is a leading innovative technological design and construction firm in China.

### CITIC Environment

is a specialised investment and operational platform for environmental protection.

### CITIC Industrial Investment

is a capital operation platform and runs businesses including healthcare, logistics and infrastructure.

### CITIC Offshore Helicopter

is a leading general aviation company in China.

### CITIC Pacific Properties

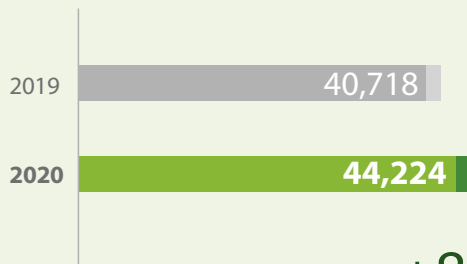
focuses on developing and investing in mixed-use and commercial properties, and mid- to high-end residential properties.

### CITIC Urban Development & Operation

specialises in urban renewal and development operations.

## REVENUE

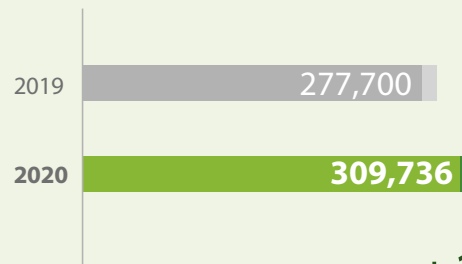
HK\$ million



+8.6%

## TOTAL ASSETS

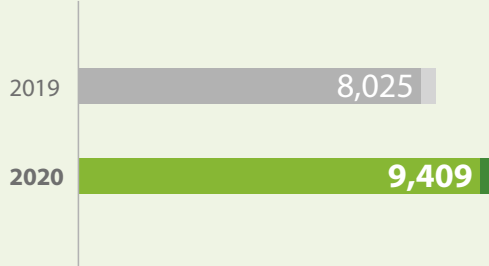
HK\$ million



+12%

## PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

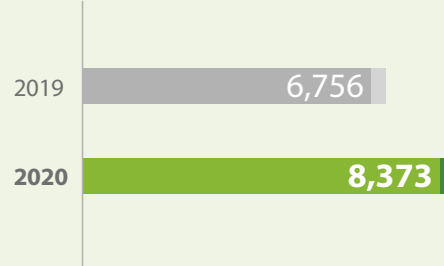
HK\$ million



+17%

## CAPITAL EXPENDITURE

HK\$ million



+24%

## Year in Review

In 2020, this segment achieved a net profit of HK\$9.4 billion, an increase of 17% against the previous year, when an impairment was made on the company's equity investment in China Overseas Land and Investment (COLI). Within the segment, the property development and operating subsidiaries realised a net profit of RMB6.6 billion, a significant increase of 50% year-on-year. In addition to the profit recorded from our 10% stake in COLI and stable rental income from investment properties in mainland China and Hong Kong, other major development projects also made a significant contribution, including the Lujiazui

Harbour City in Shanghai, the delivery of units at The Entrance, a residential project in Ma On Shan Hong Kong, as well as primary land development of the Guangzhou Shipyard and Ningbo FengHua projects. The total net profit of engineering and construction subsidiaries was RMB1.9 billion, a 10% decrease year-on-year. The company seized the opportunity to resume construction of projects in mainland China after the pandemic and delivered a 7% increase in profit in the second half of 2020. Other subsidiaries engaged in urban services jointly recorded a profit of RMB817 million, 50% less than the previous year.





## CONSTRUCTION AND ENGINEERING

### CITIC Construction

has developed a new growth platform to advance in both foreign and domestic markets, building on its strength in international engineering procurement and construction (EPC) projects. The company has operations in infrastructure, housing, municipal and industrial facilities, and has been expanding its EPC business into the agriculture, energy and resources sectors.

### CITIC Engineering

is positioned itself to provide comprehensive services and digital solutions for projects in infrastructure, urban development and environmental protection. CITIC Engineering is based in Wuhan, with operations spanning China, and has two well-known design and research institutes: the Central and Southern China Municipal Engineering Design and Research Institute and CITIC General Institute of Architecture Design and Research.

Our construction and engineering businesses are dedicated to meeting the needs of clients with end-to-end services ranging from feasibility studies, planning, exploration, and financing, to the contracting of EPC projects.

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 construction industry authority. It ranked CITIC Construction in the Top 250 International Contractors and CITIC Engineering's Architecture Design and Research Institute among the Top 60 Chinese Design Firms.

During the reporting period, our construction and engineering business was severely impacted by the COVID-19 pandemic. CITIC Construction and CITIC Engineering responded proactively to the circumstances, and once work was allowed to resume, dedicated its efforts to make up for time lost. Both domestic and international businesses of exploration, design and EPC services contributed to the company's bottom line. Domestically, key projects include a national network security talents and innovation centre, and the Jiangxia clean water project, both in Wuhan, the Chongli Prince Ice Town in Zhangjiakou, and Ziyang industrial new town development. Internationally, major projects include the upgrading of two expressways in Kazakhstan, and two projects in Belarus: an agro-industrial complex and a fertiliser processing plant.

In 2020, CITIC construction and engineering businesses signed a total of RMB48.7 billion in new domestic and international contracts, mainly involving projects in housing, infrastructure, industrial facilities, urban development and water treatment. Driven by Public Private Partnerships (PPP) projects, the domestic team focused on developing business mainly in the Yangtze Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Island, and Chengdu Chongqing Economic Circle. New projects signed include a Chip Technology and Innovation Center in Jiangbei New District, Nanjing, Water Treatment and Pump Station in Linkong Economic Zone of Ziyang, International Agricultural Processing Park in Zhumadian, Henan Province, Yangze New Town in the city of Wuhan, and an Ecological Technology City in the High-Tech Industrial Development Zone of Neijiang, Sichuan Province. Internationally, the business continued to find opportunities in regional markets along the Belt and Road Corridor. New contracts included construction of a fertiliser plant and Agro-Industrial Complex III Phase development in Belarus.

In 2020, CITIC's construction and engineering business made new breakthroughs in the area of digital development. CITIC Engineering set up a new entity CITIC Digital Intelligence (Wuhan) Technology Co., Ltd. as its arm for digital transformation and

technological innovation. The aim is to build an online platform with a software ecosystem for the construction industry.

CITIC Engineering is based in Wuhan. When COVID-19 struck the city, the company demonstrated its strong capabilities and completed the design and construction work for Wuhan Huoshenshan Hospital

and a series of mobile emergency hospitals in a very short timeframe. CITIC Construction also received numerous industry recognitions within the reporting period for its record of delivering quality EPC projects to customers, among which the company picked up Customer Satisfaction AAA Credit Level recognition in the National Market Quality Competition.


## Major Projects

### Undertaken by CITIC Construction


#### POTASSIUM FERTILISER PLANT, BELARUS

<b>General information:</b>	The project is located in the Nezhinsky (eastern part) plot of Starobin potashum salt deposit in the country of Belarus. The designed annual production volume is 1.1-2 million tonnes of potassium chloride after mining and processing. When the project is completed, the production is expected to reach 2 million tonnes annually. The project is the largest in scale and financial investment in economic trade between China and Belarus.	
<b>Contract signing date:</b>	February 2020	
<b>Contract value:</b>	US\$855 million	
<b>Contract period:</b>	46 months	
<b>Commencement of construction:</b>	March 2020	
<b>Progress as of the end of 2020:</b>	<div style="width: 6%;"><div style="width: 6%;"></div></div> 6%	

#### AGRO-INDUSTRIAL COMPLEX PROJECT, PHASE I, II, BELARUS

<b>General information:</b>	Located in the Pukhovichi District of Minsk Oblast, Belarus, this agro-industrial complex processes wheat using modern biotechnology to produce essential amino acids and high-tech formula feed. The construction scope includes an amino acid factory, feed plant, silo construction, power plant and ancillary facilities, as well as a railway, highway, natural gas pipeline and electric transmission line.	
<b>Contract signing date:</b>	November 2016	
<b>Contract value:</b>	RMB4,290 million	
<b>Contract period:</b>	36 months	
<b>Commencement of construction:</b>	July 2018	
<b>Progress as of the end of 2020:</b>	<div style="width: 73%;"><div style="width: 73%;"></div></div> 73%	

## TKU NATIONAL EXPRESSWAY UPGRADE, KAZAKHSTAN

<b>General information:</b>	Located in Kazakhstan, the TKU expressway stretches from Taldykorgan, the capital of Almaty oblast to Ust-Kamenogorsk, the capital of East Kazakhstan oblast. After the upgrade, the expressway will be 763.5km in length.	
<b>Contract signing date:</b>	May 2016	
<b>Contract value:</b>	US\$936 million	
<b>Contract period:</b>	54 months	
<b>Commencement of construction:</b>	November 2017	
<b>Progress as of the end of 2020:</b>	<div style="width: 33%;"><div style="width: 33%;"></div></div> 33%	


## KB EXPRESSWAY UPGRADE, KAZAKHSTAN

<b>General information:</b>	The Karagandy to Balkhash road upgrade is 362.6km in length. After work is completed, the expressway will be qualified with first grade conditions, and have four lanes and a speed limit of 120km/hr.	
<b>Contract signing date:</b>	June 2018	
<b>Contract value:</b>	US\$669 million	
<b>Contract period:</b>	48 months	
<b>Commencement of construction:</b>	May 2019	
<b>Progress as of the end of 2020:</b>	<div style="width: 31%;"><div style="width: 31%;"></div></div> 31%	

## CHIP TECHNOLOGY AND INNOVATION CENTER AT JIANGBEI NEW DISTRICT, NANJING, JIANGSU PROVINCE, CHINA

<b>General information:</b>	Jiangbei New District is an important centre for China's digital information industry. The construction of the chip centre is a key project of the innovation initiatives at the Yangtze Economic Belt. The project covers a total area of 555 acres, with two components, construction of buildings and civil infrastructure, which will be implemented in three stages. Building construction covers 164.6m <sup>2</sup> which includes a science and technology centre and an apartment block. The construction of civil infrastructure includes seven roads, three bridges, required work on six rivers and 40m <sup>2</sup> of green landscaping.	
<b>Contract signing date:</b>	October 2020	
<b>Contract value:</b>	RMB12.277 billion	
<b>Contract period:</b>	72 months	
<b>Commencement of construction:</b>	November 2020	
<b>Progress as of the end of 2020:</b>	Project commenced and is on schedule	

## INDUSTRIAL NEW TOWN OF LINKONG ECONOMIC ZONE, PHASE I, SICHUAN PROVINCE, CHINA

<b>General information:</b>	Located in the city of Ziyang, Sichuan province, the initial five roads being constructed include Chengzi Avenue, Sanxian Road, Zonger Road, Zongsan Road and Zongsi Road. The completed project will have a total length of approximately 38.9km.		
<b>Contract signing date:</b>	July 2018		
<b>Contract value:</b>	RMB7.466 billion		
<b>Contract period:</b>	37 months		
<b>Commencement of construction:</b>	July 2018		
<b>Progress as of the end of 2020:</b>	<div style="width: 50%;"><div style="width: 50%;"></div></div>	50%	

## LINQING HIGHWAY, PHASE II, YUNNAN PROVINCE, CHINA

<b>General information:</b>	The second phase of construction stretches from Linxiang District, Lincang City to Qingshui River. The highway will be 41.4km in length with four lanes and a speed limit of 80km/hr.		
<b>Contract signing date:</b>	June 2019		
<b>Contract value:</b>	RMB6.217 billion		
<b>Contract period:</b>	48 months		
<b>Commencement of construction:</b>	June 2019		
<b>Progress as of the end of 2020:</b>	<div style="width: 45%;"><div style="width: 45%;"></div></div>	45%	

## CHUDA HIGHWAY EXPANSION PROJECT, YUNNAN PROVINCE, CHINA

<b>General information:</b>	The construction stretches 43.3km in length. Located in Yaoan County of Chuxiong State, Yunnan Province, the highway passes four towns—Qianchang, Dongchuan, Guantun and Dahekou. The project is constructed according to highway standards with six lanes and a speed limit of 100km/hour.		
<b>Contract signing date:</b>	December 2019		
<b>Contract value:</b>	RMB9.294 billion		
<b>Contract period:</b>	48 months		
<b>Commencement of construction:</b>	December 2019		
<b>Progress as of the end of 2020:</b>	<div style="width: 14%;"><div style="width: 14%;"></div></div>	14%	

## Undertaken by CITIC Engineering



### THE CLEAN WATER PROJECT IN JIANGXIA DISTRICT, WUHAN CITY, CHINA

<b>General information:</b>	This comprehensive project provides solutions for sewage collection and treatment, flood control and drainage, water supply, and the treatment of water from the lake and river, including 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.		
<b>Contract signing date:</b>	October 2016		
<b>Contract value:</b>	RMB5,110 million (Phase I: RMB1,050 million; Phase II: RMB650 million, Phase III: RMB3,293 million)		
<b>Contract period:</b>	Phase I: 45 months; Phase II: 22 months; Phase III: 36 months		
<b>Commencement of construction:</b>	Phase I: September 2015; Phase II: December 2016; Phase III: August 2020		
<b>Progress as of the end of 2020:</b>	Phase I 	Phase II 	Phase III 

### THE NATIONAL NETWORK SECURITY TALENTS AND INNOVATION BASE PROJECT, WUHAN CITY, CHINA

<b>General information:</b>	This project, located in the Economic Development Zone of Wuhan Airport, was undertaken in response to China's strategy to develop national cybersecurity. It comprises the construction of public buildings, infrastructure, an international talent community and infrastructure in the airport area.		
<b>Contract signing date:</b>	November 2018		
<b>Contract value:</b>	RMB8.62 billion		
<b>Contract period:</b>	36 months		
<b>Commencement of construction:</b>	July 2017		
<b>Progress as of the end of 2020:</b>	 among which the network security institute, training centre and already in service.		

### GUSHU WATER TREATMENT PLANT, SHENZHEN CITY, CHINA

<b>General information:</b>	Located in Gushu District, Shenzhen City, this plant occupies 15.14 hectares of land and is designed to purify 320,000 tonnes of wastewater per day. As an important construction project in the Greater Bay Area, the Gushu water treatment plant is targeting to become a world-class energy saving water treatment project.		
<b>Contract signing date:</b>	December 2019		
<b>Contract value:</b>	RMB1.239 billion		
<b>Contract period:</b>	25 months		
<b>Commencement of construction:</b>	December 2019		
<b>Progress as of the end of 2020:</b>			



## URBAN OPERATION

### Environmental Services

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

CITIC Envirotech, the company's water treatment business, has been continuously expanding. By the end of 2020, its water treatment facilities handled an average daily capacity of more than 6 million tonnes. The membrane technology business continued to offer advanced membrane products through production arm Memstar Pte Ltd and its subsidiaries (Memstar), as one of the few world leading manufacturers and suppliers of full-spectrum membrane products including Microfiltration (MF), Ultrafiltration (UF), Nanofiltration (NF) and Reverse Osmosis (RO) membranes. Based on its comparative advantages in R&D, manufacturing and application of membranes, CITIC Envirotech focuses on the business of upgrading conventional water treatment plants and constructing underground wastewater treatment plants and other projects to further expand its market share. At present, nine underground sewage treatment plants have been built in Guangzhou, six of which use Memstar's membrane products. CITIC Envirotech has also progressed in several major projects during the year. In the Xiong'An New Area of Hebei province, our first ecological management EPC project has been completed ahead of schedule, contributing to the coordinated development of Beijing-Tianjin-Hebei region. In Shantou, Guangdong, CITIC Environment has provided an integrated solution for wastewater treatment, heating and water supply for Chaonan Printing and Dyeing Industrial Park, setting a benchmark for circular economy projects in the Greater Bay Area. In Kazakhstan, the KBM oilfield water treatment and recycling project has entered the equipment installation stage. In Liangshan, Sichuan, a project linking land use for urban and rural construction has significantly helped to alleviate poverty in the rural area of Liangshan, as well as in the rural areas of Xiaogan, Hubei

and Yunfu, Guangdong. Several township sewage treatment demonstration projects have been built to help boost the revitalisation of rural regions.



■ Chaonan textile dyeing and printing complex

CITIC Environment has expanded its footprint in the hazardous waste treatment industry and acquired over ten high-quality hazardous waste treatment projects in Xinjiang, Shandong, Guangdong, Hainan and Jiangsu provinces and other key regions by the end of 2020, with a total treatment capacity of approximately 1.5 million tonnes per year. Currently, half of these projects are in operation.

In terms of solid waste disposal, Sanfeng Environment, a CITIC Environment investment, was listed on the Main Board of the Shanghai Stock Exchange on 5 June 2020. By the end of 2020, the total market capitalisation of Sanfeng Environment ranked 6th among the 78 companies listed in the A-share market in the "Environmental Protection Engineering and Service" industry category. The company has advanced technology and equipment, and has invested in 49 BOT/PPP projects in total, ranking at the forefront of the industry. In 2020, Sanfeng Environment was awarded as one of the "Top 10 Chinese Enterprises in Solid Waste Treatment" for the fourth consecutive year, and ranked among the "Top 500 Global New Energy Enterprises in 2020".

In energy saving services, while consolidating its market presence in industrial intelligent furnace combustion control and energy saving projects, CITIC Environment also strived to explore opportunities in energy saving construction projects, aiming to create an advanced energy saving model comprising both industrial and construction tracks capabilities.

## Infrastructure

CITIC Limited's infrastructure business includes the investment in 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.

The regional development business refers to the Xidian New Town Project in Ningbo, which involves reclamation engineering, land consolidation, urban infrastructure and supporting projects such as water engineering and green land development. The planned land area is approximately 6,480 mu with a gross floor area of approximately 4 million square metres. In 2020, CITIC completed the construction of the seawall sluice and sea reclamation framework of the project. Xidian Chuangzhi Gulf Star City has begun to take shape, with the first batch of land successfully listed for sale.

The port and terminal business mainly focuses on investment and the independent operation of liquefied petroleum terminals and storage facilities, as well as the operation of other types of berths, such as containers. At present, CITIC Industrial Investment has completed the network 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 46.15 million tonnes and a storage capacity of about 2.64 million cubic metres of liquefied petroleum. In the future, with a focus on liquefied petroleum and from its base in Ningbo, CITIC Industrial Investment will accelerate the construction of liquefied petroleum terminal and storage projects and expand into integrated logistics services so as to become an integrated logistics and warehousing service provider of liquid chemicals with distinctive advantages and influence in the domestic market.

Project	Ownership	Handling capacity/ storage capacity
<b>Port storage</b>		
PetroChina Fuel Oil Port	51%	12 million tonnes
Guanwai Liquefied Products Port	51%	1.8 million tonnes
Xinrun Petrochemical Storage and Transport	90%	6 million tonnes/600,000m <sup>3</sup>
Xinyuan Port	51%	7.2 million tonnes
Hengyang Storage Project	49%	14.15 million tonnes/1.44 million m <sup>3</sup>
Xinhai Oil Terminal	30%	600,000m <sup>3</sup>
Gangfa Crude Oil Port	20%	5 million tonnes
CMHI Container Port	20%	2.4 million TEU
<b>Tunnel</b>		
The Western Harbour Tunnel, Hong Kong	35%	Franchise until 2023

## Healthcare

CITIC continues to integrate medical and elderly care services to build a large healthcare platform. The healthcare business primarily includes medical services, elderly care and healthcare distribution.

We operate five hospitals in mainland China's Zhejiang and Jiangsu provinces. In 2018, our subsidiary CITIC Pacific acquired the Jiangyin Lingang Hospital located centrally in Harbour City in Jiangyin and invested to upgrade its facilities and services. The hospital is now a Grade 2 general hospital with 200 beds that provides comprehensive medical services, rehabilitation and preventative care. CITIC Pacific is also the holding company of Hongen Medical Group which manages four hospitals with a total of 1,000 beds, namely Hangzhou Chengdong Hospital, Shaoxing Chengdong Hospital, Shangyu Third Hospital and Cixi Chengdong Hospital.



■ Jiangyin Lingang Hospital outpatient clinic

Currently our elderly care business is strategically deployed in Shanghai, Hangzhou, and Jiangyin. We provide multiple services that combine home care and institutional care in various forms such as CCRC (Continuous Care Retirement Communities), urban comprehensive elderly care projects and chain elderly care centres. We will leverage synergies to integrate the healthcare and elderly care services.

As part of our healthcare distribution businesses, Haoan Health is a leading medical equipment provider and distributor in Zhejiang Province. It offers supply chain management services for high-value consumables and medical equipment used across a wide range of specialty healthcare services including neurosurgery, urology and gastroenterology.

## General Aviation

As the leading company in the general aviation sector in China, CITIC Offshore Helicopter (COHC) has the qualification and capability to operate a full-service general aviation business. COHC is the first and only main-board listed company in the domestic general aviation industry, and also the only domestic company awarded the General Aviation Safety Four Stars Award. COHC provides a full range of services, including offshore flights, onshore industry and forestry-related flights, emergency rescue, maintenance, training, integrated city flight services, sky tours, drone operation and data collection.



■ An AW139 helicopter

Headquartered in Shenzhen, Guangdong, COHC owns four helicopter airports and five main operation bases. Its bases and helipads form a network covering all provinces, cities and autonomous regions, excluding Tibet, and overseas regions such as the North and South Poles and Myanmar. COHC has the largest civil helicopter fleet in Asia and currently operates 76 helicopters comprising 15 of the most advanced helicopter models in the world. COHC's offshore oil helicopter service has a leading position in the industry in terms of market share. It is the only general aviation company with a domestic port helicopter pilotage service, the only service provider of helicopters for China's national arctic scientific expeditions, and the sole 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 flights overseas.





## PROPERTY DEVELOPMENT, OPERATION & MANAGEMENT

### CITIC Pacific Properties

In 2020, we made progress on a number of development projects in mainland China. Significant profit has been realised from the sale of premium residential units in Lujiazui Harbour City, Shanghai, as well as from the implementation of primary land development of the site previously owned by Guangzhou Shipyard.

Our land reserve in mainland China grew steadily, to around 3.92 million square metres as of the end of December 2020, concentrated in city clusters along the economic belt from the downstream to midstream regions of the Yangtze River and the Bohai Economic Rim.

In Hong Kong, our residential project, "The Entrance," in Lok Wo Sha, Ma On Shan, sold 133 units as of the end of January 2021, accounting for 90% of the total 148 units. In December 2019, we won a government

public tender for a lot at Tai Hang Road, Jardine's Lookout, a traditional luxury residential area. We are currently dismantling the existing buildings on the site, which will eventually be developed into a high-end residential project with a gross floor area of about 11,970 square metres.

The Discovery Bay project is a 50-50 joint-venture development with HKR International. Currently for sale are Poggibonsi and IL PICCO consisting of 196 residential units and 21 garden houses respectively. As of the end of January 2021, 131 units and two houses were sold. In addition, Discovery Bay has a land bank of 124,000 square metres for development in the future.

Despite COVID-19's impact on the leasing market in 2020, we managed to maintain the annual average occupancy rate of our investment portfolio at approximately 94%.

### CITIC Urban Development & Operation

In 2020, CITIC Urban Development & Operation continued joint development of an industrial complex with the government of Fenghua District, Ningbo. It is a renovation and upgrading of an existing industrial park in Ningbo. The project covers a site of 830,000 square metres, which will include an industrial park of 580,000 square metres and a residential and commercial area of 850,000 square metres in terms of gross floor area. The community can accommodate 30,000 people living and working in the development area. A transaction for the residential lot in the first phase of the project was completed in September 2020.

Construction of the industrial park has started, with a number of high-tech enterprises showing interest in moving their offices into the park.

Steady progress has also been made in our urban development project, CITIC Coastal City in Shantou. This project has a 6.7km long transbay tunnel, inclusive of a 3km underwater tunnel. It is the first mega-diameter tunnel in China excavated with the shield tunneling method, located in an 8-degree seismic zone and crossing the seabed with a complex geological structure. Excavation of the combined eastern and western tunnels leading to the New Town was completed during the year. The first batch of educational, cultural, sport, and public facilities have already been put into use, and the area has been made more habitable and functional, with improvements to the community's landscape.

## Key Development Projects

<b>I. Lujiazui Harbour City, Shanghai</b>		<b>(50% owned)</b>
Site area:	249,400m <sup>2</sup>	
Gross floor area:	872,800m <sup>2</sup>	
Completed area:	872,800m <sup>2</sup>	
Use:	Office, retail, hotel and residential	
<p>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 and commercial facilities.</p> <p>Seven out of the eight 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. One office building is held and operated by CITIC. The Mandarin Oriental Hotel and its serviced apartments located within this project are currently in operation. As of the end of 2020, all of the retail and office portions were put into operation, making this development a new landmark of art, culture and commerce in Shanghai.</p>		
<b>II. T Center, Shanghai</b>		<b>(100% owned)</b>
Site area:	60,335m <sup>2</sup>	
Gross floor area:	229,372m <sup>2</sup>	
Use:	Office and retail	
<p>Located in the western part of Shanghai, this office and retail development will integrate high-rise office towers with commercial centres at street level and a shopping arcade in the subway station. Construction of the project is under way. The company increased its stake from 50% to 100% in January 2020.</p>		
<b>III. Harbour City, Wuhan, Hubei province</b>		<b>(85% owned)</b>
Site area:	229,040m <sup>2</sup>	
Gross floor area:	1,173,000m <sup>2</sup>	
Use:	Office, commercial apartment, retail, residential	
<p>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, with 600 metres of the project's east boundary facing the river with uninterrupted scenic views and convenient public transport. Construction is underway.</p>		

IV. Optics Valley Xintiandi, Wuhan, Hubei province		(50% owned)
Site area:	353,800m <sup>2</sup>	
Gross floor area:	1,197,400m <sup>2</sup>	
Completed area:	125,300m <sup>2</sup>	
Use:	Office, residential, commercial apartment, retail	
<p>This mixed-use project is being developed under a 50:50 joint venture between the company and Shui On Group. It is located in the heart of the East Lake High-tech Development Zone in Wuhan. Construction is underway.</p>		

V. T Center, Nanjing, Jiangsu province		(100% owned)
Site area:	31,200m <sup>2</sup>	
Gross floor area:	131,100m <sup>2</sup>	
Use:	Office, commercial apartment, retail	
<p>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 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. Construction is under way.</p>		

VI. CBD Project, Jinan, Shandong province		(50% owned)
Site area:	79,300m <sup>2</sup>	
Gross floor area:	355,900m <sup>2</sup>	
Use:	Office, residential, retail	
<p>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. The project site is located in the heart of Jinan's economic centre close to the city's high-tech park and will be developed into a landmark of the city. Construction is underway.</p>		

VII. Phase I of Harbour City, Guangzhou, Guangdong province		(50% owned)
Site area:	44,800m <sup>2</sup>	
Gross floor area:	220,000m <sup>2</sup>	
Use:	Office, residential, retail	
<p>The project is located in the key area of the riverfront in Liwan District, Guangzhou, with a first-line view of the Pearl River. It will be developed into an urban complex consisting of residential, retail and office properties. After completion, the project will become a new landmark for cultural and recreational activities along the riverfront of Guangzhou and a new urban centre that introduces new businesses to the city. Construction is underway.</p>		

**VIII. Taihu New City Project, Suzhou, Jiangsu province (100% owned)**

Site area:	55,900m <sup>2</sup>
Gross floor area:	234,800m <sup>2</sup>
Use:	Office, residential, retail

The project is located at the core of Taihu New City, a CBD of Suzhou with a good view of Taihu Lake and convenient public transport. The project will be developed into a premium mixed-use project including residential, retail and office properties. Construction is under way.



**Major Investment Properties**

**CITIC Tower, Beijing**  
(100% owned)



Approx. gross area: 437,000m<sup>2</sup>  
Purpose: Office

**Capital Mansion, Beijing**  
(100% owned)



Approx. gross area: 140,200m<sup>2</sup>  
Purpose: Office

**CITIC Square, Shanghai**  
(100% owned)



Approx. gross area: 132,300m<sup>2</sup>  
Purpose: Office and retail

**CITIC Building, Beijing**  
(100% owned)



Approx. gross area: 62,200m<sup>2</sup>  
Purpose: Office

**CITIC Tower, Hong Kong**  
(100% owned)



Approx. gross area: 52,000m<sup>2</sup>  
Purpose: Office and retail