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CITIC

## PRESS RELEASE

23 March 2017

### 2016 FULL-YEAR RESULTS

CITIC Limited ("CITIC" or "the company") today announced its results for the full-year ended 31 December 2016.

### HIGHLIGHTS

<i>HK\$ million</i>	<b>2016</b>	2015 (restated)
Profit attributable to ordinary shareholders	<b>43,119</b>	41,812
Basic earnings per share (HK\$)	<b>1.48</b>	1.58
Dividend per share (HK\$)	<b>0.33</b>	0.30
	<b>As at 31 Dec</b>	As at 31 Dec
Total ordinary shareholders' funds and perpetual capital securities	<b>490,633</b>	492,902

For the year 2016, CITIC Limited recorded profit attributable to ordinary shareholders of HK\$43.1 billion, 3% more than 2015. Factors affecting the results include a HK\$7.2 billion (after tax) non-cash impairment charge made on the Sino Iron mine, lower contribution from the financial services business owing to the company's reduced weighted average holding in CITIC Bank, and the depreciation of the Renminbi as expressed in CITIC's reporting currency, Hong Kong dollars. On the other hand, a gain of HK\$10.3 billion was recorded, due to the completion of the sale of residential property assets in mainland China to China Overseas Land and Investment ("COLI") in September, 2016.

The board recommends a final dividend payment of HK\$0.23 per share, giving shareholders a total dividend of HK\$0.33 per share for the year 2016, 10% more than 2015.

Commenting on the 2016 Results, Chairman Chang Zhenming said, "*We achieved a solid result supported by strong and steady performances by most of our businesses. However, there is no doubt that we continue to face global economic uncertainties and challenges in the domestic market. We are confident about our strategic orientation, which is to be customer-centric and commercially-driven in all that we do. We will simultaneously nurture and build our core competencies while also evolving to embrace opportunities in the consumer economy, such as our recent investment in McDonalds' business in Hong Kong and mainland China. As the world changes and China's economy matures, CITIC will strive to retain market leadership and to identify the businesses of tomorrow.*"

**Financial Services:** Profit contribution from this sector was HK\$38.4 billion, 27% lower compared with 2015. Major factors affecting sector contribution: (1) Included in the 2015 number was a HK\$12.2 billion (pre-tax) gain from the disposal of a 3% interest in CITIC Securities and an accounting gain from CITIC Securities' share placement. (2) A lower weighted average shareholding in CITIC Bank in 2016. (3) RMB depreciation affecting the contribution reported in Hong Kong dollars.

For 2016, CITIC Bank's profit increased slightly from 2015, mainly attributable to a rise in the impairment for non-performing loans. During the year, CITIC Bank further improved its income mix, which saw a rise in non-interest income to 31% at the end of 2016 from 28% at the end of 2015. Although net interest margin narrowed, the effect was offset by an increase in interest-earning assets. A lacklustre A share market, meanwhile, significantly affected the results of CITIC Securities. Net profit at CITIC Trust remained flat compared with 2015. Profit at CITIC-Prudential grew as its premium income increased.

**Resources and Energy:** The sector recorded a loss of HK\$6.9 billion compared with a loss of HK\$17.3 billion in 2015 as the performance of CITIC Resources improved significantly, recording a profit. The loss was mainly due to a HK\$7.2 billion after tax non-cash impairment charge on the company's Sino Iron project in Western Australia. In May 2016, the last of the six production lines commenced commissioning at Sino Iron. The operational focus is now on ramping up production, improving efficiency and lowering operating costs.

**Manufacturing:** Profit contribution from this business was HK\$1.7 billion, 30% lower than 2015 due to a significant loss recorded at CITIC Heavy Industries, which suffered from continuing weak demand from downstream industries for heavy machinery and equipment, as well as an impairment charge. Through continued focus on higher-margin products and an optimised raw material procurement strategy, CITIC Pacific Special Steel achieved a significant profit growth in 2016. CITIC Dicastal delivered double digit profit growth due to strong domestic and overseas demand for its products.

**Engineering Contracting:** The sector recorded a profit contribution of HK\$1.7 billion, 36% less than 2015. New projects at CITIC Construction, including infrastructure projects in Kazakhstan and Angola, are yet to begin contributing to revenue, as they are either recently signed or remain at a preliminary stage.

**Real Estate:** Profit contribution was HK\$12.1 billion, which included a gain of HK\$10.3 billion from the sale of mainland China residential property assets to COLI. New land bank sites with a total gross floor area of approximately 2.7 million m<sup>2</sup> were acquired in Wuhan for the development of large integrated projects.

**Other businesses** continued to contribute to the company's bottom line and provide opportunities for future growth. As the Chinese economy transitions toward consumption and services, CITIC is expanding its own focus on the consumer sector. Dah Chong Hong built upon its existing distribution platform by acquiring LF Asia in 2016 and expanding its reach into healthcare and personal care products. CITIC Press continues to innovate in the way it reaches Chinese readers through both digital and brick-and-mortar channels. CITIC's new partnership with McDonald's in mainland China and Hong Kong, announced in January 2017, is expected to be consummated in the second half of 2017.

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## **About CITIC Limited**

CITIC Limited is China's largest conglomerate operating domestically and overseas, with businesses in financial services, resources and energy, manufacturing, engineering contracting and real estate as well as others. CITIC's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising from China's continued growth. CITIC Limited is listed on the Stock Exchange of Hong Kong (SEHK:267), where it is a constituent of the Hang Seng Index. CITIC Group, a Chinese state owned enterprise, owns 58% of CITIC Limited. For more information about CITIC Limited, please visit the company website at [www.citic.com](http://www.citic.com).

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### **Attachment:**

- *Announcement of the 2016 annual results, including the Chairman's letter, is attached to this email and also on CITIC Limited's website: [www.citic.com](http://www.citic.com).*

- *The Annual Report 2016 will be posted on CITIC Limited's website around 18 April 2017 and mailed to shareholders of record and others expressing interest around 25 April 2017.*