

# Report of the Directors

The directors have pleasure in presenting to shareholders their report for the year ended 31 December 2023.

## Principal Activities

CITIC Limited is one of China's largest conglomerates and its subsidiaries are engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanisation both in China and overseas.

## Subsidiary Companies

The name of the principal subsidiaries, their countries of incorporation, principal activities and shares issued are set out in note 61 to the consolidated financial statements.

## Business Review

A fair review, discussion and analysis of the Group's business as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the material factors underlying its results and financial position are set out in the sections headed "Chairman's Letter to Shareholders", "Our Businesses" and "Financial Review" on pages 4 to 89 of this annual report. A description of the principal risks and uncertainties facing the Group is set out in the "Risk Management" section on pages 90 to 95 of this annual report. Particulars of important events affecting CITIC Limited that have occurred since the end of the financial year 2023 (if any) and the likely future development in CITIC Limited's business can also be found in this annual report. The above discussions form an integral part of the Report of the Directors.

In addition, an account of CITIC Limited's performance by reference to environmental and social-related key performance indicators and policies is provided in the standalone Environmental, Social and Governance Report 2023, which is published on the same date of this annual report and available on the websites of both Hong Kong Exchanges and Clearing Limited ("HKEX") and CITIC Limited.

## Dividends

On 31 August 2023, the board of directors of CITIC Limited has resolved to declare an interim dividend of RMB0.18 per share (equivalent to HK\$0.1964844 per share)(2022: HK\$0.20 per share equivalent to RMB0.1746636 per share) for the year ended 31 December 2023 which was paid on 16 November 2023. At the board meeting held on 28 March 2024, the directors recommended a final dividend ("2023 Final Dividend") of RMB0.335 per share (2022: HK\$0.451 per share equivalent to RMB0.4120958 per share) in respect of the year ended 31 December 2023. Subject to approval of the shareholders at the forthcoming annual general meeting of CITIC Limited to be held on 18 June 2024 (the "2024 AGM"), the proposed 2023 Final Dividend will be paid on Friday, 16 August 2024 to shareholders on CITIC Limited's register of members at the close of business on Wednesday, 26 June 2024. This represents a total distribution for the year of RMB14,981 million.

The proposed 2023 Final Dividend will be payable in cash to each shareholder in HK Dollars ("HK\$") (at the average benchmark exchange rate of RMB to HK\$ as published by the People's Bank of China during the five business days ending on 18 June 2024 (inclusive), being the date of the 2024 AGM) unless an election is made to receive the same in Renminbi ("RMB").

Shareholders will be given the option to elect to receive all (but not part) of the 2023 Final Dividend in RMB, such dividend will be paid at RMB0.335 per share. To make such election, shareholders should complete the Dividend Currency Election Form, which is expected to be despatched to shareholders in early July 2024 as soon as practicable after the record date of 26 June 2024 to determine shareholders' entitlement to the proposed 2023 Final Dividend, and return it to CITIC Limited's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 18 July 2024.

Shareholders who are minded to elect to receive all (but not part) of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Friday, 16 August 2024 at the shareholders' own risk.

If no election is made by a shareholder or no duly completed Dividend Currency Election Form in respect of that shareholder is received by CITIC Limited's Share Registrar, Tricor Tengis Limited, by 4:30 p.m. on Thursday, 18 July 2024, such shareholder will automatically receive the 2023 Final Dividend in HK\$. All dividend payments in HK\$ will be made in the usual way on Friday, 16 August 2024.

If shareholders wish to receive the 2023 Final Dividend in HK\$ in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the proposed dividend payment.

## Donations

Donations made by CITIC Limited and its subsidiary companies during the year are set out in the standalone Environmental, Social and Governance Report 2023, which is published on the same date of this annual report and available on the websites of both HKEX and CITIC Limited.

## Share Capital and Reserves

Movements in the share capital and reserves of CITIC Limited and the Group during the year are set out in note 47 to the consolidated financial statements.

## Fixed Assets

Movements in fixed assets during the year are set out in note 34 to the consolidated financial statements.

## Major Customers and Suppliers

During the year, both the aggregate percentage of purchases from the Group's five largest suppliers and the aggregate percentage of sales to the Group's five largest customers were less than 30% of the total purchases and sales of the Group respectively.

## Report of the Directors

### Borrowings and Debt Instruments Issued

Particulars of borrowings and debt instruments issued in respect of CITIC Limited and its subsidiary companies as at 31 December 2023 are set out in notes 44 and 45 to the consolidated financial statements.

### Equity-linked Agreements

No equity-linked agreements that will or may result in CITIC Limited issuing shares or that require CITIC Limited to enter into any agreements that will or may result in CITIC Limited issuing shares were entered into by CITIC Limited during the year or subsisted at the end of the year.

### Directors

The directors of CITIC Limited during the year and up to the date of this report are:

#### *Executive Directors*

Mr Xi Guohua (*Chairman*) \*

Mr Zhang Wenwu (*Vice Chairman and President*) (appointed on 28 March 2024)

Mr Liu Zhengjun (appointed on 15 March 2023)

Mr Wang Guoquan (appointed on 15 March 2023)

(formerly known as Wang Guoquan)

Mr Zhu Hexin (*Chairman*) (resigned on 13 December 2023)

\* appointed as Chairman and ceased to be Vice Chairman and President on 29 January 2024

#### *Non-executive Directors*

Ms Yu Yang

Mr Zhang Lin

Ms Li Yi (formerly known as Li Ruyi)

Mr Yue Xuekun (appointed on 9 January 2023)

Mr Yang Xiaoping

Mr Mu Guoxin (appointed on 26 October 2023)

Mr Li Zimin (appointed on 29 December 2023)

Mr Tang Jiang (passed away on 26 March 2023)

#### *Independent Non-executive Directors*

Mr Francis Siu Wai Keung

Dr Xu Jinwu

Mr Anthony Francis Neoh

Mr Gregory Lynn Curl

Mr Toshikazu Tagawa

Mr Zhu Hexin has confirmed that he has no disagreement with the board and there is no matter relating to his resignation that need to be brought to the attention of the shareholders of CITIC Limited.

Pursuant to Article 95 of the articles of association of CITIC Limited, Mr Zhang Wenwu, Mr Mu Guoxin and Mr Li Zimin who were appointed by the board as directors of CITIC Limited since the annual general meeting in 2023 shall hold office only until the next following annual general meeting, or if earlier, the next following extraordinary general meeting of CITIC Limited and, being eligible, offer themselves for re-election. With a view of enhancing a culture of good corporate governance, all the remaining directors of CITIC Limited, namely, Mr Xi Guohua, Mr Liu Zhengjun, Mr Wang Guoquan, Ms Yu Yang, Mr Zhang Lin, Ms Li Yi, Mr Yue Xuekun, Mr Yang Xiaoping, Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh, Mr Gregory Lynn Curl and Mr Toshikazu Tagawa will also retire voluntarily at the 2024 AGM and all being eligible for re-election.

The bio data of the current directors and senior management are set out in the “Board of Directors” and “Senior Management” sections on pages 137 to 143 of this annual report.

### **Directors of Subsidiaries**

The list of directors who have served on the boards of the subsidiaries of CITIC Limited during the year and up to the date of this report is available on CITIC Limited’s website at [www.citic.com](http://www.citic.com).

### **Directors’ Material Interests in Transactions, Arrangements or Contracts**

Save as disclosed in the sections headed “Connected Transaction” and “Non-Exempt Continuing Connected Transactions” below and “Material related parties” in note 51 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to CITIC Limited’s business to which CITIC Limited’s subsidiaries, fellow subsidiaries or its holding company was a party or were parties and in which a director of CITIC Limited or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **Directors’ Service Contracts**

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### **Management Contracts**

No contracts concerning the management and/or administration of the whole or any substantial part of the business of CITIC Limited were entered into during the year or existed at the end of the year.

## Report of the Directors

### Permitted Indemnity

Pursuant to CITIC Limited's articles of association and subject to the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), every director or other officers of CITIC Limited shall be entitled to be indemnified out of the assets of CITIC Limited against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. CITIC Limited has arranged Directors & Officers Liability and Company Reimbursement Insurance for its directors and officers to protect them against potential costs and liabilities arising from claims brought against them.

### Related Party Transactions

CITIC Limited and its subsidiaries entered into certain transactions in the ordinary course of business and on normal commercial terms which were "Material related parties", the details of which are set out in note 51 to the consolidated financial statements of CITIC Limited. Some of these transactions also constituted "Connected Transaction" and/or "Continuing Connected Transactions" under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as summarised below.

### Connected Transaction

The following connected transaction of CITIC Limited was conducted during the year under review, in respect of which the particulars were previously disclosed by way of an announcement, and is required under the Listing Rules to be disclosed in this annual report.

On 18 September 2023, CITIC Urban Development & Operation Co., Ltd. ("CITIC Urban Development & Operation", an indirect wholly-owned subsidiary of CITIC Limited) entered into an equity transfer agreement (the "Equity Transfer Agreement") with CITIC Zhengye Holdings Group Limited ("CITIC Zhengye Group", a wholly-owned subsidiary of CITIC Group Corporation ("CITIC Group")), pursuant to which CITIC Urban Development & Operation agreed to acquire the entire interest in CITIC Zhengye Investment Co., Ltd. ("CITIC Zhengye Investment", a wholly-owned subsidiary of CITIC Group prior to entry into the Equity Transfer Agreement), together with the shareholders' loan and other indebtedness owed by CITIC Zhengye Investment to CITIC Zhengye Group, at an aggregate consideration of RMB881,601,529.69. After the completion of the aforesaid acquisition, CITIC Zhengye Investment has become an indirect wholly-owned subsidiary of CITIC Limited and its financial results have been consolidated into the accounts of the Group.

CITIC Group is the controlling shareholder of CITIC Limited and CITIC Zhengye Group is a wholly-owned subsidiary of CITIC Group. CITIC Zhengye Group is therefore an associate of CITIC Group and a connected person of CITIC Limited. Accordingly, the aforesaid acquisition constitutes a connected transaction of CITIC Limited under the Listing Rules.

### Non-Exempt Continuing Connected Transactions

During the year under review, the Group engaged in the following non-exempt continuing connected transactions with CITIC Group and/or its associates (the "Connected Persons"), particulars of which were previously disclosed in the announcements of CITIC Limited and are required under the Listing Rules to be disclosed in this annual report and the consolidated financial statements of CITIC Limited.

1. Financial Assistance Framework Agreement — financial assistance (including in the form of entrusted loans and financing guarantee) and commercial loans provided by the Group to the Connected Persons

The Financial Assistance Framework Agreement dated 17 November 2022 (“2022 Financial Assistance FA”) ended on 30 June 2023. Considering the business development needs of the Group and CITIC Group, CITIC Limited entered into a new financial assistance framework agreement (“2023 Financial Assistance FA”) with CITIC Group on 31 March 2023 under which the Group would continue to provide financial assistance (including in the form of entrusted loans and financing guarantee) and commercial loans to the Connected Persons. Details of the above were set out in CITIC Limited’s announcement dated 31 March 2023.

#### 2022 Financial Assistance FA

Period: commencing from 1 January 2023 and ended on 30 June 2023

Maximum *for the period from 01/01/2023 to 30/06/2023*  
Daily Balance: RMB9,000,000,000

The maximum daily balance of the financial assistance under the 2022 Financial Assistance FA for the period from 1 January 2023 to 30 June 2023 was approximately RMB5,275,112,739.69.

#### 2023 Financial Assistance FA

Period: commencing from 1 July 2023 and ending on 31 December 2025

|                |   |   |   |
|----------------|---|---|---|
| Maximum        | <i>for the period from<br/>01/07/2023 to 31/12/2023</i> | <i>for the year ending<br/>31/12/2024</i> | <i>for the year ending<br/>31/12/2025</i> |
| Daily Balance: | RMB15,000,000,000                                       | RMB16,800,000,000                         | RMB18,500,000,000                         |

The maximum daily balance of the financial assistance under the 2023 Financial Assistance FA for the period from 1 July 2023 to 31 December 2023 was approximately RMB5,561,675,557.84.

2. Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement — procurement of aluminium alloy hubs and the raw materials by the Group from the Connected Persons

Both the Aluminium Alloy Hub and Raw Materials Procurement Framework Agreement dated 1 April 2021 and the supplemental agreement thereto dated 1 April 2022 (collectively “Original Aluminium Alloy Hub and Raw Materials Procurement FA”) ended on 31 December 2023. Considering the business development needs of the Group, CITIC Limited entered into a new aluminium alloy hub and raw materials procurement framework agreement (“New Aluminium Alloy Hub and Raw Materials Procurement FA”) with CITIC Group on 20 November 2023 under which the Group would continue to procure aluminium alloy hubs and the raw materials from the Connected Persons. Details of the above were set out in CITIC Limited’s announcement dated 20 November 2023.

## Report of the Directors

### Original Aluminium Alloy Hub and Raw Materials Procurement FA

Period: commencing from 1 April 2021 and ended on 31 December 2023

Adjusted Annual Caps: *for the year ended 31/12/2023*

|                        |                  |
|------------------------|------------------|
| – Aluminium Alloy Hubs | RMB680,000,000   |
| – Raw Materials        | RMB1,200,000,000 |
| Total Annual Caps:     | RMB1,880,000,000 |

### New Aluminium Alloy Hub and Raw Materials Procurement FA

Period: commencing from 1 January 2024 and ending on 31 December 2026

| Annual Caps:           | <i>for the year ending<br/>31/12/2024</i> | <i>for the year ending<br/>31/12/2025</i> | <i>for the year ending<br/>31/12/2026</i> |
|------------------------|---|---|---|
| – Aluminium Alloy Hubs | RMB680,000,000                            | RMB680,000,000                            | RMB680,000,000                            |
| – Raw Materials        | RMB1,200,000,000                          | RMB1,200,000,000                          | RMB1,200,000,000                          |

The transaction amounts under the Original Aluminium Alloy Hub and Raw Materials Procurement FA for the year ended 31 December 2023 were approximately RMB489,657,767.18 for Aluminium Alloy Hubs and approximately RMB593,384,153.34 for the Raw Materials.

### 3. Asset Transfer Framework Agreement and Financial Consulting Service and Asset Management Service Framework Agreement

References are made to the announcement dated 27 August 2020 and the circular dated 12 October 2020 issued by China CITIC Bank Corporation Limited (“CITIC Bank”, a non-wholly-owned subsidiary of CITIC Limited), and the announcement of CITIC Limited dated 9 June 2021 with respect to, among other things, the asset transfer framework agreement (“2020 Asset Transfer FA”) and the financial consulting service and asset management service framework agreement (“2020 Financial Consulting Service and Asset Management Service FA”), both entered into on 27 August 2020 between CITIC Bank and CITIC Group, which ended on 31 December 2023. CITIC Bank entered into on 8 November 2023 with CITIC Group a new asset transfer framework agreement (“New Asset Transfer FA”) in relation to the transfer of loans and other related assets, and a new financial consulting and asset management service framework agreement (“New Financial Consulting and Asset Management Service FA”) in relation to the entrusted disposal of overdue personal credit assets and written-off overdue corporate assets. The transactions contemplated under both New Asset Transfer FA and New Financial Consulting and Asset Management Service FA entered into between CITIC Bank and the Group are intra-group transactions not constituting continuing connected transactions of CITIC Limited, while those entered into between CITIC Bank and CITIC Group and its associates (excluding the Group) constitute continuing connected transactions of CITIC Limited. Details of the above were set out in CITIC Limited’s announcement dated 20 November 2023.

### 2020 Asset Transfer FA

Period: commencing from 1 January 2021 and ended on 31 December 2023

Annual Cap: *for year ended 31/12/2023*  
RMB6,600,000,000

### New Asset Transfer FA

Period: commencing from 1 January 2024 and ending on 31 December 2026

|             |   |   |   |
|-------------|---|---|---|
|             | <i>for the year ending<br/>31/12/2024</i> | <i>for the year ending<br/>31/12/2025</i> | <i>for the year ending<br/>31/12/2026</i> |
| Annual Cap: | RMB9,000,000,000                          | RMB9,000,000,000                          | RMB9,000,000,000                          |

The transaction amount under the 2020 Asset Transfer FA for the year ended 31 December 2023 was approximately RMB1,309,991,274.34.

### 2020 Financial Consulting Service and Asset Management Service FA

Period: commencing from 1 January 2021 and ended on 31 December 2023

Annual Cap: *for year ended 31/12/2023*  
RMB400,000,000  
(Service Fee)

### New Financial Consulting Service and Asset Management Service FA

Period: commencing from 1 January 2024 and ending on 31 December 2026

|             |   |   |   |
|-------------|---|---|---|
|             | <i>for the year ending<br/>31/12/2024</i> | <i>for the year ending<br/>31/12/2025</i> | <i>for the year ending<br/>31/12/2026</i> |
| Annual Cap: | RMB400,000,000                            | RMB400,000,000                            | RMB400,000,000                            |

(Service Fee)

The service fee under the 2020 Financial Consulting Service and Asset Management Service FA for the year ended 31 December 2023 was approximately RMB18,894,000.00.

4. Comprehensive Information Services Framework Agreement — comprehensive information services provided by CITIC Guoan Industry Group Co., Ltd. and/or its associates to the Group

CITIC Limited entered into a comprehensive information services framework agreement (“Comprehensive Information Services FA”) with CITIC Guoan Industry Group Co., Ltd. (“CITIC Guoan”) on 20 November 2023 under which CITIC Guoan would continue to provide comprehensive information services to the Group. CITIC Guoan has become an associate of CITIC Group since 28 September 2023. Details of the above were set out in CITIC Limited’s announcement dated 20 November 2023.



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### Comprehensive Information Services FA

Period: commencing from 20 November 2023 and ending on 31 December 2025

|                              | <i>for the period from<br/>28/09/2023 to 31/12/2023</i> | <i>for the year ending<br/>31/12/2024</i> | <i>for the year ending<br/>31/12/2025</i> |
|------------------------------|---|---|---|
| Annual Cap:<br>(Service Fee) | RMB2,000,000,000  | RMB4,000,000,000                          | RMB4,500,000,000                          |

The service fee under the Comprehensive Information Services FA for the period from 28 September 2023 to 31 December 2023 was approximately RMB500,000,388.88.

The independent non-executive directors of CITIC Limited have reviewed the aforesaid continuing connected transactions for the year ended 31 December 2023 (collectively the “Transactions”) and confirmed that:

- a. the Transactions have been entered into in the ordinary and usual course of business of the Group;
- b. the Transactions have been entered into on normal commercial terms or better; and
- c. the Transactions were entered into according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of CITIC Limited as a whole.

CITIC Limited’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised), *Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 148 to 152 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

## Share Option Plan Adopted by Subsidiaries of CITIC Limited

### CITIC Telecom International Holdings Limited (“CITIC Telecom”)

CITIC Telecom adopted a share option plan (the “CITIC Telecom Share Option Plan”) on 17 May 2007, which was valid and effective till 16 May 2017. The major terms of the CITIC Telecom Share Option Plan are as follows:

1. The purpose of the CITIC Telecom Share Option Plan is to attract and retain the best quality personnel for the development of CITIC Telecom’s businesses; to provide additional incentives to CITIC Telecom Directors, Officers and Employees (as defined here below); and to promote the long term financial success of CITIC Telecom by aligning the interests of grantees to shareholders of CITIC Telecom.

2. The grantees of the CITIC Telecom Share Option Plan are any person employed by CITIC Telecom or any of its subsidiaries and any person who is an officer or director of CITIC Telecom or any of its subsidiaries (collectively the "CITIC Telecom Directors, Officers and Employees") as the board of CITIC Telecom may, in its absolute discretion, select.
3. The total number of shares of CITIC Telecom (the "CITIC Telecom Shares") issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the CITIC Telecom Shares in issue. Where any further grant of options to a grantee would result in the CITIC Telecom Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the CITIC Telecom Shares in issue, such further grant shall be subject to separate approval by the shareholders of CITIC Telecom in general meeting.
4. The exercise period of any option granted under the CITIC Telecom Share Option Plan must not be more than ten years commencing on the date of grant.
5. The acceptance of an offer of the grant of the options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.
6. The subscription price determined by the board of CITIC Telecom will not be less than the higher of (i) the closing price of CITIC Telecom's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on the date of grant; and (ii) the average closing price of CITIC Telecom's shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

As approved at the annual general meeting of CITIC Telecom held on 25 April 2014, the mandate limit is refreshed so that taking into account the overriding limit of the CITIC Telecom Share Option Plan, the total number of the CITIC Telecom Shares which may be issued upon the exercise of all options to be granted under the CITIC Telecom Share Option Plan, together with all outstanding options granted and yet to be exercised under the CITIC Telecom Share Option Plan, shall not exceed 333,505,276 CITIC Telecom Shares, being 10% of the number of the CITIC Telecom Shares in issue as at the date of approval of the refreshment of the mandate limit.

Particulars of the outstanding share options granted under the CITIC Telecom Share Option Plan and their movements during the year ended 31 December 2023 are as follows:

| <b>Date of grant</b> | <b>Number of share options</b> | <b>Exercise period</b>  | <b>Exercise price per share<br/>HK\$</b> |
|----------------------|--------------------------------|-------------------------|--|
| 24.03.2017           | 45,339,500                     | 24.03.2018 – 23.03.2023 | 2.45                                     |
| 24.03.2017           | 45,339,500                     | 24.03.2019 – 23.03.2024 | 2.45                                     |

The grantees were CITIC Telecom Directors, Officers and Employees. None of these options were granted to the directors, chief executives or substantial shareholders of CITIC Limited.

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The first 50% of the share options granted on 24 March 2017 have expired at the close of business on 23 March 2023. The above outstanding options granted and accepted under the CITIC Telecom Share Option Plan can be exercised in whole or in part within 5 years from the date of commencement of the exercise period.

As at 1 January 2023, options for 18,938,500 CITIC Telecom Shares were outstanding under the CITIC Telecom Share Option Plan. During the year ended 31 December 2023, options for 11,754,500 CITIC Telecom Shares were exercised, options for 3,384,500 CITIC Telecom Shares have lapsed. No share options were granted nor cancelled in 2023. As at 31 December 2023, options for 3,799,500 CITIC Telecom Shares under the CITIC Telecom Share Option Plan were exercisable.

A summary of the movements of the share options during the year ended 31 December 2023 is as follows:

### Employees of CITIC Limited/CITIC Telecom under continuous contracts (as defined in the Employment Ordinance)

| Date of grant | Exercise period         | Balance as at<br>01.01.2023 | Number of share options   |  | Balance as at<br>31.12.2023 |
|---------------|-------------------------|-----------------------------|---|--|-----------------------------|
|               |                         |                             | Exercised<br>during the<br>year ended<br>31.12.2023<br>(Note 1) | Lapsed<br>during the<br>year ended<br>31.12.2023<br>(Note 2) |                             |
| 24.03.2017    | 24.03.2018 – 23.03.2023 | 7,533,500                   | 4,215,000   | 3,318,500  | –                           |
| 24.03.2017    | 24.03.2019 – 23.03.2024 | 11,405,000                  | 7,539,500   | 66,000   | 3,799,500                   |

Notes:

- (1) The weighted average closing price of CITIC Telecom Shares immediately before the dates on which the options were exercised was HK\$2.95.  
(2) These are in respect of options granted to some employees under continuous contracts who have subsequently resigned. Such options have lapsed during the year ended 31 December 2023.

### CITIC Resources Holdings Limited (“CITIC Resources”)

The share option scheme adopted by CITIC Resources on 30 June 2004 (the “Old Scheme”) for a term of 10 years expired on 29 June 2014. The share options granted under the Old Scheme have been lapsed. To enable CITIC Resources to continue to grant share options as an incentive or reward to eligible persons, a new share option scheme was adopted by CITIC Resources on 27 June 2014 (the “New Scheme”).

Pursuant to the New Scheme, CITIC Resources may grant options to eligible persons to subscribe for shares of CITIC Resources subject to the terms and conditions stipulated therein. A summary of some of the principal terms of the New Scheme is as follows:

- (a) To allow CITIC Resources (i) to be competitive and to be able to attract, retain and motivate appropriate personnel to assist the CITIC Resources group in attaining its strategic objectives by offering share options to enhance general remuneration packages; (ii) to align the interests of the directors and employees of the CITIC Resources group with the performance of CITIC Resources and the value of the shares; and (iii) to align the commercial interests of business associates, customers and suppliers of the CITIC Resources group with the interests and success of the CITIC Resources group.
- (b) The eligible persons include employees and directors of CITIC Resources and any of its subsidiaries (including their respective executive and non-executive directors), business associates and advisers who will provide or have provided services to the CITIC Resources group.
- (c) The total number of shares which may be issued upon the exercise of all outstanding options granted under the New Scheme and any other schemes of CITIC Resources shall not exceed 10% of the total number of shares of CITIC Resources in issue as at the date of adoption of the New Scheme.
- (d) The total number of shares issued and to be issued upon the exercise of the options granted to an eligible person (including any exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant shall not exceed 1% of the total number of shares of CITIC Resources in issue at the date of grant.
- (e) The period during which an option may be exercised is determined by the board of directors of CITIC Resources at its absolute discretion, except that no option may be exercised after 10 years from the date of grant.
- (f) The minimum period for which an option must be held before it can be exercised is one year.
- (g) The exercise price payable in respect of each share of CITIC Resources shall be not less than the greater of (i) the closing price of the shares of CITIC Resources on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant (which must be a business day); (ii) the average closing price of the shares of CITIC Resources on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares of CITIC Resources.
- (h) The New Scheme remains in force until 26 June 2024 unless otherwise terminated in accordance with the terms stipulated therein.

Share options do not confer rights on the holders to dividends or to vote at general meetings.

No share options were granted under the New Scheme during the year ended 31 December 2023.

## Report of the Directors

### Directors' Interests in Securities

As at 31 December 2023, the interests and short positions of the directors of CITIC Limited in the shares, underlying shares and debentures of CITIC Limited or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to CITIC Limited and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by CITIC Limited pursuant to section 352 of the SFO, or as otherwise notified to CITIC Limited and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

#### Interest in Associated Corporation of CITIC Limited

| Name       | Name of associated corporation   | Capacity/<br>nature of interest         | Number of<br>shares held | Approximate<br>percentage of<br>shareholding in<br>the issued shares<br>(A Shares) of<br>the associated<br>corporation |
|------------|----------------------------------|---|--------------------------|--|
| Yue Xuekun | CITIC Securities Company Limited | Beneficial owner/<br>Interest of spouse | 181,435<br>A Shares      | 0.0015%  |

Save as disclosed above, as at 31 December 2023, none of the directors of CITIC Limited had nor were they taken or deemed to have, under Part XV of the SFO, any interest or short positions in the shares, underlying shares and debentures of CITIC Limited or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by CITIC Limited pursuant to section 352 of the SFO or as otherwise notified to CITIC Limited and the Hong Kong Stock Exchange pursuant to the Model Code as set out in the Listing Rules.

### Arrangement to Acquire Shares or Debentures

Save for the share option plans as disclosed above, at no time during the year was CITIC Limited, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the directors of CITIC Limited (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, CITIC Limited or any other body corporate.

## Interests of Substantial Shareholders

As at 31 December 2023, substantial shareholders of CITIC Limited (other than directors of CITIC Limited) who had interests or short positions in the shares or underlying shares of CITIC Limited which would fall to be disclosed to CITIC Limited under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by CITIC Limited under section 336 of the SFO, or which were notified to CITIC Limited and the Hong Kong Stock Exchange, were as follows:

| Name   | Nature of interest/capacity  | Number of ordinary shares held   | Approximate percentage to the total number of issued shares |
|--|--|--|---|
| CITIC Group Corporation<br>("CITIC Group") (Note 1)  | Interests in a controlled corporation and interests in a section 317 concert party agreement | 21,270,800,597<br>(Long position)                                      | 73.12%<br>(Long position)                                   |
| CITIC Glory Limited<br>("CITIC Glory") (Note 2)  | Beneficial owner   | 7,446,906,755<br>(Long position)                                       | 25.60%<br>(Long position)                                   |
| CITIC Polaris Limited<br>("CITIC Polaris") (Note 3)  | Beneficial owner and interests in a section 317 concert party agreement                      | 21,270,800,597<br>(Long position)                                      | 73.12%<br>(Long position)                                   |
| Chia Tai Bright Investment Company Limited<br>("CT Bright") (Note 4)   | Beneficial owner and interests in a section 317 concert party agreement                      | 21,270,800,597<br>(Long position)<br>5,818,053,363<br>(Short position) | 73.12%<br>(Long position)<br>20.00%<br>(Short position)     |
| CT Brilliant Investment Holdings Limited<br>("CT Brilliant") (Note 5)  | Interests in a controlled corporation and interests in a section 317 concert party agreement | 21,270,800,597<br>(Long position)<br>5,818,053,363<br>(Short position) | 73.12%<br>(Long position)<br>20.00%<br>(Short position)     |
| Charoen Pokphand Group Company Limited<br>("CPG") (Note 6)   | Interests in a controlled corporation and interests in a section 317 concert party agreement | 21,270,800,597<br>(Long position)<br>5,818,053,363<br>(Short position) | 73.12%<br>(Long position)<br>20.00%<br>(Short position)     |
| ITOCHU Corporation<br>("ITOCHU") (Note 7)  | Interests in a controlled corporation and interests in a section 317 concert party agreement | 21,270,800,597<br>(Long position)<br>5,818,053,363<br>(Short position) | 73.12%<br>(Long position)<br>20.00%<br>(Short position)     |
| China CITIC Financial Asset Management Co., Ltd.<br>(formerly China Huarong Asset Management Co., Ltd.)<br>("CITIC FAMC") (Note 8) | Beneficial owner   | 1,457,422,158<br>(Long position)                                       | 5.01%<br>(Long position)                                    |

## Report of the Directors

### Notes:

- (1) CITIC Group is deemed to be interested in 21,270,800,597 shares: (i) by attribution of the interests of its two wholly-owned subsidiaries, CITIC Polaris (8,005,840,479 shares) and CITIC Glory (7,446,906,755 shares); and (ii) because CITIC Group is a party to the Share Purchase Agreement and the Preferred Shares Subscription Agreement which, reading together, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CITIC Group has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement.
- (2) CITIC Glory is beneficially interested in 7,446,906,755 shares of CITIC Limited.
- (3) CITIC Polaris is deemed to be interested in 21,270,800,597 shares: (i) by including 8,005,840,479 shares it holds as beneficial owner; and (ii) because CITIC Polaris is a party to the Share Purchase Agreement which, reading together with the Preferred Shares Subscription Agreement, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CITIC Polaris has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement.
- (4) CT Bright is deemed to be interested in 21,270,800,597 shares: (i) by including 5,818,053,363 shares it holds as beneficial owner; and (ii) because CT Bright is a party to the Share Purchase Agreement and the Preferred Shares Subscription Agreement which, reading together, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CT Bright has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement. CT Bright has a short position of 5,818,053,363 shares because it is under an obligation to deliver a maximum of 5,818,053,363 shares to CITIC Polaris if CITIC Polaris' right of first refusal under the Share Purchase Agreement is exercised in full.
- (5) CT Brilliant is deemed to be interested in 21,270,800,597 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright directly holding 50% equity interest in CT Bright.
- (6) CPG is deemed to be interested in 21,270,800,597 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright indirectly holding 50% equity interest in CT Bright through CT Brilliant, its wholly-owned subsidiary.
- (7) ITOCHU is deemed to be interested in 21,270,800,597 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright directly holding 50% equity interest in CT Bright.
- (8) CITIC FAMC is beneficially interested in 1,457,422,158 shares of CITIC Limited.

## Shareholding Statistics

Based on the share register records of CITIC Limited, set out below is a shareholding statistics chart of the registered shareholders of CITIC Limited as at 31 December 2023:

| Number of shares held        | Number of shareholders | Percentage |
|------------------------------|------------------------|------------|
| 1 to 1,000                   | 3,842                  | 57.688     |
| 1,001 to 10,000              | 2,160                  | 32.432     |
| 10,001 to 100,000            | 596                    | 8.949      |
| 100,001 to 1,000,000         | 55                     | 0.826      |
| 1,000,001 to 100,000,000     | 0                      | 0.000      |
| 100,000,001 to 500,000,000   | 1                      | 0.015      |
| 500,000,001 to 2,000,000,000 | 2                      | 0.030      |
| 2,000,000,001 above          | 4                      | 0.060      |
| Total:                       | 6,660                  | 100        |

As at 31 December 2023, the total number of ordinary shares in issue of CITIC Limited was 29,090,262,630 and based on the share register records of CITIC Limited, HKSCC Nominees Limited held 9,821,040,043 ordinary shares in entities ranging from 1,000 to 1,000,000,000 ordinary shares and representing 33.76% of the total number of ordinary shares in issue of CITIC Limited.

## Purchase, Sale or Redemption of Listed Securities

On 17 January 2023, CITIC Limited fully redeemed the USD1,400 million 6.8% notes under the Medium Term Note Programme upon maturity. These notes were issued in three tranches, namely, (i) USD750 million issued on 17 October 2012, (ii) USD250 million issued on 11 December 2012 and (iii) USD400 million issued on 18 July 2014. The notes issued as mentioned above were listed on the Hong Kong Stock Exchange.

Save as disclosed above, neither CITIC Limited nor any of its subsidiary companies has purchased, sold or redeemed any of CITIC Limited's listed securities during the year ended 31 December 2023.

## Sufficiency of Public Float

The Hong Kong Stock Exchange has granted a waiver (the "Waiver") to CITIC Limited from strict compliance with the minimum public float of 25% upon completion of the acquisition of CITIC Corporation Limited (the "Acquisition") on 25 August 2014. Since then, CITIC Limited has complied with the public float requirement which is at the percentage being 21.87% held by the public immediately after completion of the Acquisition pursuant to the Waiver.

Subsequent to the completion of the share transfer from CITIC Polaris Limited (a substantial shareholder of CITIC Limited) to China CITIC Financial Asset Management Co., Ltd. in December 2023, CITIC Limited has maintained the prescribed public float of at least 25% under the Listing Rules, based on the information that is publicly available to CITIC Limited and within the knowledge of the directors as at the date of this annual report.

## Corporate Governance

CITIC Limited's corporate governance principles and practices are set out in the Corporate Governance Report on pages 97 to 136.

## Auditor

At the close of the annual general meeting in 2023, Messrs PricewaterhouseCoopers, Certified Public Accountants, retired as auditor of CITIC Limited upon expiration of its term of office and Messrs KPMG, Certified Public Accountants, was appointed as new auditor of CITIC Limited to hold office until the conclusion of the 2024 AGM.

The Group's consolidated financial statements for the year have been audited by Messrs KPMG, who will retire and, being eligible, offer themselves for re-appointment at the 2024 AGM.

By Order of the Board,  
**Xi Guohua**  
*Chairman*  
 Hong Kong, 28 March 2024