

Chairman's Letter to Shareholders



Dear shareholders,

The year 2024 was marked by notable and inspiring achievements. The third plenary session of the 20th Central Committee of the Communist Party of China was successfully convened, outlining the blueprint for deepening comprehensive reform and advancing Chinese modernisation. It was a year that witnessed both a continuation of the past and the beginning of a new chapter. 2024 was also the 45th anniversary of CITIC's founding, a testament to the unremitting efforts of generations of CITIC employees who have served the company in alignment with China's development and an evolving global landscape.

Throughout CITIC's 45-year journey, our employees have demonstrated a steadfast commitment to our founding mission, a determination to tackle challenges through reform and a drive to enhance quality and efficiency through innovation. CITIC has grown in scale, quality and efficiency. Since the introduction of the 14th Five-Year Plan, the company's annual revenue growth rate has consistently been in double digits, accompanied by a steady increase in profit attributable to ordinary shareholders. In 2024, CITIC Limited's revenue reached RMB752.87 billion, marking a 10.6% year-on-year increase. Profit attributable to ordinary shareholders was up 1.1% year on year to RMB58.202 billion. As a visible indicator of our success, CITIC Limited's market capitalisation rose by 27.5% during the year, outperforming the Hang Seng Index (17.7%) and the Hang Seng Composite Industry Index – Conglomerates (5.52%). Over the past four years, CITIC's market capitalisation has cumulatively increased by over HK\$100 billion, reflecting strong market recognition and shareholder confidence. Creating greater value for our investors remains one of our top priorities, as we recognise that the company's steady growth hinges on your unwavering trust and support. **The Board recommends a final dividend of RMB0.36 per share, bringing the total for 2024 to RMB0.55 per share with a payout ratio of 27.5%, up 1.5 percentage points from 2023.**

These achievements are the result of a series of long-term strategic planning, the advancement of reform efforts and innovation.

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In 2024, we advanced our “Financial Core” strategy to enhance CITIC’s stability and robustness. Our financial business accounts for over 90% of CITIC’s assets and contributes 80% of its profits. Strengthening this business aligns with our duty to serve China’s real economy and commitment to support its ambition to become a country with great financial strength. It is also a strategic imperative to create greater value and deliver stronger returns to shareholders. Our “Financial Core” initiative focuses on banking, securities, trust, insurance and financial leasing, strengthening our core capabilities and competitiveness to better serve national development, benefit society and drive corporate performance. Leveraging our full suite of financial licences, we have effectively facilitated the “Five Major Tasks” in finance and established a support ecosystem primarily focused on equity investment, integrating multiple tools including equity, loans, bonds and insurance. This allowed us to achieve a 96% coverage rate in serving the first five batches of national-level specialised and sophisticated SMEs. We also expanded integrated financial solutions to unlock the full potential of our financial businesses. The financial segment delivered a strong performance, enhancing its quality and efficiency. Profit attributable to ordinary shareholders reached RMB52.649 billion, reflecting a year-on-year increase of 4.3%. CITIC Bank recorded positive growth in revenue, profit and its provision coverage ratio. Meanwhile, CITIC Securities retained its industry leadership in key financial metrics and business scale, further strengthening its role as a bedrock of stability.

In 2024, we launched the “Industrial Starlink” initiative to reinforce CITIC’s resilience. In an era of accelerating global transformation, where geopolitical and economic uncertainties have become the norm, our diversified industrial portfolio serves as a solid foundation for weathering economic cycles and sustaining resilient growth. Our “Industrial Starlink” initiative aims to revitalise traditional industries with established “stars”, foster new growth with emerging “stars” and explore future frontiers with tomorrow’s “stars”. These efforts will facilitate a seamless transition to new growth engines, elevating value chain industries and accelerating the development of a “second growth curve”. Our industrial subsidiaries drove continuous improvements in the sector through integration, capital optimisation and technological empowerment, collectively enhancing industrial resilience. Profit attributable to ordinary shareholders was RMB16.352 billion. CITIC Agriculture strengthened its competitive advantages with a private placement for Longping High-Tech. CITIC Pacific Special Steel and Nanjing Steel contributed to major national projects such as the Shenzhen-Zhongshan Link and the Changtai Yangtze River Bridge. CITIC Dicastal achieved breakthroughs in integrated die-casting technology and successfully launched Africa’s first Global Lighthouse, showcasing CITIC’s ability to deliver high-end, green and intelligent manufacturing. Leveraging our two securities firms and strategic investment platforms, we proactively identified high-potential opportunities, extended our footprint through direct investment funds and strengthened collaborations with universities and tech enterprises to build a pipeline of future-ready industrial projects.

In 2024, we strengthened technological innovation to unleash CITIC’s full potential. High-quality development hinges on new quality productive forces, with technological innovation serving as the fundamental driver. In response to the current wave of technological revolution and industrial transformation, we have increased our investments in innovation, enhanced our sci-tech innovation ecosystem and launched “Operation Rock” to advance our “2+4+N” innovation platform. This platform cluster supports two key national laboratories focused on intelligent mining and digital steel and four technology centres specialising in fintech, seed breeding, advanced metal materials and lightweight solutions. We also strengthened our own R&D capabilities, achieving breakthroughs in advanced intelligent manufacturing, advanced materials, biotechnology breeding and intelligent robotics. Leveraging diverse application scenarios and extensive data resources, we have aggressively advanced our “AI+” action plan, developing a variety of general-purpose and specialised large language models and innovative use cases in areas of industrial vision, intelligent publishing and low-carbon solutions. We aim to accelerate the transition of scientific achievements from lab to market into widely used products.

In 2024, we solidified our international advantages to amplify CITIC’s openness and global reach.

Internationalisation is not about one or a group of companies simply going abroad; it is about fostering a two-way exchange between China and the world and creating a win-win dynamic among domestic and international stakeholders. As one of China’s earliest enterprises to invest and operate overseas after the reform and opening

up of the country, CITIC's global footprint now spans approximately 160 countries and regions. In 2024, the value of CITIC Construction's newly signed overseas contracts and newly effective contracts increased by 3.2 times and 1.8 times, respectively. CITIC Heavy Industries reported an over 80% year-on-year increase in newly effective overseas orders, reflecting the "hard power" of our international growth. We are also committed to building "soft power" to connect with the world, serving as a bridge for economic cooperation and cultural exchange between China and other countries. We successfully hosted the 2024 ESG Global Leaders Summit, launching the service brand, "CITIC, Your Trusted Partner for Going Global and Coming to China". We also organised events such as the "German Manufacturing Enterprises Chongqing Tour" and "CITIC Limited's Strategic Shareholder Changsha Tour". These initiatives empowered Chinese individuals and businesses to integrate into the global community while inviting international partners to explore and invest in China. Together with our partners from around the world, we are embracing opportunities, pursuing mutual success and striving towards a promising future.

In 2024, we strengthened our market value management to build a more valuable CITIC. The company prioritises investor returns and market value management, incorporating them into our long-term strategic framework to ensure corporate value and market value grow in tandem. In 2024, we launched the self-funded purchase of CITIC Limited shares by middle and senior management, released a three-year shareholder return plan, introduced market value KPIs for all our listed subsidiaries and actively explored reform pathways for market value management in central and state-owned enterprises. We are confident that as China's economy advances and Chinese enterprises continue to enhance their global competitiveness, the valuation discount on large Chinese SOEs like CITIC may narrow significantly, allowing us to deliver greater returns and value to investors.

In 2024, we intensified talent management reforms to enhance CITIC's dynamism. People are the cornerstone of any enterprise. The success of upholding organisational traditions or driving innovation equally rely on talent. Establishing CITIC as a century-old national brand will require generations of fresh-thinking, responsible, capable and driven individuals to carry the torch forward. With this in mind, we have refined our talent recruitment and development systems to strengthen our core engine for growth. We launched "Operation Galaxy" for scientific talent, aimed at selecting and nurturing chief scientists, senior experts and young innovation leaders, as well as recruiting top global talent in cutting-edge fields like artificial intelligence and new materials. We identified high-potential young leaders with the courage to innovate and the ability to drive reform through open selection, encouraging pioneering organisational dynamics. At the same time, we advanced our "Talent Ladder Programme", "Leadership Talent Programme" and "Global Talent Programme", aiming to build a talent pipeline tailored to CITIC that focuses on talent selection, development, management and placement. This holistic approach will lay the groundwork for CITIC's enduring success.

Reflecting on both the past and the present, the passion of our employees stands out as a key driver of our long-term success. We continually ask ourselves: How can CITIC stay ahead of the times? How can we sustain our momentum and pace of development? How can we harness this wave of technological revolution and industrial transformation? Reform is the path forward; innovation is the breakthrough; security is the foundation. After 45 years, we must look beyond our immediate performance and focus on the journey ahead. In today's world, unprecedented changes are accelerating and significantly reshaping the international landscape, global governance system and competition among nations. In today's China, the dual missions of building a strong nation and achieving national rejuvenation hold both promise and responsibility. China's pursuit of high-quality development and its strategic consideration of a new development paradigm mandate that we further align with the needs of the nation and fine-tune our developmental direction. In this pivotal moment at the conclusion of the 14th Five-Year Plan, amid the rise of artificial intelligence, we must confront the challenges of deepening reforms while navigating a complex landscape, overcoming the growing pains of innovative breakthroughs and transformation catalysed by technological advancement. In 2025, we will demonstrate the courage, confidence and commitment to deepen reforms, foster innovation and optimise our structure. While ensuring both development and security, we strive to achieve high-quality development with a pioneering mindset.

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We will rise to challenge of reform to enhance our value creation capabilities. Achieving high-quality development requires comprehensive reforms to break new ground and build momentum. We will focus on streamlining and strengthening our core businesses, optimising resource allocation and creating room for growth. By launching the “Financial Core” and “Industrial Starlink” initiatives, we aim to strengthen our competitive edge in comprehensive financial services and shape a vibrant industrial ecosystem where individual “stars” shine and converge into cohesive constellations. We will also accelerate the implementation of our business strategies for Hong Kong, Macau and overseas with greater openness. The ultimate goal of our reforms is to drive value growth – delivering superior products and services, outstanding performance and meaningful returns to our investors, while giving back to employees and the wider public.

We will sustain our focus on innovation to fuel growth. Recent years have witnessed extraordinary progress in breakthrough technologies, with DeepSeek's debut earlier this year showcasing China's rising leadership in this technological era. We will prioritise developing new quality productive forces and driving innovation as a core strategic focus. This means consistently improving our approach to innovation, cultivating an ecosystem that encourages exploration, responsibility and creativity, while championing a pioneering spirit that pushes boundaries and explores replicable and scalable innovative models. Initiatives like “Operation Rock” and “Operation Galaxy” will fuel our progress by reinforcing systemic reforms to support technological innovation. We aim to position CITIC at the forefront of the modern age, with endurance and perseverance driving continuous advancement.

We will manage risks to solidify the foundation for sustainable development. Recognising the growing complexities, challenges and uncertainties of our times, we understand that vigilance, bottom-line thinking and a long-term perspective are essential for steady and enduring progress. We will reinforce our commitment to sustainable development by focusing on preparedness, prevention and control to enhance the foresight, accuracy, strength and effectiveness of risk management. These efforts will help identify and mitigate major risks, ensuring compliance and avoiding systemic risks. With robust security measures supporting high-quality development, we aim to build a stable, successful company that can endure beyond 100 years.

CITIC has achieved remarkable accomplishments over the past 45 years. As we look towards a bright future, we are confident that CITIC will reach new heights within the next five years, fuelled by the momentum of Chinese modernisation, supported by our shareholders and society, and propelled by the unwavering commitment of our 190,000 dedicated staff. We are committed to creating greater value and returns for our customers, shareholders and communities, and to making a more significant contribution in the effort to build a great country and advance national rejuvenation!



Xi Guohua
Chairman
28 March 2025