



# CITIC Limited

## 中國中信股份有限公司

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 00267)**

### CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear shareholders,

In the first half of 2024, amid a complex and challenging external environment, CITIC Limited remained fully committed to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and resolutely implemented the major decisions and plans of the Central Committee of the Communist Party of China and the State Council. Under CITIC's "One Deepening, Three Promotions and Five Breakthroughs" strategic direction for reform and development, we focused on promoting operational excellence in our financial business, transforming and upgrading our non-financial business portfolio and promoting effective risk resolution. In the first half of 2024, CITIC delivered a stable performance and recorded a profit attributable to ordinary shareholders of RMB32.1 billion, a year-on-year increase of 0.1%. S&P Global Ratings upgraded CITIC Limited's long-term issuer credit rating from BBB+ (positive outlook) to A- (stable outlook), our highest rating since 2016. CITIC Group also climbed 29 places to 71st in the "Fortune Global 500".

These achievements would not have been possible without the support of our shareholders. CITIC Limited remains committed to enhancing our corporate value and shareholder returns with a stable and sustainable dividend policy. The Board of Directors recommends an interim dividend of RMB0.19 per share, an increase of RMB0.01 per share year on year. The total dividend payout amounts to RMB5.527 billion.

We have demonstrated our confidence in CITIC's fundamentals and long-term development prospects with concrete action. In the first half of the year, we announced a voluntary purchase of CITIC Limited shares by directors, senior and middle management. Since the announcement, nearly 200 participants have purchased an aggregate value of more than HK\$80 million in shares.

### **Further demonstrating resilient development with the implementation of the "553" strategy**

**The comprehensive financial service segment** overcame operational pressure and instituted the CITIC model of "Five Major Tasks" in finance. CITIC Financial Holdings has taken the initiative to improve the quality and efficiency of serving the real economy and the segment provided a total of RMB11.8 trillion in financing across credit, equity, bond underwriting and

other sources. The establishment of CITIC Equity Investment Alliance and CITIC Special Assets Alliance further strengthened our competitiveness in comprehensive financial services. Following the implementation of the “Five Leading” strategy, CITIC Bank outperformed the market in its management of the narrowing net interest margin and achieved growth in its operating income and non-interest income. Green finance, medium- and long-term loans for the manufacturing sector and inclusive finance rose by 15%, 8% and 7% respectively from the beginning of the year. CITIC Securities delivered stable profit and led the industry with RMB909 billion in domestic equity and debt underwriting value. It also maintained a leading position in equity financing for strategic emerging industries and technology innovation bond underwriting. CSC Financial ranked second in the industry with total domestic equity and bond underwriting of RMB704.8 billion and ranked first in the number of corporate equity financing deals for national specialised and sophisticated “little giant” enterprises. Following efforts to accelerate business transformation, CITIC Trust accelerated its business transformation and realised 18% growth in trust assets under management compared to the beginning of the year. Meanwhile, CITIC-Prudential Life expanded its distribution channels and optimised its product structure, achieving 10% year-on-year growth in new business value.

**The advanced intelligent manufacturing segment** benefited from strong growth momentum in the equipment manufacturing and high-tech manufacturing sectors. It has been actively promoting high-end, intelligent and green transformation while enhancing product competitiveness. CITIC Heavy Industries completed a private placement of RMB828 million and further strengthened its leading position in global equipment manufacturing. CITIC Dicastal, despite challenges such as rising costs, recorded growth in revenue and profit with double-digit increases in both the production and sales of aluminium wheels and castings.

**The advanced materials segment** contributed to the security of the industrial chain through the supply of national strategic resources. CITIC Pacific Special Steel and Nanjing Iron & Steel outperformed peers despite weak demand, with production and export volumes of special steel products ranking first among domestic special steel companies. Notably, CITIC Pacific Special Steel’s ultra-high strength wire rods with a world-leading capacity of 2,060MPa were developed and used for the bridge cables of the Shenzhen-Zhongshan Link. As Australia’s largest magnetite operation, Sino Iron continues to manage challenges including reduced production while land access issues are being resolved, labour shortages and cost pressures and remains a leading concentrate supplier to China. The phase three concentrator of the Kamo-Kakula Copper Mine and the new concentrator of the Kipushi Zinc Mine, both under Ivanhoe Mines with investment from CITIC Metal, were completed and put into production ahead of schedule with world-leading production capacity.

**The new consumption segment** actively responded to consumer market headwinds with a focus on agility and transformation. CITIC Press’s focus on smart publishing and leveled readers for children helped maintain its leading position in the retail publishing market. CITIC Telecom International continued to expand 5G applications to support smart city development. The number of CITIC Telecom’s 5G users doubled year on year, and the penetration rate neared 90%, demonstrating its business resilience and growth potential. CITIC actively supported Yuan Longping High-Tech Agriculture in implementing China’s seed industry revitalisation action plan as part of our long-term investment and commitment to build Longping High-Tech into a world-class seed industry group.

**The new-type urbanisation segment** continues to align to the Belt and Road Initiative and regional development with an aim to accelerate project construction and delivery. CITIC Construction's key domestic and international projects, such as Ziyang Airport Economic Zone, Nanjing Jiangbei New District and Kazakhstan Expressway, are progressing according to plan while CITIC Environment nearly doubled the value of new contracts year on year. CITIC Environment recently undertook the operation of the largest peninsula sewage treatment plant in Macau and completed the production acceptance of its KBM oilfield water reuse project in Kazakhstan ahead of schedule. CITIC Pacific Properties accelerated the delivery and settlement of various key projects with growth in both revenue and profit despite downward market trends.

### **Managing corporate development and security for high-quality growth**

**Steady progress in risk diffusion.** We have achieved positive results with the implementation of a collaborative risk resolution model and attained breakthroughs in projects including Shenzhen Jinsha Bay and Shanghai Dongjiadu. CITIC Trust also successfully exited the Guangzhou Evergrande project. We have established a regular risk assessment mechanism to strengthen holistic risk management and organisational transparency, reinforcing compliance responsibilities at all levels.

**Unleashing efficiency through technological innovation.** We launched the AI+ action plan to foster a "1+N" large language model by coordinating the implementation of a foundation model designed at the group-level, while empowering subsidiaries to capitalise on their market leadership and key roles in the value chain to develop industry-specific models. We are also advancing the development of innovative platforms, such as the State Key Laboratory of Intelligent Mining Heavy Equipment, the State Key Laboratory for digital steel and the key generic technology laboratory for the seed industry. Building on the success of our "Factory Lighthouses" for aluminium wheels and special steel manufacturing, we are now focusing our efforts to achieve another "Lighthouse" designation at CITIC Dicastal's factory in Morocco. CITIC Dicastal and CITIC Heavy Industries jointly launched an integrated die-casting project and published a solution to advance global automotive production processes. Two scientific and technological achievements involving Nanjing Iron & Steel received the National Science and Technology Progress Award (Second Class).

**Bolstering efforts in overseas expansion.** Internationalisation has been CITIC's long-standing strength and a long-term strategic direction. The opening of CITIC Bank Hong Kong Branch further reinforced our international financial services network. CITIC Securities continued to excel in global financial services, achieving high growth in profit in its international business. CITIC Dicastal maintained its position as the global market share leader in aluminium wheels for 16 consecutive years. CITIC Heavy Industries reported a record high in the total number of new international orders. CITIC Construction signed contracts for several major projects, including the Riyadh social housing initiative in Saudi Arabia, the Marjan Island commercial complex in the United Arab Emirates and highway reconstruction in Uzbekistan.

**Driving continuous improvements in ESG performance.** The Board of Directors' Strategic Committee has been renamed the Strategic and Sustainable Development Committee with a corresponding working structure established to further strengthen our top-level ESG management. We are exploring the development of an integrated green financial service system encompassing five key components of green financial services, including green

financing, green investment, green consulting, green living and carbon management. We continued to lead the market in both the scale and number of issues of underwritten green bonds while the balance of green corporate loans reached RMB529.1 billion. CITIC has also allocated more resources and introduced innovative assistance models, channelling over RMB900 million into various types of funding for the counties and districts we assist.

### **Launching the “Financial Core” and “Industrial Starlink” initiatives to deepen comprehensive reform**

With ongoing complexity and challenges expected in the second half of the year, we will thoroughly study and implement the guiding principles set forth by the Third Plenary Session of the 20th Party Central Committee and adhere to CITIC’s “One Deepening, Three Promotions and Five Breakthroughs” strategic direction for reform and development. We strive to be in the vanguard of deepening reform to accelerate high-quality development and strengthen our core competitiveness. We will continue to foster new quality productive forces with new growth engines, enhance value creation through structural adjustment, fortify risk control through risk management systems and refine our governance structure to promote organisational competitiveness. These comprehensive and in-depth reforms will drive performance and value enhancement, charting a blueprint for a first-class, technologically-advanced enterprise.

Among the many reform initiatives, we have launched projects to strengthen our “Financial Core”, namely building a banking business with “Five Leading” capabilities, establishing a world-class investment bank, consolidating our leading position in trust services, enhancing our competitive edge in insurance and promoting financial leasing as a new growth driver for our comprehensive financial segment. To foster new quality productive forces and develop future industry champions, we have launched a series of “Industrial Starlink” programmes designed to rekindle our established “star” franchises, nurture emerging “stars” and identify future “stars” in the industry.

This year marks CITIC’s 45th anniversary. Throughout our journey, continuous reform has enabled us to navigate uncertainties, overcome difficulties and embrace opportunities. Today, we remain committed to deepening reform, promoting a CITIC that has “more distinctive characteristics, higher quality and greater potential”. We strive to build a well-structured and capable team, a well-managed and risk-controlled business foundation, a set of scientific, sound and effective systems and a clean, positive and entrepreneurial corporate culture. In doing so, we endeavour to make greater contribution towards building China into a great country and advancing national rejuvenation through Chinese modernisation.

**Xi Guohua**

*Chairman*

30 August 2024