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*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 6030)**

## **2013 ANNUAL RESULTS ANNOUNCEMENT**

The Board of CITIC Securities Company Limited is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2013. This announcement, containing the main text of the 2013 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results. The 2013 annual report of the Company and its printed version will be published and delivered to the H shareholders of the Company and available for view on the websites of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and of the Company at <http://www.cs.ecitic.com> on or before 30 April 2014.

## IMPORTANT NOTICE

The Board and the supervisory committee of the Company and the Directors, Supervisors and Senior Management warrant the truthfulness, accuracy and completeness of the announcement and that there is no false representation, misleading statement contained herein or material omission from this announcement, and for which they will assume joint and several liabilities.

This announcement was considered and approved at the 23rd Meeting of the 5th Session of the Board of the Company. All Directors of the Company attended the meeting.

No Director or Supervisor raised any objection to this announcement.

The Company's 2013 profit distribution proposal considered by the Board is a cash dividend of RMB1.50 for every 10 shares (tax inclusive), and is subject to the approval of the general meeting of the Company.

The domestic and international annual financial reports of the Company were audited by Ernst & Young Hua Ming LLP and Ernst & Young respectively, and auditor's reports with standard unqualified audit opinions were issued accordingly.

Mr. WANG Dongming, Chairman of the Company, and Mr. GE Xiaobo, the person-in-charge of accounting affairs and the head of the Company's financial department, warrant that the financial statements set out in this annual results announcement are true, accurate and complete.

There was no appropriation of funds of the Company by related/connected parties for non-operating purposes.

The Company prepared the announcement in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

## CONTENTS

|                                                                                              |     |
|----------------------------------------------------------------------------------------------|-----|
| Definitions.....                                                                             | 4   |
| Material Risk Factors.....                                                                   | 6   |
| Company Information.....                                                                     | 7   |
| Financial Summary .....                                                                      | 15  |
| Chairman’s Statement.....                                                                    | 19  |
| Management Discussion and Analysis .....                                                     | 21  |
| Report of the Board.....                                                                     | 53  |
| Significant Events .....                                                                     | 61  |
| Changes in Share Capital and Shareholdings of Substantial Shareholders .....                 | 74  |
| Directors, Supervisors, Senior Management and Employees .....                                | 82  |
| Corporate Governance Report .....                                                            | 95  |
| Independnet Auditor’s Report and Notes to Financial Statements .....                         | 129 |
| Documents Available for Inspection .....                                                     | 203 |
| Appendix 1: Organization Chart.....                                                          | 204 |
| Appendix 2: Index of Information Disclosure .....                                            | 205 |
| Appendix 3: Administrative Consents and Approvals Obtained During the Reporting Period ..... | 211 |
| Appendix 4: List of Domestic and Overseas Branches .....                                     | 213 |

## DEFINITIONS

|                                 |                                                                                                                                                                                                 |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “A Shareholder(s)”              | holder(s) of A Shares                                                                                                                                                                           |
| “A Shares”                      | the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB (stock code: 600030) |
| “Asia Satellite”                | Asia Satellite Telecommunications Holdings Limited                                                                                                                                              |
| “AUM”                           | assets under management                                                                                                                                                                         |
| “Board”                         | the board of directors of the Company                                                                                                                                                           |
| “CAM”                           | collective asset management                                                                                                                                                                     |
| “CASA BV”                       | Crédit Agricole Securities Asia BV, a private limited liability company established under the laws of the Netherlands, through which CA-CIB previously held the shares in CLSA B.V.             |
| “China AMC”                     | China Asset Management Co., Ltd.                                                                                                                                                                |
| “China CITIC Bank”              | China CITIC Bank Corporation Limited                                                                                                                                                            |
| “CITIC Futures”                 | CITIC Futures Co., Ltd. (former CITICS Futures Co., Ltd. and changed its name on 24 December 2013)                                                                                              |
| “CITIC Group”                   | CITIC Group Corporation (formerly known as China International Trust and Investment Corporation and CITIC Group (中國中信集團公司))                                                                     |
| “CITIC International Financial” | CITIC International Financial Holdings Limited                                                                                                                                                  |
| “CITIC PE”                      | CITIC Private Equity Funds Management Co., Ltd.                                                                                                                                                 |
| “CITIC Securities (Zhejiang)”   | CITIC Securities (Zhejiang) Co., Ltd.                                                                                                                                                           |
| “CITIC Securities Finance 2013” | CITIC Securities Finance 2013 Co. Ltd., a wholly-owned subsidiary of CITIC Securities International Company Limited                                                                             |
| “CITIC Securities Investment”   | CITIC Securities Investment Limited                                                                                                                                                             |
| “CITIC Trust”                   | CITIC Trust Co., Ltd                                                                                                                                                                            |
| “CITIC Wantong Securities”      | CITIC Wantong Securities Co., Ltd.                                                                                                                                                              |
| “CLSA Limited”                  | a wholly-owned subsidiary of CLSA which was renamed from CLSA Limited (里昂證券有限公司) to CLSA Limited (中信里昂證券有限公司) on 2 December 2013                                                                |
| “CLSA”                          | CLSA BV, a private limited liability company established under the law of Netherlands which became a wholly-owned subsidiary of CSI since 31 July 2013                                          |
| “Company Law”                   | the Company Law of the People’s Republic of China                                                                                                                                               |
| “Connected Transaction”         | has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time                                                                           |
| “CSI”                           | CITIC Securities International Company Limited                                                                                                                                                  |
| “CSRC”                          | the China Securities Regulatory Commission                                                                                                                                                      |

|                                        |                                                                                                                                                                                                                                     |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Director(s)”                          | the director(s) of the Company                                                                                                                                                                                                      |
| “Ernst & Young Hua Ming”               | Ernst & Young Hua Ming LLP                                                                                                                                                                                                          |
| “GoldStone Fund”                       | CITIC GoldStone Fund Management Co., Ltd.                                                                                                                                                                                           |
| “GoldStone Haorui”                     | Qingdao GoldStone Haorui Investment Co., Ltd.                                                                                                                                                                                       |
| “GoldStone Investment”                 | GoldStone Investment Co., Ltd                                                                                                                                                                                                       |
| “Group”                                | CITIC Securities Company Limited and its subsidiaries                                                                                                                                                                               |
| “H Shareholder(s)”                     | holder(s) of H Shares                                                                                                                                                                                                               |
| “H Shares”                             | the overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a normal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (stock code: 6030) |
| “HKEX”                                 | Hong Kong Exchanges and Clearing Limited                                                                                                                                                                                            |
| “Hong Kong Listing Rules”              | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited                                                                                                                                                |
| “Hong Kong Stock Exchange”             | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                             |
| “NSSF”                                 | the National Social Security Fund                                                                                                                                                                                                   |
| “Qianhai Equity Exchange”              | Qianhai Equity Exchange (Shenzhen) Company Limited                                                                                                                                                                                  |
| “Qingdao Lanhai Equity Exchange”       | Qingdao Lanhai Equity Exchange Co., Ltd.                                                                                                                                                                                            |
| “Related Party Transaction”            | has the meaning ascribed to it under the Shanghai Listing Rules currently in effect and as amended from time to time                                                                                                                |
| “SAIC”                                 | the State Administration for Industry & Commerce of the People’s Republic of China                                                                                                                                                  |
| “SAM”                                  | specified asset management                                                                                                                                                                                                          |
| “Securities Law”                       | the Securities Law of the People’s Republic of China                                                                                                                                                                                |
| “Senior Management”                    | the senior management of the Company                                                                                                                                                                                                |
| “Shanghai Listing Rules”               | Rules Governing the Listing of Stocks on Shanghai Stock Exchange                                                                                                                                                                    |
| “Shenzhen Bureau of the CSRC”          | the Shenzhen Securities Regulatory Bureau of the CSRC                                                                                                                                                                               |
| “SSE”                                  | Shanghai Stock Exchange                                                                                                                                                                                                             |
| “Supervisor(s)”                        | the supervisor(s) of the Company                                                                                                                                                                                                    |
| “TAM”                                  | targeted asset management                                                                                                                                                                                                           |
| “Tianjin Jingzheng”                    | Tianjin Jingzheng Property Services Limited                                                                                                                                                                                         |
| “Tianjin Shenzheng”                    | Tianjin Shenzheng Property Services Limited                                                                                                                                                                                         |
| “We”, “Company” and “CITIC Securities” | CITIC Securities Company Limited                                                                                                                                                                                                    |
| “Wind Info”                            | Wind Information Co., Ltd.                                                                                                                                                                                                          |
| “Xiamen Cross-strait Equity Exchange”  | Xiamen Cross-strait Equity Exchange Co, Ltd.                                                                                                                                                                                        |

## **MATERIAL RISK FACTORS**

The Group's business operation is highly dependent on the general economic and market conditions of China and other areas in which the Company operates, therefore, volatility in the Chinese and international capital markets will have significant impacts on the results of operation of the Group.

The major risks exposed to by the Group include but not limited to: Legal and compliance risk: the business management and standards may fail to align in a timely manner with changes in national laws and regulations and ordinances imposed by the regulatory authorities. Strategic risk: the Group may not be able to determine the strategic plan in response to the profound changes in the domestic and overseas capital markets. Internal operations and management risks: the risks arising from the transformation of our business model and emergence of new businesses and new technologies. Market risk may arise from the fluctuating price of the securities position held by the Group. Credit risk may arise from the default of its borrower or trading counterparty. Liquidity risk: the Group may encounter a shortage of fund in fulfillment of payment obligations. Operation risk may arise from the negligence or omission of the internal process management, information system failure or personnel misconduct. Risks such as currency exchange risk may arise from the operation of international businesses and financial innovative businesses. In particular, credit risk and liquidity risk are the major risks currently facing the Group.

To cope with the above risks, the Group takes preventive measures through its organizational structure, management system, information technology, etc., while at the same time, optimizes its business process and focuses on strengthening the management of credit risk and liquidity risk.

## 1. COMPANY INFORMATION

### 1.1 Profile

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name in Chinese:                           | 中信証券股份有限公司                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Abbreviation in Chinese:                   | 中信証券                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Name in English:                           | CITIC Securities Company Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Abbreviation in English:                   | CITIC Securities Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Legal Representative:                      | WANG Dongming                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Authorized Representatives:                | YIN Ke, ZHENG Jing                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| President:                                 | CHENG Boming                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Secretary to the Board, Company Secretary: | ZHENG Jing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Registered Address:                        | North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Postal Code: 518048)                                                                                                                                                                                                                                                                                                                                                           |
| Office Address:                            | CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Postal Code: 518048)<br><br>(Note: This is a postal address and is in the same tower as that of the registered address of the Company. The registered address of the Company corresponds to the name of building registered with Shenzhen Real Estate Ownership Registration Center.)<br><br>CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing (Postal Code: 100026) |
| Place of Business in Hong Kong:            | 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Website:                                   | <a href="http://www.cs.ecitic.com">http://www.cs.ecitic.com</a>                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Email:                                     | <a href="mailto:ir@citics.com">ir@citics.com</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Telephone:                                 | 0086-755-2383 5888, 0086-10-6083 8888                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Facsimile:                                 | 0086-755-2383 5861, 0086-10-6083 6029                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Brokerage Customer Service Hotline:        | 0086-95548                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Asset Management Customer Service Hotline: | 0086-10-6083 6688                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Investor Relations Hotline                 | 0086-755-2383 5383, 0086-10-6083 6030                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Newspapers for Information Disclosure:     | China Securities Journal, Shanghai Securities News, Securities Times                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Websites for Information Disclosure:       | Website designated by the CSRC: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a><br>Website designated by the Hong Kong Stock Exchange: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> (website for HKExnews)                                                                                                                                                                                                                                                             |

|                                                                 |                                                                                                       |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Places where Annual Reports are Available:                      | 16/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province |
|                                                                 | 15/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing                     |
|                                                                 | 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong                                               |
| Legal Adviser as to PRC Laws:                                   | Beijing Jiayuan Law Firm                                                                              |
| Legal Adviser as to Hong Kong Laws:                             | Linklaters                                                                                            |
| Domestic Auditor:                                               | Ernst & Young Hua Ming LLP                                                                            |
|                                                                 | 16/F, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing    |
|                                                                 | Signatories: LI Huimin and GAN Ruiping                                                                |
| International Auditor:                                          | Ernst & Young                                                                                         |
|                                                                 | 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong                                               |
| A Share Registrar:                                              | China Securities Depository and Clearing Corporation Limited,                                         |
|                                                                 | Shanghai Branch                                                                                       |
|                                                                 | 36/F, China Insurance Building, 166 Lujiazui East Road, Pudong New Area, Shanghai                     |
| H Share Registrar:                                              | Computershare Hong Kong Investor Services Limited                                                     |
|                                                                 | 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong                                     |
| Places of Listing, Stock Name and Stock Code:                   | A Shares   Shanghai Stock Exchange   CITIC SECURITIES   600030                                        |
|                                                                 | H Shares   Hong Kong Stock Exchange   CITIC SEC   6030                                                |
| Registration Number of Corporate Legal Person Business License: | 100000000018305                                                                                       |
| Tax Registration Number:                                        | Shen Guo Shui You Zi 440300101781440                                                                  |
|                                                                 | Shen Di Shui Zi 440300101781440                                                                       |
| Certificate of Organization Code:                               | 10178144                                                                                              |
| Registered Capital:                                             | RMB11,016,908,400                                                                                     |
| Total Shares:                                                   | 11,016,908,400 Shares                                                                                 |
|                                                                 | (9,838,580,700 A Shares and 1,178,327,700 H Shares)                                                   |
| Net Capital:                                                    | RMB34,796 million                                                                                     |

Changes in registration status during the reporting period are as follows:

On 13 September 2013, the Company completed the formalities for the registration of change and filing with the State Administration for Industry and Commerce in respect of the amendments to the Articles of Association. The amendments to the Articles of Association were mainly related to the increase in the number of directors of the Board from nine to ten with one or two Vice-chairman/chairmen (if applicable).

Information of First Registration:

Date of First Registration: 25 October 1995

Address of First Registration: Capital Mansion, No. 6 Xinyuan South Road, Chaoyang District, Beijing

Registration Number of Corporate Legal Person Business License: 10001830

Certificate of Organization Code: 10178144

## **1.2 Corporate Information**

### **1.2.1 History**

CITIC Securities Company Limited was incorporated in Beijing on 25 October 1995, under the name of CITIC Securities Limited, with registered capital of RMB300,000,000. The principal shareholder of the Company was CITIC Group which directly held 95% of share capital of the Company.

On 29 December 1999, CITIC Securities Limited completed the increase in share capital and was converted into a joint stock limited company known as CITIC Securities Company Limited. The registered capital was increased to RMB2,081,500,000 and the direct shareholding of CITIC Group decreased to 37.85%.

On 6 April 2000, with the approval of the CSRC and the SAIC, the registered address of the Company was changed to Shenzhen.

In December 2002, the Company offered 400,000,000 A Shares at the price of RMB4.50 per share, and such Shares were listed on the Shanghai Stock Exchange on 6 January 2003. Upon completion of the A Share IPO, the total number of Shares of the Company was increased to 2,481,500,000 shares and the direct shareholding of CITIC Group decreased to 31.75%.

On 15 August 2005, the Company completed the non-tradable shares reform. As a result, holders of non-tradable shares paid consideration to holders of tradable shares in exchange for listing and trading rights of non-trading shares at a ratio of 10:3.5, pursuant to which holders of tradable shares received 3.5 shares for every 10 tradable shares. In addition, a total of 30,000,000 shares were provided by all the holders of non-tradable shares as the shares for the Company's first share incentive scheme. Upon completion of the non-tradable shares reform, the total number of issued Shares of the Company remained at 2,481,500,000 and all such Shares were tradable shares, of which, 1,941,500,000 shares were subject to trading moratorium, accounting for 78.24% of the total issued Shares of the Company. On 15 August 2008, all Shares held by the promoters which previously were subject to trading moratorium became tradable on the market, and the direct shareholding of CITIC Group decreased to 29.89%.

On 29 May 2006, the Company issued 500,000,000 A Shares to China Life Insurance (Group) Company and China Life Insurance Company Ltd. by private placement at the price of RMB9.29 per share. Upon completion of the issuance, the total number of issued Shares of the Company increased from 2,481,500,000 to 2,981,500,000 and the direct shareholding of CITIC Group decreased to 24.88%.

On 27 August 2007, the Company issued 333,733,800 A Shares by public offering at the price of RMB74.91 per share. Upon completion of the offering, the total number of issued Shares of the Company increased from 2,981,500,000 to 3,315,233,800 and the direct shareholding of CITIC Group decreased to 23.43%.

In April 2008, the Company completed the 2007 profit distribution and capitalization issue plan, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 A Shares, and completed a capitalization issue of 10 bonus Shares for every 10 A Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 3,315,233,800 to 6,630,467,600.

In June 2010, the Company completed the 2009 profit distribution and capitalization issue plan, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 A Shares, and completed a capitalization issue of 5 bonus Shares for every 10 A Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 6,630,467,600 to 9,945,701,400.

In September and October 2011, the Company conducted the initial public offer of 1,071,207,000 H Shares (inclusive of the H Shares issued upon partial exercise of the over-allotment option) at the offering price of HK\$13.30 per share. All such Shares were ordinary shares, with a par value of RMB1.00 per share. According to the *Administrative Measures for Reducing the State-owned Shares to Raise Social Security Funds* and with the approval from the Ministry of Finance, the 13 State-owned shareholders of the Company transferred their 107,120,700 State-owned shares (inclusive of the shares reduced as a result of partial exercise of over-allotment option) to the NSSF and converted them into H Shares. The 1,094,830,000 H Shares issued pursuant to the global offering (including the H Shares converted from corresponding State-owned shares), the 75,907,000 H Shares issued upon the partial exercise of the over-allotment option and the 7,590,700 H Shares converted from the corresponding State-owned shares, respectively, were listed and traded on the Main Board of the Hong Kong Stock Exchange on 6 October 2011, 1 November 2011 and 7 November 2011. Upon completion of the offering, the total number of issued Shares of the Company increased from 9,945,701,400 to 11,016,908,400, of which 9,838,580,700 Shares were A Shares and 1,178,327,700 Shares were H Shares, and the direct shareholding of CITIC Group decreased to 20.30%.

On 27 December 2011, the largest shareholder of the Company, CITIC Group, was fully restructured into a wholly State-owned company and changed its name to “CITIC Group Corporation”, which took over all of the business and assets of CITIC Group. According to the restructuring plan, CITIC Group together with Beijing CITIC Enterprise Management Co., Ltd. established CITIC Limited on 27 December 2011 by contributing to it substantially all of its existing operating net assets (inclusive of its 20.30% shares in the Company). With the approval of CSRC, CITIC Group and CITIC Limited completed the procedures for the transfer of shareholding on 25 February 2013. The largest shareholder of the Company was changed to CITIC Limited and its direct shareholding in the Company is 20.30%.

The Company was established against the background of increasing development and maturity of the securities market in China. Since its establishment, the Company has continuously improved its business operations following the principle of “standardized operation and healthy development”. At the end of 1996, the Company became one of the first ten securities houses whose stock underwriting qualification was re-approved by the CSRC; in October 1999, the Company became one of the first batch of comprehensive securities companies approved by the CSRC and one of the first batch of securities houses whose qualification as a lead underwriter for equity product was re-approved by the CSRC. The Company is one of the chief supervisor members of the Securities Association of China, one of the first securities companies to enter into the national interbank lending market, and one of the first securities companies authorized to engage in stock-secured loans. In 2002, the Company obtained the approval of the CSRC on the qualifications to engage in entrusted investment management and fund sales agency services. In 2006, the Company became the only securities company to obtain the qualification approved by the People’s Bank of China as a lead underwriter of commercial papers. In 2007, the Company obtained the qualifications for the trial business of direct investment and overseas securities investment management as a qualified domestic institutional investor(QDII). In 2008, the Company became a Class-A clearing participant of China Securities Depository and Clearing Company Limited, and obtained the qualification for the provision of brokerage services to futures companies. In 2009, the Company obtained the qualification to manage the converted shares held by the NSSF. In 2010, the Company obtained the qualifications for margin financing and securities lending business, stock index futures trading in proprietary business and assets management business. In the same year, it became a domestic investment manager for the NSSF. In 2011, the Company became one of the first companies to obtain the stock repo trading qualification. In 2012, the Company obtained the qualifications for underwriting of private placement of SME bonds, entrusted management of insurance funds, distribution of financial products, and for the pilot businesses of total return swap and refinancing. In 2013, the Company obtained the qualifications for sideline insurance agency business, and treasury futures trading in proprietary business and the securities assets management business. In January 2014, the Company obtained the qualification for agency services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts.

The Company was rated AA-level in A-class, which was the highest level amongst the ratings of all securities companies in China for six consecutive years.

The Company currently owns 6 wholly-owned principal subsidiaries, namely: CITIC Securities (Zhejiang), CITIC Wantong Securities, CSI, CITIC Futures, GoldStone Investment and CITIC Securities Investment, and one principal controlling subsidiary, namely: China AMC.

After its listing on the Shanghai Stock Exchange, the Company has since been included in the SSE 180 Index, SSE 50 Index, CSI 300 Index, SSE Corporate Governance Index, FTSE/Xinhua A50 China Index, Dow Jones China 88 Index, and SSE Social Responsibility index, etc. After its listing on the Hong Kong Stock Exchange, the Company has since been included in constituent stocks of indices such as the Hang Seng China H-Financials Index, Hang Seng China AH Index Series, Hang Seng Global Composite Index, Hang Seng Composite Index, Hang Seng Composite Industry Index – Financials and Hang Seng Composite MidCap Index, Hang Seng China Enterprises Index, Hang Seng Mainland 100 Index, FTSE China 25 Index and MSCI China Index, which greatly enhanced the image of the Company.

### **1.2.2 Business Qualifications**

In accordance with the License for Securities Business Operation issued by the CSRC, the business scope of the Company covers: securities brokerage (for areas other than Shandong Province, Henan Province, Zhejiang Province, Fujian Province and Jiangxi Province); securities investment consulting; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; provision of brokerage services to futures companies; and distribution of financial products. In addition, the Company possesses the following business qualifications:

- (1) Business qualifications approved or certified by the CSRC: online trading; entrusted wealth management; operation of overseas securities investment management business by qualified domestic institutional investors (QDII); direct investment; inter-bank market interest rate swap; stock index futures trading in proprietary business and asset management business; stock repo; pilot business of stock return swap; treasury futures trading in proprietary business and securities asset management business; and pilot business of agency services for gold and other precious metal spot contracts and proprietary trading for spot gold contracts.
- (2) Business qualifications approved by the Shanghai Stock Exchange: SSE fixed income platform market maker and warrants trading.
- (3) Business qualifications approved by the Securities Association of China: quoted transfer; stock transfer agency; underwriting private placement of bonds by small and medium-sized companies; and pilot OTC business.
- (4) Business qualifications approved by the People's Bank of China: member of the national inter-bank lending market; commercial paper underwriting; inter-bank bond market market-maker and open market Class A trader.
- (5) Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of China Securities Depository & Clearing Corporation Limited; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); qualified enterprise annuity fund management institution; qualified underwriter of policy bank's financial bonds; qualified manager of converted shares of the NSSF; qualified NSSF domestic investment manager; entrusted management of insurance funds; pilot refinancing business; and sideline insurance agency business.

## 1.3 Awards in 2013

### 1.3.1 The Company

**Issued by: *Asiamoney***

Best Domestic Equity House in China in 2013  
Best Domestic Debt House in China in 2013  
Best Local Brokerage in China No.2  
Best Research Institution in China No. 3  
Best Overall Sales Services No. 2

**Issued by: *FinanceAsia***

Best Equity House in 2013  
Best Bond House in 2013  
Best FIG Deal in 2013 (CITIC Securities' acquisition of CLSA)

**Issued by: *Euromoney***

Best Debt House in China in 2013

**Issued by: *Institutional Investor***

2013 Overall All-China Research, No.4  
2013 All-China Sales, No. 5  
2013 All-China Trading Teams, No. 5  
2013 All-China Research Team: Autos & Auto Parts, No.2  
2013 All-China Research Team: Public Utilities, RUNNER(S)-UP

**Issued by: *The Asset Magazine***

Best Brokerage House of China  
Best Domestic Bond House of China

**Issued by: *IR Magazine***

Greater China Top 100

**Issued by: *The Banker***

Most Innovative Investment Bank from Asia-Pacific 2013

**Issued by: *Thomson Reuters Star Mine***

Ranked No. 2 – Honor for Analysts in Financial Industry in Asia in 2013  
Ranked No. 2 – Honor for Analysts in Raw Materials Industry in Hong Kong and China in 2013

**Issued by: *DHL/South China Morning Post***

Hong Kong Business Awards 2013:  
Outstanding Chinese Company Award

**Issued by: *International Academy of Communications Arts and Sciences***

27th Annual Celebration of the World's Best Annual Reports:  
Bronze Winner of the 2013 International ARC Awards

**Issued by: *The Hong Kong Management Association***

Best Annual Report Awards: Citation for Corporate Governance Disclosure

**Issued by: *Shanghai Stock Exchange***

Excellent Enterprise for "Management Discussion and Analysis" Disclosure in 2012 Annual Report

**Issued by: *China Central Depository & Clearing Co., Ltd.***

Excellent Member in National Interbank Bond Market in 2012

**Issued by: *Shanghai Clearing House***

Excellent Clearing Member for Net Clearing of Spot Trading in 2012  
Excellent Clearing Member in 2012  
Excellent Settlement Member in 2012

**Issued by: *The Export-Import Bank of China***  
Excellent Underwriter of Financial Bonds in 2013

**Issued by: *China Securities Journal***

**Honor for 2013 Gold Bull Analysts in China Securities Industry:**

Top 5 Gold Bull Research Team

Ranked No. 1 in the Industry: energy saving/environmental protection/transportation equipment (inclusive of new energy vehicles)/non-metal construction materials/business and trade/household appliance/food, beverage and tourism

**Issued by: *Shanghai Securities News***

**2012 Brand Value Ranking of Securities and Futures Market in China:**

Award for Comprehensive Management Capabilities of the Year

Award for Excellent Investment Bank Team of the Year

Award for Best Securities Brokerage in China of the Year

**Issued by: *Securities Times***

Honor for Best Wealth Management Institution in China in 2013 – “Best Securities Brokerage in China”

**Issued by: *Securities Daily***

“Golden Key” Award for the 9th Annual Conference of China Securities Market

**Issued by: *New Fortune***

The 7th New Fortune Best Investment Bank

The 9th New Fortune Gold Medal for Board Secretary

The 11th New Fortune Best Analyst:

Ranked No. 2 – Best Domestic Research Team

Ranked No. 3 – Most Influential Research Institution

Ranked No. 4 – Best Small and Medium Market Capitalization Research Institution

Ranked No. 5 – Best Overseas Market Research Institution

Ranked No. 5 – Best Overseas Sales Service Team

Ranked No. 6 – Best Sales Service Team

Ranked No. 1 in the Industry: electricity/ household appliance/ automotive and automotive parts/ construction and engineering/non-metal construction materials

**Issued by: *Securities Market Weekly***

**2013 Crystal Ball Award for Sell-side Analysts:**

Ranked No. 1 in the Industry: non-metal construction materials/household appliance/automotive and automotive parts/ public utilities, inclusive of electricity, gas and water/construction and engineering/military industry

**Issued by: *CBN***

2013 Best Analyst Honor of CBN: Ranked No. 1 in the Non-metal Construction Materials

**Issued by: *Money Week***

2013 Best Securities Firm in China

2013 Best Investment Bank of China Securities Firms

2013 Best Securities Firm for Margin Trading in China

**Issued by: *the Judging Panel of China Wealth Management “Golden Finger” Award***

Best Wealth Management Securities Firm of the Year

### 1.3.2 CSI

**Issued by: *Asiamoney***

Hong Kong Best Sales Person No. 1

Hong Kong Best Analyst (A-share) No. 2

**Issued by: *Hong Kong Council of Social Service***

Caring Company Award for Seven Consecutive Years

### 1.3.3 CLSA

**Issued by: *Asiamoney***

Most Independent Research Brokerage for Asia (ex-Australia & Japan)

Best Overall Brokerage in Asia (ex-Australia & Japan) for Combined Regional Research & Sales

**Issued by: *Greenwich Associates***

No.1 Asian Equity Research (as voted by Asian, European and US fund managers)

**Issued by: *AsianInvestors***

**Annual Service Provider Awards 2013:**

Best Broker for Sales Trading

Best Broker for Liquidity

Best Agency-only Broker

### 1.3.4 CITIC Securities (Zhejiang)

**Issued by: *Money Week***

2012 China's Financial Brand "Golden Elephant" Award – "2012 China's Top Ten Financial Brand Public Service Projects"

**Issued by: *Shanghai Stock Exchange***

"Guiding Rational Investment" Excellent Securities Branch for the Year 2012 (Hangzhou Shuguang Road Securities Branch, now renamed as "Hangzhou Hangda Road Securities Branch")

### 1.3.5 CITIC Wantong Securities

**Issued by: *Qingdao Securities Regulatory Bureau***

Best Comprehensive Branded Securities Branch (Qingdao Shenzhenlu Branch and Qingdao Jiadinglu Branch of CITIC Wantong Securities)

Featured Branded Securities Branch with strong market influence (Qingdao Biaoshanlu Branch and Jinggangshanlu Branch in Qingdao Economic and Technological Development Zone of CITIC Wantong Securities)

Featured Branded Securities Branch for Product Sales (Qingdao Nanjinglu Branch and Qingdao Jimolanaolu Branch of CITIC Wantong Securities)

**Issued by: *Qingdao Municipal Government***

2012 Outstanding Contribution Unit in Financial Development of Qingdao

2012 Advanced Unit in Financial Industry of Qingdao (Qingdao Biaoshanlu Branch of CITIC Wantong Securities)

2012 Advanced Unit in Financial Innovation of Qingdao (Jinggangshanlu Branch in Qingdao Economic and Technological Development Zone of CITIC Wantong Securities)

**Issued by: *Shanghai Stock Exchange***

"Excellent Organization Award" in the Annual "Guiding Rational Investment" Award for the Year 2012

**Issued by: *Jinan Branch of People's Bank of China***

"A-Class Unit" in Comprehensive Evaluation of Financial Institutions in Shandong Province for 2012

**Issued by: *Qingdao Association of Enterprises and Qingdao Association of Entrepreneurs***

Top 50 Enterprises in Service Industry in Qingdao

### 1.3.6 GoldStone Investment

**Issued by: *Forbes***

2013 Forbes Best China PE Investment Firm

**Issued by: *Zero2IPO Group***

**China Equity Investment Annual Ranking for 2013:**

Ranked No. 16 – Top 50 China Private Equity Investment Institutions (Domestic) for 2013

Top 5 Direct Investment Companies of China Securities Firms for 2013

**Issued by: *21st Century Media***

Best Direct Investment of Securities Firm for 2013

### 1.3.7 CITIC Futures

**Issued by: *Shanghai Futures Exchange***

Excellent Analyst Award: Best Analyst in Precious Metals/Best Analyst in Energy/Best Analyst in Steel

**Issued by: *Zhengzhou Commodity Exchange***

Best White Sugar Analyst

**Issued by: *Shanghai Securities News***

Ranked No. 1 – Top 10 Futures Companies

Ranked No. 3 – Best Analyst of Stock Index Futures

**Issued by: *Securities Times***

Derivatives Wealth Management Expert

Top 10 Industry Leaders

**Issued by: *Securities Times, Futures Daily***

**The 6th Best Futures Operators and Best Futures Analyst Award of China:**

Ranked No. 1 – Best Service Award for Financial Futures

Ranked No. 2 – Best Futures Company in China

Ranked No. 2 – Gold Medal Management Team amongst Futures Companies in China

Ranked No. 5 – Gold Medal Futures Research Institute in China

Ranked No. 2 – Top 10 Securities Branches in China (Shanghai Shijidadao Securities Branch)

Ranked No. 1 – Best Analyst in PVC Futures

Ranked No. 1 – Best Analyst in Vegetable Seeds Futures

Ranked No. 1 – Best Analyst in Steel Futures

Ranked No. 1 – Best Analyst in Glass Futures

Ranked No. 3 – Best Analyst in Palm Oil Futures

**Issued by: *Guangdong Industrial Cooperation Association***

National Brand in Guangdong Province

## 2. FINANCIAL SUMMARY

### 2.1 Key Financial Data

#### 2.1.1 Key Accounting Data

*In RMB millions*

| Items                                               | 2013    | 2012    | Variance in comparison with last year (%) | 2011   |
|-----------------------------------------------------|---------|---------|-------------------------------------------|--------|
| Total revenue and other income                      | 20,279  | 13,071  | 55.14                                     | 26,371 |
| Operating profit                                    | 6,635   | 5,055   | 31.26                                     | 14,615 |
| Profit before income tax                            | 6,846   | 5,487   | 24.77                                     | 15,031 |
| Net profit attributable to owners of the parent     | 5,244   | 4,237   | 23.77                                     | 12,576 |
| Net cash inflow/(outflow) from operating activities | -22,714 | -17,194 | N/A                                       | 122    |

| Items                                          | 31 December<br>2013 | 31 December<br>2012 | Variance in<br>comparison<br>with last year<br>(%) | 31 December<br>2011 |
|------------------------------------------------|---------------------|---------------------|----------------------------------------------------|---------------------|
| Total assets                                   | <b>271,354</b>      | 168,508             | 61.03                                              | 148,280             |
| Total liabilities                              | <b>181,952</b>      | 81,823              | 122.37                                             | 61,290              |
| Equity attributable to owners of<br>the parent | <b>87,688</b>       | 86,465              | 1.41                                               | 86,587              |
| Issued share capital                           | <b>11,017</b>       | 11,017              | —                                                  | 11,017              |

### 2.1.2 Key financial indicators

| Items                                                 | 2013        | 2012 | Variance in<br>comparison<br>with last year<br>(%) | 2011  |
|-------------------------------------------------------|-------------|------|----------------------------------------------------|-------|
| Basic earnings per share<br>(in RMB yuan/per share)   | <b>0.48</b> | 0.38 | 26.32                                              | 1.23  |
| Diluted earnings per share<br>(in RMB yuan/per share) | <b>0.48</b> | 0.38 | 26.32                                              | 1.23  |
| Return on weighted average<br>equity (%)              | <b>6.02</b> | 4.90 | Increased by<br>1.12 percentage<br>points          | 17.00 |

| Items                                                                                   | 31 December<br>2013 | 31 December<br>2012 | Variance in<br>comparison<br>with last year<br>(%) | 31 December<br>2011 |
|-----------------------------------------------------------------------------------------|---------------------|---------------------|----------------------------------------------------|---------------------|
| Net assets per share attributable to<br>owners of the parent<br>(in RMB yuan/per share) | <b>7.96</b>         | 7.85                | 1.40<br>Increased by<br>25.30 percentage<br>points | 7.86                |
| Gearing ratio (%)                                                                       | <b>60.47</b>        | 35.17               |                                                    | 22.19               |

Note: In calculating the gearing ratio for the reporting periods above, accounts payable to customers have been excluded from the assets and the liabilities.

### 2.1.3 Net capital and relevant risk control indices of the parent company

As at 31 December 2013, the net capital of the parent Company amounted to RMB34,796 million, representing a year-on-year decrease of 14.02%, mainly due to dividends paid, increase of investments and expansion of business scale during the reporting period.

| Items                                                                                              | 31 December<br>2013 | 31 December<br>2012 |
|----------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Net capital (in RMB millions)                                                                      | <b>34,796</b>       | 40,472              |
| Net assets (in RMB millions)                                                                       | <b>71,691</b>       | 72,593              |
| Net capital/total risk capital reserves (%)                                                        | <b>849.74</b>       | 1,333.00            |
| Net capital/net assets (%)                                                                         | <b>48.54</b>        | 55.75               |
| Net capital/total liabilities (%)                                                                  | <b>33.15</b>        | 94.81               |
| Net assets/total liabilities (%)                                                                   | <b>68.29</b>        | 170.05              |
| Value of equity securities and derivatives held (stock index<br>futures inclusive)/net capital (%) | <b>76.11</b>        | 69.55               |
| Value of fixed income securities held/net capital (%)                                              | <b>176.88</b>       | 91.82               |

Note 1: The net capital of the parent Company as at 31 December 2012 has been restated in accordance with the relevant provisions on the standards for calculating net capital and risk capital reserves announced by the CSRC in 2013.

Note 2: The risk control indices for every business of the parent Company comply with the relevant requirements of *Measures for the Risk Control Indices of Securities Companies* issued by the CSRC.

## 2.2 Financial Data for the Last 5 Years

### 2.2.1 Operating results

*In RMB millions*

| Items                                                        | 2013          | 2012   | 2011   | 2010   | 2009   |
|--------------------------------------------------------------|---------------|--------|--------|--------|--------|
| Total revenue and other income                               | <b>20,279</b> | 13,071 | 26,371 | 30,281 | 23,868 |
| Operating expenses                                           | <b>13,644</b> | 8,016  | 11,756 | 13,985 | 10,669 |
| Share of profits and losses of associates and joint ventures | <b>211</b>    | 432    | 416    | 24     | 103    |
| Profit before income tax                                     | <b>6,846</b>  | 5,487  | 15,031 | 16,320 | 13,302 |
| Net profit attributable to owners of the parent              | <b>5,244</b>  | 4,237  | 12,576 | 11,311 | 8,984  |

### 2.2.2 Financial position

*In RMB millions*

| Items                                       | 31 December 2013 | 31 December 2012 | 31 December 2011 | 31 December 2010 | 31 December 2009 |
|---------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Issued share capital                        | <b>11,017</b>    | 11,017           | 11,017           | 9,946            | 6,630            |
| Total equity                                | <b>89,402</b>    | 86,685           | 86,990           | 70,848           | 64,814           |
| Equity attributable to owners of the parent | <b>87,688</b>    | 86,465           | 86,587           | 70,435           | 61,599           |
| Total liabilities                           | <b>181,952</b>   | 81,823           | 61,290           | 82,330           | 141,993          |
| Accounts payable                            | <b>45,196</b>    | 34,807           | 36,477           | 62,081           | 112,478          |
| Total assets                                | <b>271,354</b>   | 168,508          | 148,280          | 153,178          | 206,807          |

### 2.2.3 Key financial indicators

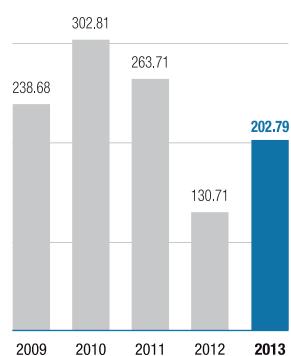
| Items                                                 | 2013         | 2012  | 2011  | 2010  | 2009  |
|-------------------------------------------------------|--------------|-------|-------|-------|-------|
| Dividends per share<br>(in RMB yuan/per share)        | <b>0.15</b>  | 0.30  | 0.43  | 0.50  | 0.50  |
| Basic earnings per share<br>(in RMB yuan/per share)   | <b>0.48</b>  | 0.38  | 1.23  | 1.14  | 0.90  |
| Diluted earnings per share<br>(in RMB yuan/per share) | <b>0.48</b>  | 0.38  | 1.23  | 1.14  | 0.90  |
| Return on weighted average equity (%)                 | <b>6.02</b>  | 4.90  | 17.00 | 17.28 | 15.38 |
| Gearing ratio (%)                                     | <b>60.47</b> | 35.17 | 22.19 | 22.23 | 31.29 |

Notes:

- (1) Accounts payable represents the amount received from and repayable to clients arising from the normal course of the Group's securities brokerage business. The fund is restricted and governed by the relevant third-party deposit regulations.
- (2) Earnings per share for each reporting period from 2009 to 2010 is calculated based on the number of shares with capital reserve converted into issued share capital in 2010.
- (3) In calculating the gearing ratio for the reporting period listed above, the amount of accounts payable to customers have been excluded from the assets and the liabilities.

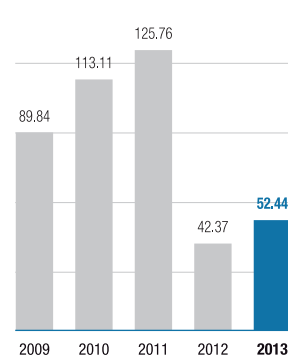
## TOTAL REVENUE AND OTHER INCOME

In RMB100 million



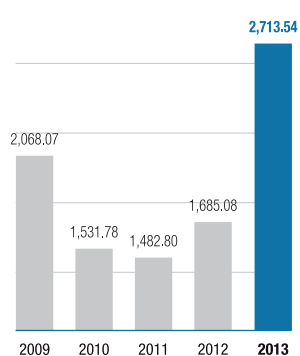
## NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

In RMB100 million



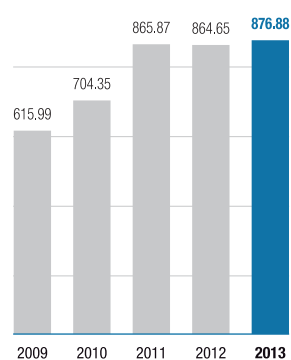
## TOTAL ASSETS

In RMB100 million

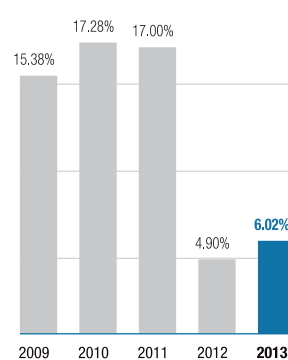


## EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

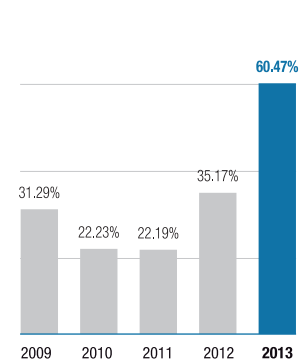
In RMB100 million



## RETURN ON WEIGHTED AVERAGE EQUITY



## GEARING RATIO



### 3. CHAIRMAN'S STATEMENT

Dear Shareholders,

2013 marked a year of recovery for the PRC securities industry, and stock market trading activities were active. Both the revenue and net profit of the industry recorded relatively rapid growth, reversing the downward trend of the three previous years. Numerous innovative businesses, which were launched from scratch by the regulators, developed rapidly into new drivers for the income growth of the industry. We entered a period of reaping the benefits brought about by such innovation.

2013 was a landmark in the history of development for the Company. We have accomplished several strategic layouts, acquired the entire equity interest of CLSA and CITIC Wantong Securities, and regained a controlling stake in China AMC. Meanwhile, a decent amount of growth in our financial results showed our efforts in innovation and transformation over the years. Our total revenue and other income reached RMB20,279 million, representing an increase of 55.14% over the previous year, and the net profit attributable to shareholders of the parent was RMB5,244 million, representing an increase of 23.77% over the previous year; both our revenue and net profit continued to rank first among China's securities companies.

#### **Full Exploitation of our Comprehensive Advantages**

In 2013, we strengthened business cooperation, which effectively mobilized internal resources and fully leveraged our comprehensive advantages. In terms of traditional fee-based business, we maintained and consolidated our leading position in the market, and kept our advantage as the first mover in the flow-based business.

In 2013, the brokerage business of our Group ranked first with 6.18% of market share. The equity lead underwriting amount of the Company reached RMB54,299 million, accounting for 10.95% of market share and ranking second. The bond lead underwriting amount of the Company was RMB159,537 million, ranking first in the industry. The Company completed M&A transactions totaling RMB157,839 million, ranking first among global investment banks in terms of the M&A transactions in which Chinese enterprises participated. AUM of the asset management business of the Company reached RMB504,858 million, ranking first in the industry. The inter-bank bond trading volume of the Company was RMB1.7 trillion, ranking first in the industry. QFII trading clients increased to 110 with trading volume ranking first. As at the end of 2013, the margin financing and securities lending balance of our Group reached RMB33,420 million, accounting for 9.64% of market share and ranking first. Stock repo and stock-pledged repo of the Group had a business scale of RMB3,141 million and RMB7,877 million, respectively, both ranking first.

#### **Significant Progress in Business Transformation**

Since 2011, in order to accommodate changes in the external environment, we have proactively explored and practiced new business models. In 2013, we energetically consolidated resources including capital, customers and licenses to achieve synergies, so that our comprehensive advantages were fully enhanced. We proactively expanded the flow-based business and the scope and depth of our business were continuously developed, indicating significant progress in our business transformation.

The scale and revenue contribution of our flow-based business increased to a large extent. As the focus of our business transformation, the scale of flow-based business expanded rapidly from RMB11.7 billion as at the end of 2010 to RMB110 billion as at the end of 2013, registering an eightfold increase. The flow-based business has become our new revenue growth point and accounted for 28% of net revenue as at the end of 2013, up from 15% in 2012, promoting a more balanced composition of our overall revenue.

The level of financial leverage was significantly increased. In 2013, we completed the issuance of US\$800 million USD-denominated corporate bonds, RMB20 billion corporate bonds, and 11 tranches of commercial papers. As a result, our financial leverage ratio increased from 1.55 times as at the end of 2012 to 2.5 times as at the end of 2013, giving effective support to the rapid development of the flow-based business.

Our traditional fee-based business continued with the transformation and upgrade. The investment banking business has preliminarily formed a diversified revenue model comprising stock, bond, M&A and financial advisory business. The brokerage business vigorously commenced margin financing and securities lending, sales of financial products, and financial services to micro, small and medium enterprises, etc.

Internationalization was further promoted. Our cross-border business has formed a multi-business model including fixed income, alternative investment and prime services, with our business scale being steadily expanded. Our consolidation with CLSA has commenced and synergies have been gradually achieved.

### **The 2014 Operations Strategy**

In 2014, our operations strategy is to “meet the needs of customers, enhance cooperation and comprehensively deepen our strategic transformation”. Our new business model has not been fully developed and our businesses are still in a phase of “transformation, investment and stage setting”. Our traditional fee-based business is still in a phase of transformation, changing from reliance on traditional business to equal stress on both traditional business and innovative business. Our flow-based and capital-efficient businesses are in a phase of investment and are under pressure due to increasing capital costs. Our international business is still in a phase of overall layout, during which synergies between the domestic and overseas businesses are yet to be enhanced.

The key to deepening the transformation is to enhance our inherent capabilities. In terms of external environment, the operating model, customer composition and competition landscape, etc. of the securities industry all show new characteristics. In terms of internal environment, our business transformation, in the direction of customer-orientation, differentiated competition, diversified business model and flow-based business, etc. is yet to be strengthened. Against this backdrop, we must intensify our efforts to increase these four capabilities, i.e. customer relationship management, product pricing and sales, trading and investment, and liability and liquidity management, in order to respond to changes in the current environment and endeavor to produce gains for the shareholders.

### **Looking Forward**

The key to our success is our constant adaption to changes. In the past years, in response to the changes in the external environment, we have actively fine-tuned strategies and grown to be a multinational financial institution providing all-round services. Looking forward to 2014, the Company will adapt to the changes in the operating model, customer composition and competition landscape, etc. of the industry, with top priority being given to the improvement of the four major capabilities. Furthermore, we will extensively deepen our strategic transformation, striving for another breakthrough during a new round of the development cycle.

**Wang Dongming**  
*Chairman*

27 March 2014

## **4. MANAGEMENT DISCUSSION AND ANALYSIS**

### **4.1 Corporate Strategy and Long-term Business Model**

#### **4.1.1 Competition landscape and development trend of the industry**

With the progress of market-oriented financial reform and relaxation of capital market control, the securities industry is heading into a new stage characterized by innovative development. With noticeable changes in the profitability model and higher profitability in the industry, the ability and awareness of industry innovation are both improved to a large extent. Meanwhile, the securities industry increasingly faces impacts through mixed operations of other financial institutions and internet enterprises.

First, regulatory authorities keep encouraging innovation. Regulators set “Consolidating, Deepening, Refining and Improving” as strategic guidelines for industry innovation on the 2013 Conference on Innovation and Development of Securities Companies, which put more emphasis on self innovation by securities companies, and the innovation in fundamental functions and mechanisms. In 2013, the regulatory authorities successively launched new products and businesses, such as stock-pledged repo, treasury futures as well as functional innovation including custody and payment by securities companies. In a longer period of time in the future, the competitive advantages of securities companies will rely on acceleration of the pace of innovation and capturing benefits arising from innovation.

Second, financial mixed operation and cross-industry competition intensified. Financial products and business innovation increasingly obscure the dividing line between different types of financial institutions. In the fields of wealth management, investment banking and credit loans, competition between financial institutions such as banks, securities companies and trust companies has become more intense. In 2013, internet finance became the hot topic of the market. Some large internet enterprises succeeded in penetrating the fields in payment, micro-finance, and wealth management, etc. Once the authorities relax the regulation on online brokerage licenses, internet enterprises will, by leveraging their edges on customer base, technology and platform, produce certain impacts on securities companies in the low-end retail business.

Third, industry concentration is enhancing. Large securities companies enjoy apparently higher profitability than small and medium securities companies by virtue of their advantages in capital scale, as first mover in innovation and in business synergies. The top five securities companies in terms of net assets generated an aggregate net profits amounting up to 39% of the industry in 2013, up from 27% in 2011, and gradually formed the first-tier players in the industry. Due to the homogeneity of traditional businesses and the strong replicability of innovative businesses, the gap between large securities companies gradually narrows down, and even driving them back to the same scratch line. On the other side, relaxation of control over the securities industry and intensified competition will facilitate a more favorable condition for industry consolidation. It is expected that market consolidation, where large enterprises acquire small ones or giants enter into alliances with each other, will accelerate, which will also increase industry concentration.

In the meantime, the external environment faced by the securities industry is experiencing material changes. In respect of the macro environment, Chinese economy is still in the process of structural adjustment and transition, and the economic growth momentum remains weak in the short term. In respect of the financial environment, tight liquidity and high capital costs will become common in the financial market.

#### **4.1.2 Development Strategy**

Since 2011, the Company has insisted on business transformation and proposed transformation directions such as differentiated competition, diversified business model, customer-orientation and vigorous development of flow-based business, and formulated a goal to transform from a passive channel provider to a market organizer, a liquidity provider, a product innovator, a product seller, a wealth manager and a trading counterparty. The business transformation of the Company has achieved positive effects in general. However, the new business model is not yet mature, and the development strategy of the Company is to continue with the full deepening of its strategic transformation.

### 4.1.3 Capital Requirement

The business model of the Company is increasingly driven by funds. In 2013, the Company's rapidly developing flow-based businesses, such as fixed income market-making, margin financing and securities lending, stock repo and stock-pledged financing, accounted for a large amount of the Company's funds. To support business development, the Company issued US\$800 million USD-denominated corporate bonds, RMB20 billion corporate bonds, and 11 tranches of commercial papers, significantly increasing its financial leverage ratio. In 2014, it is expected that the growth rate of the Company's flow-based businesses, including margin financing and securities lending and stock repo, will remain at a relatively high level. The Company will further diversify its financing instruments, maintain a diversified source of capital and enhance its liability and liquidity management.

### 4.1.4 Possible Risk Exposure

With the continuous expansion of business scope and more complicated business model, the risk exposure of securities companies is undergoing profound changes, and risks become more complicated and concealed. In 2014, the risks to which the Group may be exposed include: increased operational and compliance risks due to the expansion of business scope; increased liquidity risk due to increased financial leverage ratio and normalized tension in the financial market liquidity; increased credit risk due to expansion of flow-based and capital-efficient businesses; and increased offshore risk due to the development of cross-border businesses.

## 4.2 Business Overview

The investment banking business of the Group consists of equity financing, debt and structured financing, as well as financial advisory services. The Group provides fund raising and financial advisory services to a wide range of corporate and other institutional clients in China and globally.

The brokerage business of the Group is mainly engaged in dealing and broking of securities and futures, and distribution of financial products.

The trading business of the Group is primarily engaged in trading and market-making of equity products, fixed income products and derivatives, margin financing and securities lending business, as well as alternative investment business.

The Group provides asset management services and products to clients in China and globally. The asset management business operated by the Group includes: CAM, TAM, SAM and other investment accounts management.

The investment business of the Group mainly includes private equity investment, strategic principal investment and other businesses.

### Analysis of principal businesses

#### 4.2.1 Investment Banking

##### *Equity Financing*

##### *Market Conditions*

In 2013, the scale of equity financing in the A-share market marked a slight year-on-year increase of 3.09%. With the IPO market remained suspended, only two projects were listed by way of share swap and merger by absorption. The scale of follow-on offerings grew rapidly to RMB459.4 billion, representing a year-on-year increase of 20.40%. For follow-on offerings, funds raised by non-public issuances were RMB352.2 billion (of which, funds raised by non-public issuances in cash category were RMB215.1 billion), representing a year-on-year increase of 3.67%. Non-public issuance remained as the principal method of follow-on offerings, accounting for 76.66% of the total funds raised by follow-on offerings. Funds raised by sizeable issue and convertible bonds increased by 227.73% and 233.12% year-on-year, respectively.

In 2013, the market share of the top ten securities firms in terms of A-shares underwriting amount totaled 60.12%, which remained at a similar level as compared to 60.68% in 2012.

## Actions and Achievements

In 2013, the key focuses of the capital market were to strengthen regulation, facilitate innovation and drive the process of market-orientation. Against the backdrop of a gradual reform of the new shares issuance vetting regime from an approval-based to a registration-based process, and the launch of innovative financial instruments, the Company had promptly adjusted its business strategies. On the one hand, the Company adjusted the organizational structure of its investment banking business, proactively developed specific customer groups which align with all kinds of financial products and diversified its customer base. On the other hand, the Company continued to implement the business strategy of “full product coverage”, strengthen its efforts in developing innovative businesses, endeavor to enhance its overall competitive edge, and explore the establishment of a new profitability model for its flow-based investment banking business. At the same time, the Company focused on enhancement of the risk responsibility awareness of its business staff and improvement of the relevant risk control measures and procedures.

In respect of domestic business, the Company completed 16 equity lead underwriting projects, with an aggregate lead underwriting amount of RMB54,299 million, accounting for a market share of 10.95%, and ranked second in the market. Of which, one was a lead underwriting IPO project (by way of share swap and merger by absorption); 11 were cash private placement projects, with the total lead underwriting amount of RMB24,325 million, which ranked number one in the market.

| Projects            | 2013                                      |                  | 2012                                      |                  |
|---------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
|                     | Lead underwriting amount<br>(RMB million) | Number of Issues | Lead underwriting amount<br>(RMB million) | Number of Issues |
| IPOs                | 15,291                                    | 1                | 17,361                                    | 15               |
| Follow-on offerings | 39,008                                    | 15               | 33,287                                    | 15               |
| Total               | 54,299                                    | 16               | 50,648                                    | 30               |

Note: The data for 2012 in the above table are data on a full-covered basis, including cash and non-cash projects.

Source: Wind Info and the Company's internal statistical data

In respect of the international business, the Company continued to maintain a strong competitive capability despite of the volatile market conditions. In 2013, CSI completed five IPOs, three cross-border mergers and acquisitions, four follow-on offerings and 21 offshore RMB-denominated bond issues and USD-denominated bond issues. In addition, the Company continued to facilitate the synergy between international and domestic business platforms and enhance its influence in the international market through mergers and acquisitions and strategic cooperation.

## Outlook for 2014

In 2014, with regard to the equity financing business, the Company will seize all kinds of financing opportunities arising from economic restructuring and industrial upgrading, optimize the business structure of traditional industrial sectors and new economic sectors and continuously identify active market participants. The Company will continue to gain a profound understanding of the needs of clients and provide added value services for them, so as to achieve mutual growth with the clients. While continuing to optimize the allocation of internal resources, the Company will develop innovative equity businesses to further promote the diversification of the profitability models. Meanwhile, the Company will establish a multi-tier risk management system to strengthen the risk control on project sponsorship and innovative businesses, upgrade the project quality, and constantly enhance its market influence.

## Debt and Structured Financing

### Market Conditions

Bond prices in China trended up steadily in the first half of 2013, and fell sharply in the second half of the year, with an initially declining and subsequently ascending bond yield curve. Between January and May 2013, the bond market developed steadily owing to factors such as stable macro data, low inflation expectation, and stable liquidity in the financial system. At the end of May 2013, influenced by tightened liquidity and forecasted uncertainty, bond yield increased substantially and peaked at the end of May 2013. In the second half of 2013, the heightening of market concern over liquidity together with deleveraging by commercial banks and the further diversification of investment products offered by insurance institutions contributed to the reduced demand for straight bonds by investors. The superposition of multiple factors led to a sustained rise of the yields of various bond products.

### Actions and Achievements

In 2013, the Company completed a total of 141 transactions, including lead underwriting for enterprise bonds, corporate bonds, financial bonds, medium-term notes, commercial papers and asset-backed securities, with a lead underwriting amount of RMB159,537 million, representing 4.02% of market share. The Company ranked first in terms of both the number of issues and the underwriting amount.

| Projects                | 2013                                      |                  | 2012                                      |                  |
|-------------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
|                         | Lead underwriting amount<br>(RMB million) | Number of issues | Lead underwriting amount<br>(RMB million) | Number of issues |
| Enterprise bonds        | 29,000                                    | 17               | 37,267                                    | 20               |
| Corporate bonds         | 31,247                                    | 40               | 20,716                                    | 13               |
| Financial bonds         | 54,775                                    | 25               | 93,600                                    | 24               |
| Medium-term notes       | 25,390                                    | 32               | 36,150                                    | 30               |
| Commercial papers       | 15,325                                    | 18               | 16,950                                    | 15               |
| Asset-backed securities | 3,800                                     | 9                | 10,672                                    | 35               |
| Total                   | 159,537                                   | 141              | 215,355                                   | 137              |

Source: Wind Info and the Company's internal statistical data

While maintaining its leading position in the conventional bond underwriting business, the Company continued to experience steady development in the private structured financing transactions. During the reporting period, the Company completed 37 projects, with an aggregate of approximately RMB13.2 billion fund raised, becoming the frontrunner among peers.

The Company endeavoured to promote the development of structured financing products and made a constructive probe into creating a diversified business structure, expanding its business vision to be all-encompassing and accelerating the active transformation of the conventional bond underwriting business.

### Outlook for 2014

In 2014, the Company will continue to deepen the concept of compliance operation, strengthen the establishment of internal control system, focus on liquidity risk and credit risk control, and reinforce the continuous supervision of projects implementation. The Company will persist in the development philosophy of client diversification and product diversification, and expedite business transformation by means of product and channel diversifications. The Company will explore the customers' demand for bond financing, structured financing and other fixed income business. By increasing its efforts in innovative research and development, the Company will incorporate a multi-level transaction structure into its conventional debt financing products, and gradually transform to a transaction-based investment bank by taking the advantages arising from block transactions. While maintaining its leading position and influence in the market, the Company will strive to make further breakthroughs.

## ***Financial Advisory Services***

### ***Market Conditions***

According to Bloomberg, the total value of global merger and acquisition transactions announced in 2013 was US\$2,330 billion, representing an increase of 3.86% as compared to 2012; 27,830 transactions were announced, representing a decrease of 0.49% as compared to 2012. In terms of geographical locations, transaction value was mainly generated in the North America, which accounted for approximately 40.67% of the total value of all transactions in the world. On a sector basis, transaction value was mainly generated in the sectors of finance, non-cyclical consumer and communications, which accounted for approximately 56% of the total value of all transactions in the world.

In 2013, the total value of merger and acquisition transactions in which Chinese enterprises participated amounted to US\$245.64 billion, representing an increase of 29.03% as compared to 2012. 2,743 transactions were announced, representing an increase of 0.11% as compared to the previous year. The value of merger and acquisition transactions in China accounted for approximately 36.76% of that in the Asia Pacific region. The transaction value was mainly generated in the finance, industry and cyclical consumer sectors, accounting for approximately 53.78% of the total value of all mergers and acquisitions in China.

### ***Actions and Achievements***

The Company strived to develop itself into a leading brand name in the domestic and international merger and acquisition markets, and to form a new driver for profit growth by developing innovative financial advisory services as well as investment and financing services for mergers and acquisitions. In 2013, according to the ranking as compiled by Bloomberg in terms of mergers and acquisitions in which Chinese companies participated, the Company ranked number one in the world both in terms of the value of financial advisory services and number of deals completed, with an aggregate value amounting to US\$25,642 million (approximately RMB157,839 million) and 30 completed transactions.

In 2013, on the basis of strengthening and consolidating its business advantages in the domestic market, the Company deepened all-rounded cooperation with CLSA and other overseas strategic partners, thereby further developing and expanding its overseas business networks to cover key regions such as Europe, North America, Asia and Australia, and gradually extending its presence in emerging regions such as Africa and South America, to establish a worldwide network for merger and acquisition services.

### ***Outlook for 2014***

In 2014, in respect of the domestic merger and acquisition market, the Company will continue to strengthen its client network of domestic mergers and acquisitions by undertaking in-depth studies of customer demands, and will capitalize on business opportunities arising from market-based mergers and acquisitions, and from industry consolidation and flotation of sizable enterprises. Further, in order to strengthen its leading position and provide innovative products, the Company will strive to seize opportunities arising from major projects with substantial market impacts for sizable clients by playing a key financial advisor role in those transactions.

In respect of the cross-border merger and acquisition market, through sustained development and continuous enhancement of the overseas networks and more extensive and deeper participation in cross-border merger and acquisition activities with greater impact in the international market, the Company aims to build up its brand name in the cross-border merger and acquisition market involving Chinese enterprises.

While maintaining its traditional edge in financial advisory services, the Company will make use of its accumulated experience and client resources to develop buy-side business through its market position and influence on sell-side businesses, provide flow-based services for merger and acquisition transactions, and vigorously explore investment and financing business opportunities in domestic and overseas merger and acquisition transactions.

## 4.2.2 Brokerage

### *Market Conditions*

In 2013, the domestic stock market was active. With an average daily turnover of stock and fund of RMB200.2 billion, representing an increase of 52% as compared to 2012. After the substantial slides over the years, the average commission rate of the industry stabilized in 2013 reaching 0.796‰, representing a slight year-on-year increase of 1%. As at 31 December 2013, the value of securities in custody in the whole market was RMB23.91 trillion, representing a year-on-year increase of 3.78%. The value of client deposit guarantee was RMB526.4 billion, representing a year-on-year decrease of 12%.

### *Actions and Achievements*

In 2013, by taking the advantage of the market trend of “institution-orientation and product development” for brokerage business, the Group vigorously developed institutional clients, provided clients with different types of business platforms and continued to expand its leading edge in market share. In 2013, the Group recorded a total trading turnover of RMB5.89 trillion of stocks and funds on the Shanghai Stock Exchange and Shenzhen Stock Exchange, representing a market share of 6.18% and a year-on-year increase of 7.29%, putting it on the top of the market.

The Company has long emphasized on the importance of building up its clientele. As at the end of 2013, the value of entrusted client assets of the Group (including the assets from holders of shares which are still subject to trading moratorium) amounted to RMB1.79 trillion in total. The number of high-net-worth individual clients with an asset value of RMB5 million or more increased by 36.2% as compared to 2012. In respect of institutional clients, the Company set up 54 new seats in the stock exchanges in 2013; and increased the number of QFII trading clients to 110, with client’s trading turnover ranking number one in the market.

The Company insisted on providing services for the real economy. In terms of its brokerage business, the Group actively captured the opportunities arising from the national industrial restructuring to vigorously develop its financial services for SMEs. Such services were positioned at the high end of the market, and by way of team building, organizing trainings, mechanism setting, risk control and business promotion, the Company further refined its financial services for SMEs.

The Company proactively deepened the transformation of its brokerage business by facilitating the functional change of its branches into comprehensive sales outlets and service centers for all businesses of the Company. In 2013, the Company, CITIC Securities (Zhejiang) and CITIC Wantong Securities distributed a total of RMB113,903 million of financial products.

### *Outlook for 2014*

In 2014, with the lifting of control over branch opening and commission rate as well as the emergence of internet finance, competition in the securities sector will become even more intense. Meanwhile, innovation remains the mainstream for the development of the industry. Innovative businesses such as individual stock options may bring new opportunities for business growth.

In 2014, the Company will further optimize the team structure of its brokerage business, increase the level of institutional services and carry out the transformation to wealth management. It will vigorously promote business innovation, build the comprehensive service system for SMEs and actively promote internet retail brokerage business.

## 4.2.3 Trading

### *Market Conditions*

In 2013, the global economy was at an early stage of a challenging recovery. Under the pressures of eliminating obsolete production capacity and deleveraging, the domestic economy continued to suffer slight declines in its growth. In 2013, the A-share market showed an overall downward trend amidst fluctuations. Investment opportunities existed in structurally directed business. The performance of the SME board and the ChiNext board was relatively good. In 2013, the SSE Composite Index closed at 2,115.98 points, down 6.75%; the SZSE Component Index closed at 8,121.79 points, down 10.91%; and the CSI 300 Index closed at 2,330.03 points, down 7.65%.

## Actions and Achievements

### Flow-based Business

In 2013, the Company recorded rapid development in its flow-based business.

The equity flow-based business provided by the Company to its customers include equity management services such as stock repo, stock-pledged repo and market cap management; structured products and total return swaps business; market making services for block transactions and exchange traded funds (ETF). During the reporting period, the Company gradually expanded the scale of its stock repo business, gaining a leading market position in terms of stock repo balance. The scale of the total return swap business grew rapidly, ranking first in the market in terms of its transaction scale. In June 2013, after the Shanghai Stock Exchange and the Shenzhen Stock Exchange launched stock-pledged repo services, the Company, being one of the first participating members, provided enhanced financing services for institutional clients. Accordingly, the business scale of the Company grew rapidly, ranking first in the market in terms of funds raised.

During the reporting period, the Company continued to develop its market-making business vigorously. While solidifying and expanding the conventional market-making businesses of ETF, cross-border ETF and structured funds, the Company actively explored into the market-making modes of innovative products and businesses such as gold ETF and listed shares under the SME share transfer system, and exchange traded options, becoming one of the major market-making service providers. Meanwhile, the Company, through its OTC business platform, provided liquidity service for clients, thereby strengthening its competitiveness.

In respect of fixed income products, by capitalizing its extensive client network, the Company actively developed new clients, new sources of demand, and further enhanced the capabilities in product innovation and design with a view to developing the flow-based business vigorously. More specifically, measures adopted included launching innovative commodities and cross-border products; further expanding the scale of self-branded wealth management products; continuing strengthening of its investment advisory services for wealth management products of commercial banks and small and medium-sized financial institutions as well as product sales agency services; enhancing trading capabilities and developing market-making business to meet the demand for risk management, investment and financing services, etc. of clients. In 2013, the Company continued to maintain its number one ranking in the interbank bond market in terms of spot trading volume.

In respect of the prime services, the Company shifted the focus to core customer marketing, by nurturing and guiding institutional clients and high-net-worth individual clients to participate in margin financing and securities lending business. By improving the ancillary facilities for the integrated services system and proactively participating in refinancing transactions, the Company achieved good results. In 2013, the Company continued to rank the first in the market in terms of trading volume of margin financing and securities lending. The combined market share of the Company, CITIC Securities (Zhejiang) and CITIC Wantong Securities was 9.64%, ranking the first in the market. During the reporting period, CITIC Securities (Zhejiang) and CITIC Wantong Securities obtained the approval to commence securities refinancing business, thus further facilitating the balanced development in the margin financing and securities lending business.

As at 31 December 2013, the balance of domestic margin financing of the Group amounted to a total of RMB33,086 million, increased by 285.32% year-on-year; and the balance of domestic securities lending amounted to a total of RMB334 million, increased by 33.15% year-on-year.

| Item                                                                         | Company                     | 31 December<br>2013 | 31 December<br>2012 |
|------------------------------------------------------------------------------|-----------------------------|---------------------|---------------------|
| Balance of margin financing and securities<br>lending accounts (RMB million) | CITIC Securities            | 22,502              | 6,236               |
|                                                                              | CITIC Securities (Zhejiang) | 7,310               | 1,869               |
|                                                                              | CITIC Wantong Securities    | 3,608               | 732                 |
|                                                                              | Total                       | 33,420              | 8,837               |

Source: Wind Info

In 2013, the Company proactively pushed forward the strategic transformation of proprietary trading, strengthened its business diversification, and proactively managed risks. In 2013, conventional equity trading business overcame the challenges posed by the difficult market environment, with its revenue outperforming the A-Share market.

The alternative investment business of the Company was equipped with capabilities to commence hedging and arbitrage investments in domestic and international markets. The Company received stable gains with low risk and low market correlation through means such as hedging, arbitrage and quantitative investment by leveraging on the inefficiency across the domestic and international markets. Strategies which have been adopted include hedge fund investment, stock index futures arbitrage, statistical arbitrage, fundamental quantitative investment and convertible debt arbitrage. Among these, the percentage of revenue generated from the foreign hedging investment business has been increasing steadily, showing a progressive improvement over the reliance on opportunities from domestic market solely.

#### ***Outlook for 2014***

In 2014, the Company will further research and develop new products and new trading strategies, and proactively capture investment opportunities offered by the multi-market environment, multi-asset categories and multi-investment tools both domestically and internationally to diversify sources of revenue and steadily enhance the trading yields. The Company will keep on expanding the scale and scope of market-making services and make the OTC market a new realm for flow-based services. On the realization of all the basic financial functions such as registration, custody, settlement, payment, and trading, the Company will design and develop products in accordance with customer demands to satisfy their various customized investment and financing needs and provide the necessary liquidity services. Business models for products such as stock repo, stock-pledged repo, total return swap and OTC traded options will continue to be optimized to enhance customer service capabilities and expand the business scale.

In 2014, the overall market scale of margin financing and securities lending will still be fast-growing. It is expected that the balance of margin financing and securities lending will reach approximately RMB450 billion by the end of the year, and the size of margin financing and securities lending transactions will represent almost 10% of the total trading turnover in A shares and funds, as a result, revenue from margin financing and securities lending businesses will become one of the major sources of income for the securities companies. The Company will fully exploit business potentials, improve the developing mechanism for hedging clients to enrich the platform function of prime services and facilitate the balanced development of margin financing transactions and securities lending transactions.

### **4.2.4 Asset Management**

#### ***Market Conditions***

Since 2013, with the gradual removal of barriers between business operational segments, various institutions such as securities companies, banks, insurers, funds, trusts and asset management companies competed with each other to commence asset management business, announcing the arrival of the pan-asset management era. The new competition landscape in the industry squeezed down the bonuses under the original system, but also provided opportunities of mixed operation for various types of institutions. Against the backdrop of the development of a multi-tier capital market and liberalization of interest rates, the industrial chain of the asset management sector continued to extend further, making cross-sector competition and cooperation more normalized. With the implementation of the newly revised *Law of Securities Investment Fund*, securities companies may apply to commence mutual fund management business. Before obtaining the above business qualification, securities companies will focus on their asset management business serving mainly institutional clients and high net worth clients.

## Actions and Achievements

### Asset Management of the Company

As at 31 December 2013, the Company's total AUM amounted to RMB504,858 million, comprising CAM, TAM (including enterprise annuity and NSSF) and SAM of RMB33,064 million, RMB468,965 million and RMB2,829 million, respectively.

| Type  | AUM<br>(RMB million) |                     | Management Fees<br>(RMB million)    |                                     |
|-------|----------------------|---------------------|-------------------------------------|-------------------------------------|
|       | 31 December<br>2013  | 31 December<br>2012 | From January<br>to December<br>2013 | From January<br>to December<br>2012 |
| CAM   | <b>33,064</b>        | 24,923              | 193.56                              | 151.56                              |
| TAM   | <b>468,965</b>       | 222,423             | 245.96                              | 46.13                               |
| SAM   | <b>2,829</b>         | 3,493               | 2.06                                | 0.40                                |
| Total | <b>504,858</b>       | 250,839             | 441.58                              | 198.09                              |

Source: the Company's internal statistical data

In 2013, the Company vigorously expanded the TAM business targeting banks as the major clientele. Excluding enterprise annuity and NSSF, the size of the TAM business increased by approximately RMB246,542 million. In 2013, the Company's enterprise annuity clients increased by 35 and the AUM of enterprise annuity increased by approximately RMB4,211 million. The Company, being a domestic investment manager of NSSF, was also entrusted with an additional portfolio to revitalize the debt positions held by NSSF and the AUM for NSSF increased by approximately RMB5,108 million.

In 2013, the Company continued to expand the development of and enhanced the innovation for CAM business, by establishing a total of 41 new CAM plans, one new SAM plan and the size of its CAM plans increased by approximately RMB8,141 million. The Company participated in and promoted various innovation led by regulatory authorities, the stock exchanges and industry associations, and continuously improved the product line for CAM plans, which steadily expanded the AUM of CAM business.

### China AMC

In 2013, faced with highly competitive and complicated market environment, China AMC had captured important market opportunities and realized comprehensive growth in performance, AUM and profits. Its performance results of active equity investment ranked the first among the top five fund management companies, and its AUM continued to maintain number one ranking in the industry, and its net profit registered a substantial increase.

As at 31 December 2013, the AUM of China AMC was RMB333,374 million, increased by 12.01% year-on-year, maintaining its number one ranking position in the industry. The AUM of mutual funds was RMB244,715 million, increased by 3.98% year-on-year with a market share of 8.15%. The AUM of institutional business was RMB88,658 million, increased by 42.37% year-on-year, of which the AUM of enterprise annuity amounted to RMB50,114 million.

### Outlook for 2014

In 2014, the Company's asset management business aims at becoming a wealth manager providing comprehensive products and services of all aspects (investment and financing) for all types of clients. On the basis of continuously enhancing the standards of investment management of various accounts and maintaining good investment performance, the Company will actively apply for the business qualification for mutual funds management and concurrently develop an innovative private equity business. By creating differentiated competitive edges under the competition background of mixed operation in the pan-asset management era, the Company will continue to vigorously expand the TAM business which targets banks, insurers, enterprise annuities and NSSF as major clients; emphasize on product innovations and launch CAM plans suitable for the needs of high-net-worth investors; and choose right opportunities to develop QDII business, etc.

In 2014, China AMC will steadily develop various businesses on a controlled risk basis; strengthen its investment capability to enhance the performance results of its investment; develop its customer-oriented products to enhance management scale; steadily develop institutional business and to establish a boutique service model.

#### **4.2.5 Investment**

##### ***Private Equity Investment***

###### *Market Conditions*

In 2013, the private equity investment fund market in China recovered. The number of newly launched funds declined slightly year-on-year, but the amount of funds raised increased significantly. According to the statistics of Zero2IPO, 349 private equity investment funds were disclosed to have completed their subscription in PRC private equity investment fund market during 2013, representing a decrease of 5.4% year-on-year. Of the 339 investment funds which disclosed their subscription amounts, a total of US\$34,506 million were raised, representing an increase of 36.3% year-on-year.

According to the statistics of Zero2IPO, a total of 660 cases of investments occurred in the private equity investment funds market of the PRC in 2013, representing a decrease of 2.9% year-on-year. Of the 602 cases which had disclosed their amounts, a total investment amount of US\$24,483 million was involved, representing an increase of 23.7% year-on-year.

In 2013, A share IPOs experienced a continuous suspension period. With obstruction in the conventional major divestment channel, means of divestment started to diversify. According to the statistics of Zero2IPO, a total of 228 exit cases occurred in the private equity investment funds market in the PRC during 2013, of which 62 divestment cases were effected through merger and acquisition, which was the major means for divestment.

###### *Actions and Achievements*

GoldStone Investment, a wholly-owned subsidiary of the Company, has established a hybrid investment strategy of focusing on both direct investments and fund investments. By leveraging on the network of the Group, the strength of its investment team and the project resources of the equity investment funds, GoldStone Investment kept its strategic focus on the opportunities arising from medium-to-large scale equity investments in China.

In December 2012, GoldStone Investment established a wholly-owned subsidiary, GoldStone Haorui, to engage in investments with proprietary capital, thus separating the investment business with proprietary capital and third party asset management business. The business, funds, personnel and management of GoldStone Haorui were independent from the third party asset management business of GoldStone Investment, and it focused on realizing value appreciation of the Company's proprietary capital and practically protecting the interest of investors. GoldStone Investment and GoldStone Haorui completed 16 new investment projects for newly injected proprietary capital during the whole period of 2013, covering sectors including information technology, high-end manufacturing and agricultural technology, and participated in the equity investments of enterprises on the new OTC market. There were 15 cases of partial or full divestments of investment projects involving proprietary capital.

Qingdao GoldStone Hongxin Investment Centre (Limited Partnership), a direct investment fund established by GoldStone Investment, completed the first closing and the change in registration with the Industry and Commerce authority in January 2013. With the approval of the CSRC, GoldStone Investment established GoldStone Fund, a direct investment platform for real property financing business, in July 2013. It is currently preparing to promote the establishment of a private fund to launch the innovative business of real property financing.

As at 31 December 2013, the CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) established by GoldStone Investment had entered into agreements with a total of 19 investors and committed to contributing a capital amount of RMB3,644 million.

In response to the intensifying market competition, GoldStone Investment will keep on its hybrid investment strategy and further pursue business transformation, with dual emphasis on proprietary capital investment and third-party asset management, to fulfill the Company's market strategy of achieving economies of scale and brand recognition.

Based on the completion of the first subscription of its direct investment fund and buyout fund, GoldStone Investment will proactively continue with the follow-on fund raising of each fund, and will strive to foster a matrix network of investor relations that will facilitate interaction, enhance communication and strengthen cooperation with institutional fund investors. Meanwhile, GoldStone Investment will actively explore diversified investment strategies and innovative investment directions to facilitate the implementation of innovative businesses and the building of all-rounded and multi-level capabilities for equity investment.

### ***Principal Investments***

#### ***CITIC PE Fund***

CITIC PE Fund manages two funds, namely CITIC Mianyang Private Equity Fund and Beijing CITIC Investment Center (Limited Partnership). In 2013, the two funds increased their investments by eight items with a total investment amount of approximately RMB2,584 million in the areas of finance, environmental protection, logistics, consumer, chemicals and pharmaceuticals.

In 2014, CITIC PE Fund will continue to adhere to the dual investment strategies of minority equity investment as well as controlling stake investments, and comprehensively enhance the capabilities in transaction exploration, determination, execution and value creation. CITIC PE Fund will focus on key industries, and through systematic and in-depth industry research to deepen its industry knowledge, accumulate industry experience, and expand industry resources. Meanwhile, CITIC PE Fund will utilize the resources of its shareholders and LPs, and intensify cooperation with leading domestic and foreign investment institutions, increase the reserves for large scale projects and projects suitable for merger and acquisition, and build up the core competitiveness of CITIC PE Fund.

In addition, CITIC PE Fund will further strengthen its capacity to provide value-added services. Segmented management model will be applied to invested enterprises to realize focused development of resources and full coverage of key areas. Meanwhile, the team will continue to stress on consolidation and accumulation of knowledge, further expand the value-added functions, provide all-round services for the invested enterprises and optimize the enhancement of long-term value of the invested enterprise.

#### **4.2.6 Research Business**

In 2013, the research business of the Company continued to strengthen its sell-side research for market expansion. In the principles of "reform through open policy and development through transformation", the Company proactively strengthened its comprehensive cooperation with CLSA by exchange of personnel and sharing of research resources to speed up the internationalization of its research business for the purpose of in-depth studies of both domestic and international markets and the consolidated utilization of domestic and international resources.

Currently, the research business of the Company has already established a team renowned for their macro, strategy, financial products and quantitative studies, and composed of nearly 100 industry research analysts covering almost a thousand A share companies, more than 70 A+H share companies and more than 180 overseas Chinese concept stock companies, constantly providing both domestic and foreign institutional investors and high-net-worth clients with timely, comprehensive and profound research reports and investment recommendations.

In addition, the comprehensive advantages of the research business of the Company are also shown in the offering of various value-added research services, such as organizing strategy conventions, seminars, methodology trainings, analyst global road shows, NDRs of listed companies and facilitating direct visits to government authorities and listed companies. The Company's research business has helped providing its global investors with a high-end communication platform between investors and relevant government authorities, scientific and research institutions, industry associations and listed companies.

Meanwhile, the research department is constantly improving the collaboration with other departments of the Company to facilitate cross-disciplinary and cross-industry synergies. Benefiting from its first-hand market information and swift response, the Company's research department continues to provide governmental authorities, conglomerates and academic institutions, etc. with special reports on latest market development and policy recommendations, with a view to becoming a reputable non-governmental economic think tank, and offering intelligent support to comprehensive in-depth reforms under the changing circumstances.

Furthermore, CLSA Limited was rated by Institutional Investors as one of the leading Asian equity research institutions, and well-reputed for its independent thematic research, economic analysis and equity strategy. As at 31 December 2013, CLSA Limited had more than 150 analysts, covering around 1,300 companies in 18 industry sectors, also embracing five macro categories including economics, quantitative analysis, country and industry, strategy and technical analysis.

## **4.3 Financial Statement Analysis**

### **4.3.1 Financial Statement Summary**

#### ***Analysis on the profitability of the Company during the reporting period***

Trading was active in the securities market in 2013. The traditional brokerage business of the Group maintained a leading position in the market. Debt financing was successfully conducted by capturing market opportunities and the financial leverage level was enhanced to strongly support the rapid development of various businesses of the Group. The acquisition of equity interests in CLSA and China AMC was completed and both CLSA and China AMC were consolidated into the scope of the Group's financial statements.

In 2013, the Group recognized total revenue and other income of RMB20,279 million, representing a year-on-year increase of 55.14%. Net profit attributable to owners of the parent amounted to RMB5,244 million, representing a year-on-year increase of 23.77%. Basic earnings per share was RMB0.48, representing a year-on-year increase of 26.32%. Return on weighted average equity was 6.02%, representing a year-on-year increase of 1.12 percentage points. The year-on-year increases of the Group's total revenue and other income and the Group's net profit were mainly due to a substantial increase in revenue from the Group's brokerage business and asset management business in 2013, and in the number of companies that was consolidated to the scope of the Group's financial statements. Total revenue and other income and net profit of the Group ranked first in the industry in 2013.

#### ***Assets structure and assets quality***

At the end of 2013, equity attributable to owners of the parent was RMB87,688 million, representing a year-on-year increase of RMB1,223 million or 1.41%.

The Group's asset structure was optimized, maintaining a good asset quality and liquidity. In 2013, excluding accounts payable to customers, the Group's total assets amounted to RMB226,158 million, representing an increase of RMB92,457 million or 69.15% compared with RMB133,701 million in 2012 on a comparable basis. Of which, cash and bank balances were RMB27,685 million, accounting for 12.24% of the total assets. Investments, which mainly included investments in subsidiaries, associates/joint ventures and financial assets, represented 51.46% of the total assets. Fixed assets, constructions in progress, intangible assets and investment properties in aggregate represented 2.65% of the total assets, margin accounts represented 15.17% of the total assets. The weighting of current assets increased further to 84.13%. The Group has made corresponding allowance for impairment losses in respect of available-for-sale financial assets. There is no significant impairment for other assets.

The gearing ratio of the Group increased. At the end of 2013, excluding accounts payable to customers, liabilities of the Group were RMB136,756 million, representing an increase of RMB89,740 million or 190.87% compared with RMB47,016 million as at the end of 2012 on comparable basis. At the end of 2013, based on the assets and liabilities excluding accounts payable to customers, the gearing ratio of the Group was 60.47%, representing an increase of 25.30 percentage points compared with the gearing ratio of 35.17% at the end of 2012. Such increase was mainly due to the rapid development of innovative business of the Group, the continued increase in the scale of the Group's flow-based business and the continuous increase in the financial leverage level.

### ***Cash flow status***

Excluding accounts payable to customers, the Group's net increase in cash and cash equivalents was RMB185 million in 2013, representing a year-on-year increase of RMB7,785 million compared with a net decrease of RMB7,600 million in 2012, which was mainly due to the net inflows of cash from investing activities and financing activities.

From the structural perspective, the net cash outflow from operating activities in 2013 was RMB22,714 million, representing a year-on-year increase of RMB5,520 million compared with an outflow of RMB17,194 million in 2012, which was primarily due to the outflow of funds with the increase in the size of margin financing and securities lending business, etc.. Net cash inflow from investing activities was RMB2,601 million, representing a year-on-year increase of RMB1,857 million compared with an inflow of RMB744 million in 2012, which was primarily due to a significant increase in cash inflows from investing activities. Net cash inflow from financing activities in 2013 was RMB20,298 million, representing a year-on-year increase of RMB11,448 million compared with an inflow of RMB8,850 million in 2012, which was primarily due to the revolving issuance of commercial papers during the reporting period together with the issuance of mid-term and long-term corporate bonds in both domestic and international markets, resulting in an increase in cash inflows from financing activities. In view of the above, the net cash inflows from investing activities and financing activities of the Group in 2013 were higher than 2012, and the operating, investing and financing abilities of the Group were also steadily enhanced.

### ***Financing channel and financing ability of the Company***

Currently, the Company obtains short-term funds from commercial banks and other institutions primarily by way of bond repurchases, inter-bank lending, collateralised loans and issuance of commercial papers on the Shanghai Stock Exchange, Shenzhen Stock Exchange and inter-bank market pursuant to the relevant policies and regulations.

In addition, the Company may finance by way of follow-on offering, rights issue, issuance of bonds, and convertible bonds, subordinated bonds, private placement bond, notes and other financing methods as approved by the competent authorities, subject to market conditions and its own requirements.

The Company held a number of fixed income products to maintain a balance between liquidity and profitability, and any change in interest rates will have direct impact on the interests received from the cash deposit held by the Company, the market price of the bond investment and the investment income. Meanwhile, equity investment of the Company is also vulnerable to, though indirectly, the impact from changes in interest rates. In addition, the Company has also incorporated certain subsidiaries outside mainland China, and invested in capital denominated in foreign currencies. Considering the foreign capital and assets of the Company, the financial condition of the Company may also be vulnerable to the impact of changes in exchange rates.

To maintain the liquidity and profitability of its assets, the Company's proprietary capital is centrally managed by its treasury department. There is also a comprehensive management system and corresponding work flows in place. The Company fine-tunes the structures of its different classes of assets in a timely manner to mitigate the risks and the impacts of the above adverse factors.

### 4.3.2 Analysis on Income Statement

#### *Financial Highlights*

In 2013, the Group accomplished a profit before income tax of RMB6,846 million, representing an increase of 24.77%. Major financial highlights of the Group are as follows:

*In RMB millions*

| Items                                                        | 2013   | 2012  |
|--------------------------------------------------------------|--------|-------|
| Fee and commission income                                    | 10,699 | 7,090 |
| Interest income                                              | 4,090  | 2,172 |
| Investment income                                            | 5,259  | 3,648 |
| Other income                                                 | 231    | 161   |
| Operating expenses                                           | 13,644 | 8,016 |
| Share of profits and losses of associates and joint ventures | 211    | 432   |
| Profit before income tax                                     | 6,846  | 5,487 |
| Income tax expenses                                          | 1,538  | 1,180 |
| Profit attributable to owners of the parent                  | 5,244  | 4,237 |

#### *Structure of the revenue*

In 2013, the total revenue and other income of the Group amounted to RMB20,279 million, representing a year-on-year increase of 55.14%. All items of revenue were on the increase, and structure of the revenue was further optimized. The following table sets out the composition of total revenue and other income of the Group in the past 5 years:

| Items                     | 2013    | 2012    | 2011    | 2010    | 2009    |
|---------------------------|---------|---------|---------|---------|---------|
| Fee and commission income | 52.76%  | 54.24%  | 36.83%  | 54.81%  | 76.05%  |
| Interest income           | 20.17%  | 16.62%  | 7.80%   | 6.57%   | 8.46%   |
| Investment income         | 25.93%  | 27.91%  | 54.58%  | 37.98%  | 14.36%  |
| Other income              | 1.14%   | 1.23%   | 0.79%   | 0.64%   | 1.13%   |
| Total                     | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

#### *Fee and commission income*

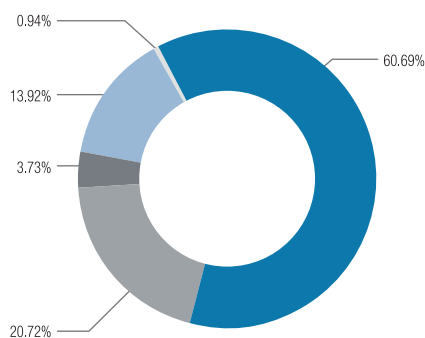
In 2013, the net fee and commission income of the Group amounted to RMB9,638 million, representing a year-on-year increase of 53.25%. Such increase was mainly attributable to a substantial increase in revenue from brokerage and asset management businesses. The segmental breakdown of fee and commission income of the Group during 2012 and 2013 was as follows:

*In RMB millions*

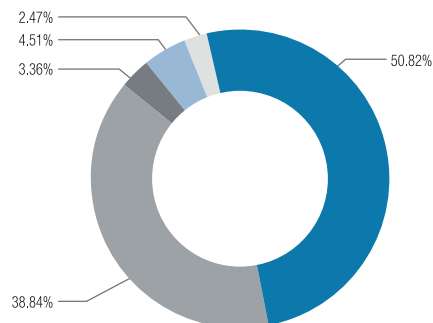
| Items                         | 2013  | 2012  | Variance in amount | Variance in percentage |
|-------------------------------|-------|-------|--------------------|------------------------|
| Fee and commission income     |       |       |                    |                        |
| Brokerage                     | 6,493 | 3,603 | 2,890              | 80.21%                 |
| Investment banking            | 2,217 | 2,754 | -537               | -19.50%                |
| Trading                       | 399   | 238   | 161                | 67.65%                 |
| Asset management              | 1,489 | 320   | 1,169              | 365.31%                |
| Others                        | 101   | 175   | -74                | -42.29%                |
| Fee and commission expenses   | 1,061 | 801   | 260                | 32.46%                 |
| Net fee and commission income | 9,638 | 6,289 | 3,349              | 53.25%                 |

The breakdown of fee and commission income during 2012 and 2013 were as follows:

BREAKDOWN OF FEE AND COMMISSION INCOME FOR 2013



BREAKDOWN OF FEE AND COMMISSION INCOME FOR 2012



■ Brokerage ■ Investment banking ■ Trading ■ Asset management ■ Others

In 2013, the fee and commission income from the brokerage segment increased by RMB2,890 million, representing a growth of 80.21%. The transaction volume in the domestic securities market increased by 52% compared to the previous year due to active trading. The Company's domestic market share further expanded to 6.18%. Meanwhile, the incorporation of CLSA into the Company's consolidated financial statements contributed to a significant increase in the revenue from brokerage business.

The fee and commission income from the investment banking segment for 2013 decreased by RMB537 million, representing a year-on-year decrease of 19.50%. Although the scale of secondary offering grew rapidly and the market share and underwriting size of the Group remained in the forefront of the market, it was difficult to resist the downward trend due to the suspension of IPOs and a decline in the funds raised at the bond market.

The fee and commission income from the trading segment increased by RMB161 million as compared to the previous year, mainly derived from a substantial increase in the revenue from financial advisory business.

The fee and commission income from the asset management segment increased by RMB1,169 million or 365.31% compared to the previous year. On the one hand, the Group incorporated China AMC into the consolidated financial statements in October of 2013; on the other hand, the size of TAM and CAM of securities companies increased significantly to RMB500 billion, resulting in an increase of RMB244 million or 123.23% in the fee and commission income from the asset management segment compared to the previous year.

### Interest income

In 2013, the net interest income of the Group amounted to RMB829 million, representing a year-on-year decrease of 32.27%. The table below sets out the major composition of the net interest income during the period:

*In RMB millions*

| Items                                           | 2013  | 2012  | Variance in amount | Variance in percentage |
|-------------------------------------------------|-------|-------|--------------------|------------------------|
| Interest income                                 |       |       |                    |                        |
| – Bank interest income                          | 1,611 | 1,675 | -64                | -3.82%                 |
| – Interest income on margin and other financing | 2,478 | 493   | 1,985              | 402.64%                |
| – Others                                        | 1     | 4     | -3                 | -75.00%                |
| Finance costs                                   |       |       |                    |                        |
| – Accounts payable to clients                   | 142   | 153   | -11                | -7.19%                 |
| – Due to banks and other financial institutions | 1,776 | 556   | 1,220              | 219.42%                |
| – Bonds issued                                  | 1,246 | 233   | 1,013              | 434.76%                |
| – Others                                        | 97    | 6     | 91                 | 1,516.67%              |
| Net interest income                             | 829   | 1,224 | -395               | -32.27%                |

For interest income, the Group enhanced the efficiency of capital use by reducing the amounts of deposits, resulting in a decrease in interest income from bank deposits. The margin financing and securities lending, stock repo and newly set-up equity pledged business of the Group grew rapidly, which resulted in a rapid growth of 402.64% in interest income from financing as compared to the previous year.

For finance costs, to support the rapid expansion of flow-based business and improve the level of financial leverage, the Group employed a variety of financing channels and increased the amounts due to banks and other financial institutions, which resulted in an increase in finance costs of 219.42%. On the premise of maintaining the size of commercial papers, the Group also increased the size for issuance of mid-term and long-term bonds close to RMB25 billion in 2013, resulting in an increase of 434.76% in finance costs for bond issuance. Meanwhile, the scale of borrowings grew rapidly, resulting in an increase of 1,516.67% in finance costs.

### Investment income

In 2013, the investment income of the Group amounted to RMB5,259 million, representing a year-on-year increase of 44.16%. The table below sets out the major composition of the investment income during the period:

*In RMB millions*

| Items                                                                                                                               | 2013  | 2012  | Variance in amount | Variance in percentage |
|-------------------------------------------------------------------------------------------------------------------------------------|-------|-------|--------------------|------------------------|
| Net income from available-for-sale financial assets                                                                                 | 2,774 | 1,646 | 1,128              | 68.53%                 |
| Net income from financial instruments held for trading and financial instruments designated as at fair value through profit or loss | 1,259 | 1,815 | -556               | -30.63%                |
| Others                                                                                                                              | 1,226 | 187   | 1,039              | 555.61%                |
| Total                                                                                                                               | 5,259 | 3,648 | 1,611              | 44.16%                 |

Net income from available-for-sale financial assets rose by RMB1,128 million, representing an increase of 68.53% compared to 2012, attributable to an increase of RMB897 million or 126.82% in investment income from disposal of available-for-sale financial assets, and an increase of RMB231 million or 24.59% in dividend income and interest income from available-for-sale financial assets held by the Group.

Net income from financial instruments held for trading and financial instruments designated as at fair value through profit or loss decreased by RMB556 million or 30.63% compared to 2012, despite of a significant increase by RMB2,234 million due to the increase in income arising from the holding and disposal of such instruments as a result of scale expansion, which was offset by a substantial decrease in fair value of RMB2,790 million due to market fluctuation, resulting in a year-on-year decrease in investment income from these financial instruments of RMB556 million.

Other investment income increased by RMB1,039 million, representing an increase of 555.61% compared to the previous year which was mainly attributable to a considerable increase in investment income from derivatives.

### ***Operating expenses***

In 2013, operating expenses of the Group (excluding fee and commission expense and finance costs) amounted to RMB9,322 million, representing a year-on-year increase of RMB3,054 million. The table below sets out the major composition of the operating expenses during the period:

*In RMB millions*

| Items                       | 2013  | 2012  | Variance in amount | Variance in percentage |
|-----------------------------|-------|-------|--------------------|------------------------|
| Staff costs                 | 5,077 | 3,786 | 1,291              | 34.10%                 |
| Depreciation                | 331   | 280   | 51                 | 18.21%                 |
| Business tax and surcharges | 773   | 401   | 372                | 92.77%                 |
| Other operating expenses    | 2,788 | 1,771 | 1,017              | 57.43%                 |
| Impairment losses           | 353   | 30    | 323                | 1,076.67%              |
| Total                       | 9,322 | 6,268 | 3,054              | 48.72%                 |

In 2013, staff costs of the Group recorded an increase of RMB1,291 million, representing an increase of 34.10%. Excluding the consolidation impact of CLSA and China AMC in 2013, staff costs would have increased by RMB367 million or 9.69% compared to the previous year.

In 2013, depreciation increased by RMB51 million, representing an increase of 18.21%. Excluding the consolidation impact of CLSA and China AMC in 2013, the relevant depreciation would be basically the same as the corresponding period of last year, representing a decrease of RMB1 million.

Business tax and surcharges increased by 92.77%, mainly due to an increase in taxable income of the Group in 2013.

Other operating expenses increased by RMB1,017 million, equivalent to an increase of 57.43%. Excluding the consolidation impact of CLSA and China AMC in 2013, other operating expenses would have increased by RMB332 million or 18.75% mainly due to business expansion.

In 2013, impairment losses amounted to RMB353 million, representing an increase of RMB323 million compared to 2012, mainly attributable to impairment losses occurred on available-for-sale financial assets. As the fair value of available-for-sale financial assets held by the Group declined during the year under the influence of the securities market, the Group provided allowance for the impairment losses on available-for-sale financial assets according to the Group's accounting policies. The following table sets out the major composition of the impairment losses during the period:

*In RMB millions*

| Items                                                  | 2013 | 2012 | Variance in amount | Variance in percentage |
|--------------------------------------------------------|------|------|--------------------|------------------------|
| Impairment loss on available-for-sale financial assets | 350  | 34   | 316                | 929.41%                |
| Impairment loss on bad debt                            | 2    | -4   | 6                  | N/A                    |
| Others                                                 | 1    | —    | 1                  | N/A                    |
| Total                                                  | 353  | 30   | 323                | 1,076.67%              |

### 4.3.3 Analysis on Financial Position

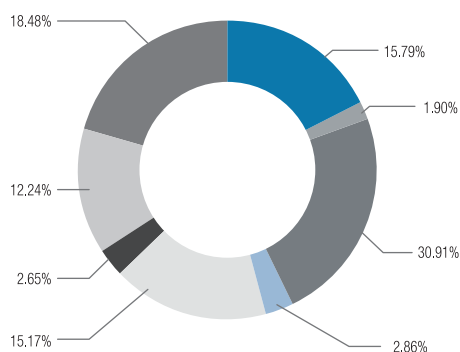
As at 31 December 2013, the total assets of the Group were RMB271,354 million, representing a year-on-year increase of 61.03%. Excluding accounts payable to customers, the total assets of the Group amounted to RMB226,158 million as at the end of 2013, representing a year-on-year increase of 69.15%. Major changes in the total assets of the Group were as follows:

*In RMB millions*

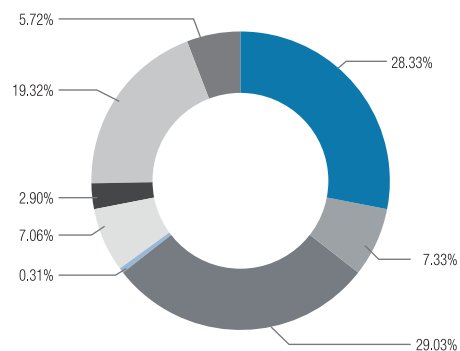
| Items                                                                                                     | 31 December 2013 | 31 December 2012 | Variance in amount | Variance in percentage |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------|--------------------|------------------------|
| Available-for-sale financial assets                                                                       | 35,704           | 37,878           | -2,174             | -5.74%                 |
| Investments in associates/joint ventures                                                                  | 4,298            | 9,796            | -5,498             | -56.12%                |
| Financial assets held for trading and financial assets designated as at fair value through profit or loss | 69,898           | 38,808           | 31,090             | 80.11%                 |
| Derivative financial assets                                                                               | 6,491            | 423              | 6,068              | 1,434.52%              |
| Margin accounts                                                                                           | 34,302           | 9,423            | 24,879             | 264.02%                |
| Properties and intangible assets                                                                          | 5,986            | 3,873            | 2,113              | 54.56%                 |
| Cash and bank balances                                                                                    | 27,685           | 25,836           | 1,849              | 7.16%                  |
| Others                                                                                                    | 41,794           | 7,664            | 34,130             | 445.33%                |
| Total                                                                                                     | 226,158          | 133,701          | 92,457             | 69.15%                 |

The following chart sets forth the composition of the total assets of the Group as of the period:

ANALYSIS OF THE COMPONENTS OF  
THE GROUP'S ASSETS FOR 2013



ANALYSIS OF THE COMPONENTS OF  
THE GROUP'S ASSETS FOR 2012



### Investment

The investment of the Group primarily comprises available-for-sale financial assets, investments in associates and joint ventures, financial assets held for trading, financial assets designated as at fair value through profit or loss and derivative financial assets, etc.

As at 31 December 2013, the total investments of the Group were RMB116,391 million, representing an increase of RMB29,486 million or 33.93% compared to the end of 2012. With the rapid growth of financing business, the Group recorded a considerable growth in the total assets by improving its financial leverage level, thus resulting in a decrease of 13.54 percentage points in the percentage of its total investments to total assets to 51.46%. The following table sets out, as at the dates indicated, the investments of the Group and its percentage to the total assets by category:

*In RMB millions*

| Items                                                                                                           | 31 December 2013 |                            | 31 December 2012 |                            |
|-----------------------------------------------------------------------------------------------------------------|------------------|----------------------------|------------------|----------------------------|
|                                                                                                                 | Amount           | Percentage to total assets | Amount           | Percentage to total assets |
| Available-for-sale financial assets                                                                             | 35,704           | 15.79%                     | 37,878           | 28.33%                     |
| Investments in associates/<br>joint ventures                                                                    | 4,298            | 1.90%                      | 9,796            | 7.33%                      |
| Financial assets held for trading and<br>financial assets designated as at fair<br>value through profit or loss | 69,898           | 30.91%                     | 38,808           | 29.03%                     |
| Derivative financial assets                                                                                     | 6,491            | 2.86%                      | 423              | 0.31%                      |
| Total                                                                                                           | 116,391          | 51.46%                     | 86,905           | 65.00%                     |

### ***Available-for-sale financial assets***

As at 31 December 2013, available-for-sale financial assets of the Group decreased by RMB2,174 million, representing a year-on-year decrease of 5.74%, and it accounted for 15.79% of the total assets. The following table sets forth the components of the available-for-sale financial assets portfolio of the Group:

*In RMB millions*

| Items              | 31 December 2013 |                            | 31 December 2012 |                            |
|--------------------|------------------|----------------------------|------------------|----------------------------|
|                    | Amount           | Percentage to total assets | Amount           | Percentage to total assets |
| Debt securities    | 6,451            | 18.07%                     | 12,547           | 33.12%                     |
| Equity investments | 20,589           | 57.67%                     | 21,698           | 57.28%                     |
| Others             | 8,664            | 24.26%                     | 3,633            | 9.60%                      |
| Total              | 35,704           | 100.00%                    | 37,878           | 100.00%                    |

### ***Investments in associates/joint ventures***

*In RMB millions*

| Items                         | 31 December 2013 | 31 December 2012 | Variance in amount | Variance in percentage |
|-------------------------------|------------------|------------------|--------------------|------------------------|
| Investments in associates     | 3,484            | 9,027            | -5,543             | -61.40%                |
| Investments in joint ventures | 814              | 769              | 45                 | 5.85%                  |
| Total                         | 4,298            | 9,796            | -5,498             | -56.12%                |

In 2013, investments in associates and joint ventures decreased by 56.12% compared to the end of the previous year, mainly due to an increase in the shareholding of China AMC and inclusion of China AMC into the consolidated financial statements, which resulted in a decrease in investments in associates.

### ***Financial assets held for trading and financial assets designated as at fair value through profit or loss***

As at 31 December 2013, the Group's financial assets held for trading and financial assets designated as at fair value through profit or loss increased by RMB31,090 million, representing an increase of 80.11%, and accounted for 30.91% of the total assets of the Group, which was mainly due to the expansion of investments in such financial assets by the Group through a combined investment strategy in shares and debts and enhancement of market-making for bonds.

The following table sets forth the components of the Group's financial assets held for trading and financial assets designated as at fair value through profit or loss:

*In RMB millions*

| Items                                                                  | 31 December<br>2013 | 31 December<br>2012 | Variance in<br>amount | Variance in<br>percentage |
|------------------------------------------------------------------------|---------------------|---------------------|-----------------------|---------------------------|
| Debt securities held for trading                                       | 46,340              | 24,573              | 21,767                | 88.58%                    |
| Equity investments held for trading                                    | 11,308              | 13,568              | -2,260                | -16.66%                   |
| Financial assets designated as at fair<br>value through profit or loss | 12,036              | 483                 | 11,553                | 2,391.93%                 |
| Others                                                                 | 214                 | 184                 | 30                    | 16.30%                    |
| Total                                                                  | 69,898              | 38,808              | 31,090                | 80.11%                    |

### ***Properties and intangible assets***

As at 31 December 2013, properties and intangible assets of the Group amounted to RMB5,986 million, representing an increase of 54.56% year-on-year, mainly attributable to a substantial increase in intangible assets as a result of acquisition of CLSA and the increase of our inputs in electronic devices during the year. The following table sets out, as at the dates indicated, the properties and intangible assets of the Group:

*In RMB millions*

| Items                         | 31 December<br>2013 | 31 December<br>2012 | Variance in<br>amount | Variance in<br>percentage |
|-------------------------------|---------------------|---------------------|-----------------------|---------------------------|
| Property, plant and equipment | 3,637               | 3,320               | 317                   | 9.55%                     |
| Investment properties         | 432                 | 392                 | 40                    | 10.20%                    |
| Other intangible assets       | 1,917               | 161                 | 1,756                 | 1,090.68%                 |
| Total                         | 5,986               | 3,873               | 2,113                 | 54.56%                    |

### ***Cash and bank balances***

As at 31 December 2013, cash and bank balances increased by RMB1,849 million year-on-year, mainly due to the increase in liquid reserve funds in response to an increase in the scale of the market-making and trading.

*In RMB millions*

| Items                  | 31 December<br>2013 | 31 December<br>2012 | Variance in<br>amount | Variance in<br>percentage |
|------------------------|---------------------|---------------------|-----------------------|---------------------------|
| Cash and bank balances | 27,685              | 25,836              | 1,849                 | 7.16%                     |

### ***Liabilities***

As at 31 December 2013, total liabilities of the Group amounted to RMB181,952 million, representing an increase of RMB100,129 million or 122.37% compared to the end of the previous year. Excluding the effect of accounts payable to customers, total liabilities of the Group would have amounted to RMB136,756 million as at the end of 2013, representing a year-on-year increase of 190.87%. To facilitate expansion of flow-based business, the Group has employed a variety of financing channels to expand the scale of financing in 2013.

The following table sets out, as at the dates indicated, the breakdown of the liabilities of the Group:

*In RMB millions*

| Items                                                                                                                     | 31 December<br>2013 | 31 December<br>2012 | Variance in<br>amount | Variance in<br>percentage |
|---------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-----------------------|---------------------------|
| Accounts payable                                                                                                          | <b>45,196</b>       | 34,807              | 10,389                | 29.85%                    |
| Short-term financing<br>instruments payable                                                                               | <b>11,998</b>       | 13,000              | -1,002                | -7.71%                    |
| Financial liabilities held for trading<br>and financial liabilities designated as<br>at fair value through profit or loss | <b>19,283</b>       | 19                  | 19,264                | 101,389.47%               |
| Repurchase agreements                                                                                                     | <b>55,704</b>       | 22,044              | 33,660                | 152.69%                   |
| Bonds payable                                                                                                             | <b>26,177</b>       | 1,500               | 24,677                | 1,645.13%                 |
| Others                                                                                                                    | <b>23,594</b>       | 10,453              | 13,141                | 125.72%                   |
| <b>Total</b>                                                                                                              | <b>181,952</b>      | <b>81,823</b>       | <b>100,129</b>        | <b>122.37%</b>            |

As at 31 December 2013, total accounts payable amounted to RMB45,196 million, up 29.85% from the previous year. It accounted for 24.84% of the total liabilities of the Group. The following table sets out, as at the dates indicated, the Group's accounts payable as categorized by geographical locations and types of customers:

*In RMB millions*

| Items                  | 31 December<br>2013 | 31 December<br>2012 | Variance in<br>amount | Variance in<br>percentage |
|------------------------|---------------------|---------------------|-----------------------|---------------------------|
| Mainland China         | <b>36,591</b>       | 33,109              | 3,482                 | 10.52%                    |
| – Individual           | <b>26,842</b>       | 27,915              | -1,073                | -3.84%                    |
| – Corporate            | <b>9,749</b>        | 5,194               | 4,555                 | 87.70%                    |
| Outside Mainland China | <b>8,605</b>        | 1,698               | 6,907                 | 406.77%                   |
| <b>Total</b>           | <b>45,196</b>       | <b>34,807</b>       | <b>10,389</b>         | <b>29.85%</b>             |

During the year, the Group completed the acquisition of CLSA, which contributed to a substantial increase of 406.77% in accounts payable to clients overseas compared to the end of 2012.

As at 31 December 2013, financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss amounted to RMB19,283 million, representing a significant growth compared to the end of the previous year, mainly attributable to the Group's commitment to the development of innovative business and the impact of CLSA consolidation.

In 2013, amounts from repurchase agreements increased by RMB33,660 million or 152.69% compared to the end of 2012, mainly attributable to continuous expansion of financing scale through repurchase channels during the year.

As at 31 December 2013, the total outstanding amount of commercial papers and bonds payable amounted to RMB38,175 million, representing an increase of RMB 23,675 million compared to the end of the previous year. In 2013, the Group issued RMB-denominated corporate bonds in an aggregate amount of RMB20 billion in mainland China. In addition, the Group issued US\$800 million USD-denominated bonds through its wholly-owned subsidiary CITICS Finance 2013 (approximately RMB4,943 million).

## Equity

As at 31 December 2013, the total equity of the Group amounted to RMB89,402 million, representing an increase of 3.13% compared to the end of the previous year, mainly attributable to the increase in net profits and dividends paid in 2013. The following table sets out, as at the dates indicated, the components of the Group's total equity:

*In RMB millions*

| Items                                | 31 December 2013 | 31 December 2012 |
|--------------------------------------|------------------|------------------|
| Issued Share capital                 | 11,017           | 11,017           |
| Capital reserve                      | 34,428           | 34,524           |
| Surplus reserve                      | 6,439            | 5,885            |
| General reserve                      | 11,402           | 10,425           |
| Investment revaluation reserve       | -334             | -133             |
| Foreign currency translation reserve | -896             | -473             |
| Retained profits                     | 25,632           | 25,220           |
| Non-controlling interests            | 1,714            | 220              |
| Total                                | 89,402           | 86,685           |

### 4.3.4 Major Off-balance Sheet Items

During the reporting period, the Group's major off-balance sheet items are guarantee matters, for details, please refer to the section headed "6.5 Material Contracts and their Performance" in this announcement.

### 4.3.5 Significant accounting policies and estimates

Please refer to the Notes to Financial Statements for details of the Company's significant accounting policies and estimates. Pursuant to the issued and effective International Financial Reporting Standards as well as the relevant regulatory requirements of the CSRC and the Ministry of Finance of the PRC, after deliberation by the Audit Committee of the Board, the 23rd meeting of the fifth session of the Board agreed and made revisions to the significant accounting policies and estimates accordingly. The revised accounting policies and estimates were implemented with effect from 2013.

### 4.3.6 Fair value measurement

During the reporting period, the principle in determination of fair value is: the fair value of the relevant asset or liability of the Group is measured by prices in major markets. If no major market exists, the fair value of the relevant asset or liability will be measured by the prices in the most favorable market. In determining the fair value, the Group will adopt the assumptions used by market participants in pricing of such asset or liability to maximize their economic benefits.

For a financial asset or financial liability with an active market, the Group will adopt quotation in the active market to determine the fair value. If no active market exists for a financial instrument, the Group will adopt valuation techniques to determine its fair value. The valuation techniques used by the Group mainly includes market method, revenue method and cost method. In applying the valuation technique, the Group will give priority to the use of relevant observable input value, only under the circumstances where such relevant observable input value cannot be obtained or impracticably to be obtained, then unobservable input value may be used.

For liabilities measured at fair value, the Group has considered the default risk and assumed that such default risk will remain unchanged before and after the transfer of liabilities. Default risk refers to the risk that obligations are not performed by the enterprise, including but not limited to the enterprise's own credit risk.

#### 4.3.7 Explanation of change in scope of statement consolidation

During the reporting period, the Company had five new controlling entities: China AMC, Tianjin Jingzheng, Tianjin Shenzheng, CITIC Securities Information and Quantitative Service (Shenzhen) Limited Liability Company (the Company had not made capital investment during the reporting period) and the CITIC Securities Financial Wealth Series Rank No. 1 Collective Asset Management Plan (中信証券融富系列分級1號集合資產管理計劃). The number of primary subsidiaries that are consolidated to the scope of financial statements of the Company increased to 14.

#### 4.3.8 No change in the income tax policy of the Company during the reporting period

From 1 January 2008, the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the Regulations on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) became effective for the Company. Income tax computation and payment are governed by the Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by the Enterprises with Trans-regional Operations (《國家稅務總局關於印發<跨地區經營匯總納稅企業所得稅徵收管理辦法>的公告》) (Public Notice of the State Administration of Taxation [2012] No.57). The income tax rate applicable to the Company is 25%.

### 4.4 Analysis of Core Competitiveness

As the market leader in the securities industry of China, the Company has explored and practiced new business models and vigorously promoted business transformation and upgrading in recent years, which helped to rebuild and consolidate its core competitiveness. The principal businesses of the Company are undergoing the transformation in the direction towards differentiated competition, diversified business model, customer-orientation and flow-based business, and the Company has made positive progress in this regard by integrating its manpower, funds and licence resources and leveraging on its comprehensive strengths to provide its customers with a package of financial solutions.

The Company has remarkable comprehensive competitive edges. Its traditional fee-based business maintained a leading position in the market through continuous transformation. The brokerage business expanded from traditional model of providing brokerage channel into innovative businesses, such as financial products distribution, OTC market and new OTC market businesses. The investment banking business developed a diversified business structure covering stocks, bonds, M&A and financial advisory business. The Company has built up a multilayer wealth management system covering mutual funds, direct investments, buyout fund, and assets management for securities companies. As the key to the strategic transformation, the flow-based and capital-efficient businesses of the Company maintained their first mover advantages with fast growth in the flow-based businesses including fixed-income market-making, margin financing and securities lending, stock repo and equity-pledged financing, and became a new source of revenue growth by riding on their scale advantages. Capital-efficient businesses, such as stock investments, direct investments, alternative investments and cross-border investments, developed steadily with increasingly diversified sources of revenue.

To utilize its comprehensive strengths, the Company made aggressive efforts in fostering and developing synergy mechanism and culture and enhancing its cross-business, cross-department and cross-region communication and collaboration, which significantly boosted its innovative businesses.

The Company has placed constant emphasis on the development of its risk management capability with an aim to aligning risk management with innovative development. In the process of continuously upgrading its business model, the Company profoundly realized that the biggest challenge of innovative development of securities companies is risk management; therefore the risk management capability is becoming a core competitive strength of securities companies. During the reporting period, the Company improved its risk management capability in an all-rounded manner and steadily boosted the development of its innovative businesses under the premise of ensuring its risks were detectable, manageable and tolerable.

## 4.5 Profit Distribution Policy of the Company

### 4.5.1 Formulation and Implementation of Cash Dividend Policy

In 2012, pursuant to the *Notice Regarding Further Implementation of Cash Dividend Distribution by Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》) issued by the CSRC, and the Notice Regarding Serious Implementation of Related Requirements of the *Notice Regarding Further Implementation of Cash Dividend Distribution by Listed Companies* (《關於認真貫徹落實〈關於進一步落實上市公司現金分紅有關事項的通知〉有關要求的通知》) issued by the Shenzhen Bureau of the CSRC and other regulatory requirements, the Company supplemented the profit distribution policy in the Articles of Association by adding the provision regarding the ratio of cash distribution as follows:

“The Company shall, in distributing its cash dividends, consider both internal and external factors, opinions of directors and expectations of shareholders, and do its best to ensure that the annual cash dividend scale be no less than 25% of the distributable profit and that the average cash dividend scale be no less than 30% for three consecutive years. In any of the following situations and after the adjustment being passed by shareholders representing 2/3 of the total shares with voting rights, the Company may adjust the aforementioned cash dividend payout ratio: (a) related laws and regulations are changed or adjusted; (b) the risk control indicator on net capital reaches early-warning level; (c) operating conditions of the Company deteriorates; (d) the Board proposes to adjust.”

The above amendments to the Articles of Association (i.e. the new profit distribution policy of the Company) have duly come into effect following the approval at the 2012 First Extraordinary General Meeting of the Company, the issue of no objection letter by the Shenzhen Bureau of the CSRC and the completion of the formalities for the registration of change and filing with the industry and commerce authorities by the Company on 27 December 2012.

The amendments in relation to the profit distribution policy are transparent and comply with the laws and regulations, the Articles of Association, and the review procedures of the Company. The Company has fully taken into account the opinions from small-and-medium investors and independent Directors. The small-and-medium investors expressed their recognition and appreciation towards the sustained cash dividend policy of the Company, but at the same time expected the Company to put more efforts on business development and enhance the profitability for the sake of maintaining the long term stability and continuity of the cash dividends. Moreover, the independent non-executive Directors of the Company have shown their appreciation towards the sustained, steady and positive profit distribution policy of the Company, and suggested the Company to institutionalize its profit distribution policy according to relevant provisions of the PRC and to prudently determine the profit distribution plan according to the actual situation of the Company so as to enable investors to form an expectation of stable investment return and to facilitate a concept of long-term and rational investment among investors.

On 20 June 2013, the 2012 Profit Distribution Plan was considered and approved at the 2012 Annual General Meeting of the Company: A cash dividend of RMB3.00 (tax inclusive) was distributed for every 10 Shares held. The plan was completed on 16 August 2013. The cash dividend, representing 25.02% of the Company's profits distributable in cash and 78% of the net profit attributable to the owners of the parent in 2012, was in compliance with the Articles of Association and related regulatory provisions.

On 27 March 2014, the Preliminary Plan Regarding the Amendments to the Articles of Association (《關於修訂公司<章程>的預案》) was considered and approved at the 23rd meeting of the 5th session of the Board of the Company. The Company intended to amend the relevant provisions relating to the profit distribution policy set out in the Articles of Association in accordance with the *No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies* (《上市公司監管指引第3號—上市公司分紅》) issued by the CSRC and the *Guidelines on Distribution of Cash Dividends by Listed Companies* issued by the Shanghai Stock Exchange while combining with the actual needs of the Company's business development. For details about the amendments, please refer to the Announcement on the Resolutions at the 23rd Meeting of the 5th Session of the Board of CITIC Securities Company Limited disclosed on the same day as this announcement. This amendment to the Articles of Association shall be considered and approved at the 2013 Annual General Meeting of the Company and will become effective upon the approval by/or filing with the regulatory authorities and the completion of the formalities for the registration of change with the industry and commerce authorities.

#### 4.5.2 Profit Distribution Plans for the Past Three Years

Upon prior approval by the Board and the Supervisory Committee, the profit distribution plan of the Company will be subject to the consideration of and approval by shareholders at a general meeting. In the process of prior approval by the Board, the independent Directors of the Company will provide objective and independent opinions from the perspective of protecting the interest of the investors. During the general meeting, minority shareholders of the Company will be provided with sufficient opportunities to express their views and concerns to protect their legal rights.

The Company has declared cash dividend every year since its incorporation. The plans for profit distribution for the past three years were as follows:

2010: a cash dividend of RMB5 (tax inclusive) for every 10 shares;

2011: a cash dividend of RMB4.30 (tax inclusive) for every 10 shares;

2012: a cash dividend of RMB3 (tax inclusive) for every 10 shares.

From 2010 to 2011, the cash dividends declared by the Company represented over 30% of the net profit distributable to investors. In 2012, the cash dividends declared by the Company represented 25.02% of the net profit distributable to investors and represented 78% of the net profit attributable to owners of the parent, which are in compliance with regulatory requirements and the profit distribution policy of the Company, the details are as follows:

*In RMB millions*

| Year of distribution | Amount of cash dividend (tax inclusive) | Net profit distributable to investors | Percentage to net profit distributable to investors | Net profit attributable to owners of the parent as stated in the consolidated statements of the year of distribution | Percentage to net profit attributable to owners of the parent as stated in the consolidated statements |
|----------------------|-----------------------------------------|---------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 2010                 | 4,973                                   | 15,141                                | 32.84%                                              | 11,311                                                                                                               | 43.96%                                                                                                 |
| 2011                 | 4,737                                   | 15,688                                | 30.20%                                              | 12,576                                                                                                               | 37.67%                                                                                                 |
| 2012                 | 3,305                                   | 13,209                                | 25.02%                                              | 4,237                                                                                                                | 78.00%                                                                                                 |

## 4.6 Risk Management

### 4.6.1 Overview

In the opinion of the Company, effective risk management and internal control are critical to the Company's successful operation. The Company has established comprehensive risk management and internal control processes, through which the Company monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities.

The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's General Meeting of Shareholders, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association. The Board has strengthened the relevant internal control arrangements and improved the Company's control environment and internal control structures. Internal control and risk management have become an essential element in the Company's decision-making process.

### 4.6.2 Structure of Risk Management

The major framework of the risk management of the Company consists of the Risk Management Committee under the Board, the related professional committees under the Executive Committee, the relevant departments, business lines responsible for internal control and business. The relatively comprehensive three-level risk management system enables a network of collective decision making between the respective committees, and close cooperation between internal control functions and business departments, business lines, and manages risks through review decision, execution and supervision.

#### ***Level 1: Board of Directors***

The Risk Management Committee of the Board supervises the overall risk management of the Company with a view to controlling risks within an acceptable level and ensures smooth implementation of effective risk management schemes over risks related to the Company's operation activities; prepares overall risk management policies for the Board's review; formulates strategic structure and resources to be allocated for risk management purposes and keeps them in line with the internal risk management policies; sets limits for major risk indicators; performs supervision and review on the risk management policies and makes recommendation to the Board.

#### ***Level 2: Executive Committee (Operation Management)***

The Company has established the Assets and Liabilities Management Committee (formerly "Asset Allocation Committee"). Under the authority of the Board and Executive Committee of the Company, the committee performs decision-making and review on major issues and related systems involving application of proprietary capital. For the purpose of capital security, the committee optimizes the assets allocation and improves the efficiency of the capital application via a scientific, standardized and prudent approach under strict control and management over risk exposures.

The Company has established the Capital Commitment Committee. The committee performs final risk assessment and reviews under the authority of the Board and Executive Committee of the Company on capital commitment of the underwriting business. All corporate finance activities involving application of capital are subject to the approval by the Capital Commitment Committee to ensure an acceptable level of risk exposure of the corporate finance activities and security of capital.

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and Executive Committee of the Company, and is responsible for monitoring and managing the daily risk of the Company within its designated authority, and to decide and approve material matters related to risk management and relevant system. There is a risk management sub-working group under the Risk Management Committee, which is the main body responsible for daily monitoring and management of the financial risks over the securities investment business and facilitating executing decisions made by the Risk Management Committee. The risk management sub-working group comprises the credit risk management sub-working group which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management.

The Company has established the Product Committee. This committee performs planning, coordination, decision-making and review under the authority of the Board and Executive Committee on major matters such as design, sales and related systems of new products of the Company and to drive the development of new businesses and products. The committee manages the risks related to new products through pre-sale quality control and preparation of relevant post-sale risk handling measures. The committee has set up risk evaluation units to test the regulatory compliance of financial products sold by the Company as agent, examine potential fraud and reveal the financial risks of such products. The product sales panel under the committee is responsible for review on the marketability of such products.

### ***Level 3: Division/Business Lines***

At the division and business line level, the Company has segregated the roles and responsibilities of the front office, middle office and back office to ensure the establishment of a system of “checks and balances”.

Front-office business departments/business lines of the Company are the first line of defense of risk management. Such departments establish risk management systems for the respective businesses and perform supervision, assessment and reporting on the business risks to contain such risks within limits.

The Company has set up the Risk Management Department, which performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyzes and assesses the overall risks of the Company and each of its business line and recommends on optimized allocation of risk resources; assists the Risk Management Committee in the preparation of risk management indicators such as risk limits, as well as supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the Management, and regularly discloses the general risk portfolio of the Company and makes recommendations on risk management; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment and fulfillment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

The Audit Department has the overall responsibility for internal audit, organising comprehensive audit of all departments/business lines of the Company, monitoring the implementation of internal control systems, preventing various moral and policy risks, and assisting the Company with the investigation of emergency events.

The Company has established the Compliance Department, which organises the establishment and implementation of the basic compliance policy of the Company, provides compliance advice to management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the business departments/business lines and branches to assess, develop, modify and improve internal management policies, procedures and business processes based on changes in laws, regulations and guidelines; performs compliance pre-reviews on new internal management policies, important decisions, new products, new businesses and key business activities launched by the Company; and fulfills the regular and non-regular obligations of reporting to regulatory authorities.

The Company has also set up the Legal Department, which is responsible for the oversight of legal risks of the Company and relevant businesses.

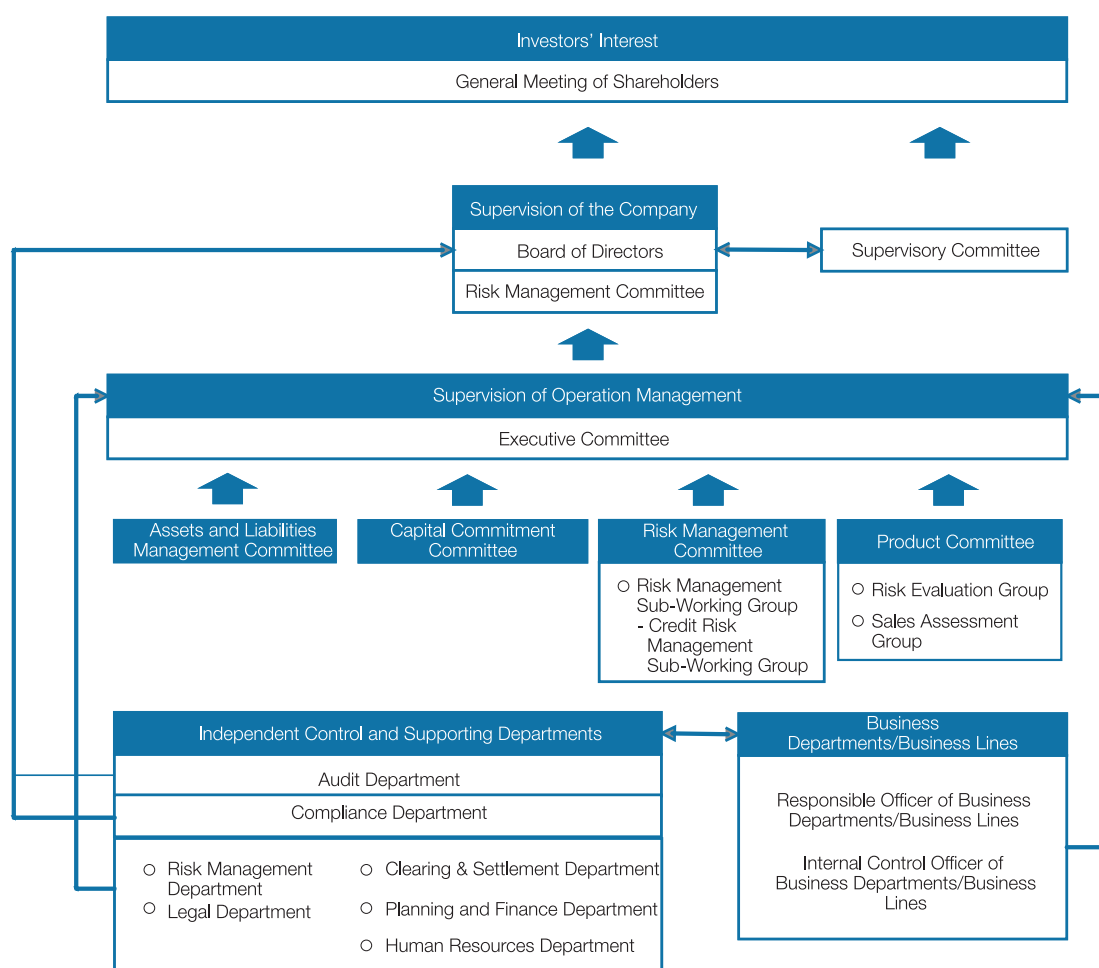


Chart: Structure of the Risk Management

#### 4.6.3 Market Risk

Market risks represent potential losses due to movement in market prices of securities held. Securities held are derived from the proprietary investment, market-making business and other investment activities. Movement in securities holdings primarily arose from instructions received from the customers and the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk and foreign exchange rate risk. Equity price risk arises from fluctuation in the price and volatility of equities such as stocks, equity portfolio and stock index futures. Interest rate risk primarily arises from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads. Exchange rate risk represents exposures arises from changes in non-local currency rates.

The Company has established a top-down risk prevention measure, which is formed by the Risk Management Committee of the Board, Risk Management Committee of the Company and all business lines and internal control departments. Through allocating the overall risk of the Company to different business departments/ business lines, and through monitoring by the internal control department, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within acceptable level.

The Company assesses, monitors and manages its overall market risks through a risk management department, which is independent of the business departments/business lines, and its assessments and testings are reported to the respective business departments/business lines, operation management of the Company and the Risk Management Committee. In implementing market risk management, the front-office business departments/business lines, with direct responsibility for risk management and as the frontline risk management team, dynamically manage the market risks arising from its securities holdings, and actively take measures to reduce or hedge against such risks when the exposures are high. The relevant monitoring personnel from the Risk Management Department will continuously cooperate and communicate directly with the respective business departments/business lines with regard to information on risk exposures, and discuss the status of risk portfolios and the losses in extreme situations.

The Risk Management Department estimates possible losses arising from market risks through series of measurements, including possible losses under normal volatility and extreme market conditions. Under normal volatilities, the Risk Management Department measures the possible losses of the Company in the short term via VaR and sensitivity analysis. In extreme situations, the department measures the possible losses of the Company via stress test. The risk report sets out the market risk portfolio and its changes in each of the business departments/business lines. The report will be delivered on a daily, weekly, monthly or quarterly basis to the responsible officers and operation management of the business departments/business lines of the Company.

VaR represents the potential losses due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company upon occurrence of a single or multiple scenarios. These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an integral part of the market risk management. Through stress tests, the Company could focus on the possible losses to the Company, analyse its risk return and compare its risk resistant capacities, and evaluates whether the overall market risk portfolio of the Company is within its expected limits.

The Company sets limits for its respective business departments/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn relevant management officers in advance and discuss with the respective business management officers. According to the opinion reached through discussions, the business departments/business lines will mitigate the exposures to a level within the limits, or the respective business departments/business lines may apply for a temporary or permanent upgrade in the limits, subject to approval by the relevant committees.

The Company continues to modify the risk limits system, and is building up a more comprehensive system with different levels of risk limit indicators for the Company, its respective business departments/business lines and investment accounts, with a view to formulating substantive rules or guidelines for its risk management system.

In respect of foreign assets, in order to ensure the availability of fund required for foreign business expansion, the Company implemented centralised management toward its exchange risk. The Company keeps track of the risk by closely monitoring the value of the assets in the account daily. It monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test, and to manage exchange risk exposure through methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

The calculation is based on the historical data of the Group's VaR (confidence level of 95% and a holding period of one trading day).

#### Overall VaR at the end of the period

*in RMB millions*

|                           | 31 December 2013 |             | 31 December 2012 |             |
|---------------------------|------------------|-------------|------------------|-------------|
|                           | The Group        | The Company | The Group        | The Company |
| Equity price risk         | 176              | 129         | 304              | 287         |
| Interest rate risk        | 33               | 31          | 10               | 8           |
| Exchange rate risk        | 9                | 7           | 12               | 7           |
| Effect of diversification | -36              | -26         | -16              | -13         |
| Overall VaR               | 182              | 141         | 310              | 289         |

As at 31 December 2013, VaR of the Group decreased by approximately RMB130 million year-on-year, and VaR of the Company decreased by approximately RMB150 million year-on-year. Such changes were mainly attributable to a decrease in equity asset position and decline of the price volatility level of equity assets.

#### 4.6.4 Credit Risk

Credit risk is the risk in respect of loss arising from a borrower's or counterparty's inability to meet its obligations.

The credit risk of the Group mostly arises from three aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of customers, if the Group does not require the clients to pay sufficient margin deposits in advance according to the laws, the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or face financing gaps due to other factors on the settlement date, and accordingly resulting in losses; secondly, credit risk arising from the collateral trading businesses including margin financing and securities lending, stock repo, stock-pledged repo and deposit business such as equity swap business, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested.

The Company uses its information management systems to monitor its credit risk on a real time basis, keep track of the credit risk of the Company's business products and its transaction counterparties, provide analysis and prewarning reports, and adjust its credit limits in a timely manner. The Company will also measure the credit risks of its major operations through stress test and sensitivity analysis.

In order to manage the credit risk arising from the brokerage business, securities brokerage business transactions in Mainland China are all required to be settled in full by security deposit, as a result of which the settlement risk associated with brokerage business has been largely controlled.

Credit risk arising from the businesses, such as margin financing and securities lending, stock repo, stock-pledged repo and equity swap, primarily includes clients' provision of false information, failure to make full repayment on time, contractual breach of portfolio limits and compositions, violation of regulatory requirements, and provision of collateral encumbered with legal disputes. Credit risk arising from this type of businesses is mainly managed through customer education, credit reference checks, credit approval, daily mark to market, risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

For credit products investment, in respect of trust investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recovery, and in respect of fixed income investments, the Company has established the counterparty credit approval policy, and developed certain investment restrictions based on the credit ratings.

For cross-border business, the Company has established a series of credit risk management framework and procedures which met the international standards, in order to provide support and assistance for the Company's cross-border business.

Due to the lack of comparability between credit rating results granted by domestic credit rating agencies and by foreign credit rating agencies, the credit risk exposure is stated separately as follows:

#### Credit risk exposure of bonds investment (by domestic credit rating agencies)

*In RMB millions*

| Investment rating               | 31 December<br>2013 | 31 December<br>2012 |
|---------------------------------|---------------------|---------------------|
| China's Sovereign Credit Rating | 10,334              | 7,110               |
| AAA                             | 7,829               | 8,463               |
| AA                              | 16,649              | 8,922               |
| A                               | 400                 | 535                 |
| A-1                             | 2,654               | 5,918               |
| Others                          | 4,503               | 2,510               |
| Total exposure                  | 42,369              | 33,458              |

Note: AAA~A represents rating for debts with maturity over one year, of which AAA represents the highest rating; A-1 represents the highest rating for debts with maturity within one year. AA includes products with AA+, AA and AA- actual ratings. A includes products with A+, A and A- actual ratings.

#### Credit risk exposure of bonds investment (by foreign credit rating agencies)

*In RMB millions*

| Investment rating | 31 December<br>2013 | 31 December<br>2012 |
|-------------------|---------------------|---------------------|
| A                 | 76                  | 27                  |
| B                 | 528                 | 527                 |
| C                 | 1,271               | 707                 |
| D                 | 18                  | —                   |
| NR                | 2,613               | 431                 |
| Total exposure    | 4,506               | 1,692               |

Note: the foreign bond rating is chosen as the lowest of the ratings granted by Moody's, Standard & Poor's and Fitch Ratings(if any); NR is recorded when no rating has been granted by any of the three agencies. Of which, A represents products with ratings of Aaa~Aa3 by Moody's, AAA~AA- by Standard & Poor's and AAA~AA- by Fitch Ratings; B represents products with ratings of A1~Baa3 by Moody's, A+~BBB- by Standard & Poor's and A+~BBB- by Fitch Ratings; C represents products with ratings of Ba1~B3 by Moody's and BB+~B- by Standard & Poor's, and BB+~B- by Fitch Ratings; D represents products with ratings of Caa1~D by Moody's, CCC+~C by Standard & Poor's, and CCC+~B- by Fitch Ratings.

As at the end of the reporting period, the default amount of the Group's margin financing and securities lending business was RMB181,587.61. Except for which, the minimum margin ratio was 130% for the Group's clients of margin financing and securities lending business, 132% for the Group's clients in stock repo business, 142% for the Group's clients in stock-pledged repo business and 130% for the Group's debtor clients in stock returns swap business.

#### **4.6.5 Liquidity Risk**

Liquidity risk is the risk arising from shortage of funds when fulfilling its obligations relating to financial liabilities. The Company has consistently adhered to a unified liquidity management and operation policy and continues to strengthen its liquidity management system. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and inter-bank market, the Company has a relative high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases, which enable the Company to maintain its overall liquidity at a relatively secured level.

In addition, the Risk Management Department independently monitors and assesses the fund and debt positions of the Company over a future time span on a daily basis. On the one hand, it measures the solvency of the Company via indicators such as liquidity coverage ratio, and on the other hand, it assesses the intra-day settlement risk of the Company through indicators such as intraday fund multiples. The Risk Management Department releases a liquidity risk report on a daily basis, and monitors and reports the status of payment risks and settlement risks pursuant to such report. The Company also set threshold values for relevant indicators, which when exceeded, the Risk Management Department will warn the relevant responsible officers of the operation management of the Company and relevant departments of such risks through independent pathways, and appropriate actions will be taken by the relevant competent departments to adjust the liquidity risks exposed to a level within the permitted ranges.

#### **4.6.6 Operational Risk**

The operational risk represents the risk of loss arising from the failure of internal workflow management, breakdown of information system or misconduct of staff. The Risk Management Department and Compliance Department are co-leading departments for managing operational risk, while business departments/business lines, internal control and other supporting departments are responsible for implementing operational risk control at their own business areas according to their division of functions.

During the reporting period, the Company continued to strengthen and refine the management of information disclosure procedures in relation to investment bank projects, improved the newly listed stock trading irregularities monitoring mechanism of its brokerage business, strengthened the support of its risk management system for vertical management of domestic and overseas risks and the integration of internal data, and improved the risk management procedures of innovative business, ensuring the effectiveness of risk management and the implementation of monitoring measures.

## **5. REPORT OF THE BOARD**

### **5.1 Operation of the Principal Businesses of the Group**

The Group is principally engaged in providing securities brokerage, investment banking, assets management and other related financial services. The operation of the businesses of the Group is set out in "4.2 Business Overview" of this announcement.

### **5.2 Profit Distribution**

For details of formulation and implementation of the Company's cash dividend policy and profit distribution plan in 2013, please refer to "4.5 Profit Distribution Policy of the Company" and "6.8 Other Significant Events and Subsequent Updates" of this announcement.

## 5.3 Use of Proceeds

According to the Capital Verification Report (Ernst & Young Hua Ming (2011) Yan Zi No. 60469435\_A09) issued by Ernst & Young Hua Ming, the net proceeds from the initial public offering of H Shares in 2011 were RMB11,271 million. As at 31 December 2013, the Company utilized an aggregate of RMB11,061 million of the net proceeds, of which RMB7,166 million was spent on the acquisition of overseas platforms and the expansion of overseas business, RMB2,300 million was spent on investments in overseas fixed income products, RMB1,591 million was spent on the development of cross-border businesses, and RMB3.5227 million was used for the payment of expenses incurred overseas relating to the overseas platforms. Unutilized proceeds amounted to RMB208 million.

During the reporting period, the Company issued two tranches of corporate bonds and raised a total of RMB20 billion, which has been utilised for replenishing the operating capital of the Company, mainly used for flow-based intermediary businesses such as margin financing and securities lending, stock repo, stock-pledged repo and ETF fund market-making business and innovative businesses which are in conformity with regulatory requirements. The Company issued 11 tranches of commercial papers to replenish the liquidity of the Company.

During the reporting period, the Company's wholly-owned subsidiary CITIC Securities Finance 2013 issued US\$800 million USD-denominated corporate bonds, which was utilized for daily operations.

As at 31 December 2013, the outstanding balance of corporate bonds issued by the Company was RMB21.5 billion; the outstanding balance of USD-denominated bonds was US\$800 million (equivalent to approximately RMB4,724 million); the outstanding balance of commercial papers was RMB12 billion. The total outstanding amount of all kinds of bonds was RMB38,224 million.

The above uses of proceeds were in line with the disclosure in the prospectus/offering documents. In 2014, the Company will continue to use the proceeds according to the operation and development strategies of the Company with reference to the capital market conditions.

## 5.4 Analysis of the Operation and Results of Principal Subsidiaries and Non-Controlling Companies

The Company has seven principal subsidiaries and three principal non-controlling companies, a summary of which is set out below:

| Name of Company                                 | Shareholding held by the Company (%) | Date of Establishment | Registered Capital                      | Place of Business                                                                                                                  | Registered Address                                                                                                                 | Responsible Office | Contact number    |
|-------------------------------------------------|--------------------------------------|-----------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| CITIC Securities (Zhejiang) Co., Ltd            | 100.00                               | 6 February 2002       | RMB885 million                          | 22-23/F, Dikai Ginza, 29 Jiefang East Road, Hangzhou                                                                               | 22-23/F, Dikai Ginza, 29 Jiefang East Road, Hangzhou                                                                               | SHEN Qiang         | 0086-571-85783737 |
| CITIC Wantong Securities Co., Ltd               | 100.00                               | 2 June 1988           | RMB800 million                          | 21st Floor, Tower 1, Qingdao International Finance Center, No. 222 Shenzhen Road, Laoshan District, Qingdao                        | Room 1507-1510, 15th Floor, Aokema Building, No. 29 Miao Ling Road, Laoshan District, Qingdao                                      | YANG Baolin        | 0086-532-85022517 |
| CSI                                             | 100.00                               | 9 April 1998          | Paid-up Capital of HK\$6,516.05 million | 26th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong                                                                  | 26th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong                                                                  | YIN Ke             | 00852-22376899    |
| CITIC Futures Company Limited                   | 100.00                               | 30 March 1993         | RMB1,500 million                        | 1303-1305 of 13th Floor and 14th Floor Tower North, Excellence Times Square II, No. 8 Zhongxin San Road, Futian District, Shenzhen | 1303-1305 of 13th Floor and 14th Floor Tower North, Excellence Times Square II, No. 8 Zhongxin San Road, Futian District, Shenzhen | ZHANG Lei          | 0086-755-83217504 |
| GoldStone Investment Co., Ltd <sup>Note 1</sup> | 100.00                               | 11 October 2007       | RMB7,200 million                        | 17th Floor, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing                                            | No. 48 Liangmaqiao Road, Chaoyang District, Beijing                                                                                | QI Shuguang        | 0086-10-60837899  |

| Name of Company                                                            | Shareholding held by the Company (%) | Date of Establishment | Registered Capital | Place of Business                                                                                                | Registered Address                                                                                        | Responsible Office | Contact number   |
|----------------------------------------------------------------------------|--------------------------------------|-----------------------|--------------------|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------|------------------|
| CITIC Securities Investment Limited                                        | 100.00                               | 1 April 2012          | RMB3,000 million   | CITIC Securities Tower, No. 48 Lioingmaqiao Road, Chaoyang District, Beijing                                     | Unit 2001, Tower 1, International Finance Center, No. 222 Shenzhen Road, Laoshan District, Qingdao        | GE Xiaobo          | 0086-10-60838838 |
| China Asset Management Co., Ltd. <sup>Note 2</sup>                         | 59.00                                | 9 April 1998          | RMB238 million     | 16th Floor, Tower B, Tong Tai Plaza, No. 33 Finance Street, Xicheng District, Beijing                            | Zone A, Tianzhu Airport Industrial Zone, Shunyi District, Beijing                                         | YANG Minghui       | 0086-10-88066688 |
| CITIC Private Equity Funds Management Co., Ltd.                            | 35.00                                | 6 June 2008           | RMB1,800 million   | 11th Floor, Jin Bao Building, No. 89 Jinbaojie, Dongcheng District, Beijing                                      | District C, Incubator Building, Technology Education and Industrial Park, Technology, Mianyang, Sichuan   | LIU Lefei          | 0086-10-85079070 |
| Jiantou Zhongxin Asset Management Co., Ltd.                                | 30.00                                | 30 September 2005     | RMB1,900 million   | Unit 1032, Block 2, Chang An Xin Rong Center, Naoshikou Street No. 1, Xicheng District, Beijing                  | 5th Floor, Hong An International Building, No. 188 Chaoneidajie, Dongcheng District, Beijing              | GAO Shixin         | 0086-10-66276508 |
| S&P/CITIC Index Information Services (Beijing) Co., Ltd. <sup>Note 3</sup> | 50.00                                | 27 December 2005      | US\$1 million      | Room 1601, Tower D, Central International Trade Center, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing | Unit 401-A-16, 4th Floor, Block F, Fuhua Mansion, No. 3 Chaoyangmen Beidajie, Dongcheng District, Beijing | Tom SCHILLER       | 0086-10-65692913 |

Note 1: During the reporting period, GoldStone Investment capitalized RMB1.3 billion from undistributed profits into registered capital. Upon completion of the capitalization, the registered capital of GoldStone Investment increased to RMB7.2 billion.

Note 2: As at the date of this announcement, the Company held 62.20% equity interest in China AMC.

Note 3: The Board had resolved to transfer of the entire equity interest held by the Company in S&P/CITIC Index Information Services (Beijing) Co., Ltd.. The relevant procedural formalities are under process.

- (1) CITIC Securities (Zhejiang) Co., Ltd is a wholly-owned subsidiary of the Company with a registered capital of RMB885 million. As at 31 December 2013, the total assets and net assets of CITIC Securities (Zhejiang) amounted to RMB16,894.95 million and RMB2,964.02 million, respectively; the net revenue, gross profit and net profit realized in 2013 amounted to RMB1,769.68 million, RMB826.70 million and RMB615.78 million, respectively. CITIC Securities (Zhejiang) had 59 securities branches and 2,209 staff (brokers inclusive) as at 31 December 2013.

The principal businesses of CITIC Securities (Zhejiang) include: securities brokerage (in Zhejiang, Fujian and Jiangxi provinces only); securities investment advisory (for securities investment advisory business in Zhejiang, Fujian and Jiangxi provinces only); margin trading; securities investment fund distribution; brokerage for intermediary services to futures companies; and distribution of financial products (in Zhejiang, Fujian and Jiangxi provinces only).

- (2) CITIC Wantong Securities Co., Ltd is a wholly-owned subsidiary of the Company with a registered capital of RMB800 million. As at 31 December 2013, the total assets and net assets of CITIC Wantong Securities amounted to RMB8,327.94 million and RMB3,049.74 million, respectively, and the net revenue, gross profit and net profit realized in 2013 amounted to RMB953.40 million, RMB408.25 million and RMB305.79 million, respectively. CITIC Wantong Securities had 46 securities branches and 1,979 staff (brokers inclusive) as at 31 December 2013.

The principal businesses of CITIC Wantong Securities include: life insurance and property insurance (other than aviation accident insurance and alternative products) approved by the China Insurance Regulatory Commission; foreign-currency negotiable securities brokerage; securities brokerage (in Shandong and Henan provinces only); securities investment advisory (for securities investment advisory business in Shandong and Henan provinces only); margin trading; distribution of securities investment fund; provision of intermediate referral service to futures companies; and distribution of financial products (in Shandong and Henan provinces only).

- (3) CSI is a wholly-owned subsidiary of the Company with paid-up capital of HK\$6,516.05 million. As at 31 December 2013, the total assets and net assets of CSI amounted to approximately RMB45,573.24 million and RMB6,070.00 million, respectively; the net revenue, gross profit and net profit realized in 2013 amounted to RMB2,522.76 million, RMB393.36 million and RMB349.31 million, respectively. CSI had 4 branches in Hong Kong and 1,829 staff (brokers inclusive) as at 31 December 2013.

The principal businesses of CSI include: holding and investment, and its subsidiaries are permitted to engage in businesses such as investment banking, securities brokerage, futures brokerage, asset management, proprietary trading and direct investment.

- (4) CITIC Futures Company Limited is a wholly-owned subsidiary of the Company with a registered capital of RMB1,500 million. As at 31 December 2013, the total assets and net assets of CITIC Futures amounted to RMB11,588.14 million and RMB2,013.74 million, respectively; the net revenue, gross profit and net profit realized in 2013 amounted to RMB654.21 million, RMB276.82 million and RMB225.48 million, respectively. CITIC Futures had 29 futures brokerage branches and 694 staff as at 31 December 2013.

The principal businesses of CITIC Futures include: commodity futures brokerage, financial futures brokerage, futures investment advisory and asset management.

- (5) GoldStone Investment Co., Ltd is a wholly-owned subsidiary of the Company with a registered capital of RMB7.2 billion. As at 31 December 2013, the total assets and net assets of GoldStone Investment amounted to RMB1,1695.53 million and RMB8,957.59 million, respectively; the net revenue, gross profit and net profit realized in 2013 amounted to RMB746.02 million, RMB498.80 million and RMB343.11 million, respectively. GoldStone Investment had 103 staff as at 31 December 2013.

The principal businesses of GoldStone Investment include: industrial investment, investment advisory and management.

- (6) CITIC Securities Investment Limited is a wholly-owned subsidiary of the Company with a registered capital of RMB3 billion. As at 31 December 2013, the total assets and net assets of CITIC Securities Investment amounted to RMB3,658.45 million and RMB3,299.44 million, respectively; the net revenue, gross profit and net profit realized in 2013 amounted to RMB365.91 million, RMB290.08 million and RMB217.56 million, respectively.

The principal businesses of CITIC Securities Investment include: financial product investment, securities investment, and investment advisory.

- (7) China Asset Management Co., Ltd. is held as to 59% by the Company with a registered capital of RMB238 million (the current shareholding increased to 62.20%). As at 31 December 2013, the total assets and net assets of China AMC amounted to RMB4,328.61 million and RMB3,432.81 million, respectively; the net revenue, gross profit and net profit realized in 2013 amounted to RMB3,046.62 million, RMB1,285.37 million and RMB970.79 million, respectively. China AMC had 710 staff as at 31 December 2013.

The principal businesses of China AMC include: fund raising, fund distribution, asset management and other businesses permitted by the CSRC.

- (8) CITIC Private Equity Funds Management Co., Ltd. is held as to 35% by the Company with a registered capital of RMB1.8 billion. As at 31 December 2013, the total assets and net assets of CITIC PE Fund amounted to RMB3,679.26 million and RMB2,837.90 million, respectively; the net revenue realized in 2013 amounted to RMB433.26 million (unaudited. In 2013, the asset management business realized steady growth; however, the fair value of direct investment business changed slightly as a result of the changes in capital market valuation).

The principal businesses of CITIC PE Fund include: promotion and establishment of private equity investment funds; private equity investment fund management; financial advisory, investment and investment management advisory; equity investment and external investment; and enterprise management.

- (9) Jiantou Zhongxin Asset Management Co., Ltd. (“Jiantou Zhongxin”) is held as to 30% by the Company with a registered capital of RMB1.9 billion. As at 31 December 2013, the total assets and net assets of Jiantou Zhongxin amounted to RMB1,876.73 million and RMB1,646.08 million, respectively; the net profit realized in 2013 amounted to RMB49.80 million (unaudited).

The principal businesses of Jiantou Zhongxin include: investment and asset management; investment advisory; enterprise management advisory; and financial advisory.

- (10) S&P/CITIC Index Information Services (Beijing) Co., Ltd. (“S&P/CITIC”) is held as to 50% by the Company with a registered capital of US\$1 million. As at 31 December 2013, the total assets and net assets of S&P/CITIC amounted to RMB0.1 million and RMB-0.63 million, respectively; the net profit realized in 2013 amounted to RMB-0.18 million (unaudited).

The principal businesses of S&P/CITIC include: securities information consulting services, including compiling, computation, maintaining securities and fixed income index; development, promotion and provision of index information consultation; technological development of index, technical training, technical services and business consulting.

## 5.5 Branches of the Company

The Company has established a total of 5 branches in Beijing, Shanghai, Guangdong, Hubei and Jiangsu, particulars of which are as follows:

| Name of Branch                                     | Date of Establishment | Responsible Officer | Scope of Business                                                                         | Place of Business                                                                  | Contact Number   |
|----------------------------------------------------|-----------------------|---------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------|
| CITIC Securities Company Limited, Beijing Branch   | 29 September 2010     | YANG Haifeng        | Management of the securities sales branches of the Company in Beijing                     | 4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing     | 0086-10-65648601 |
| CITIC Securities Company Limited, Shanghai Branch  | 26 October 2010       | ZHANG Hao           | Management of the securities sales branches of the Company in Shanghai                    | 10/F, No. 1568 Century Avenue, Pudong New District, Shanghai                       | 0086-21-61768699 |
| CITIC Securities Company Limited, Guangdong Branch | 10 December 2010      | QIU Wensheng        | Management of the securities sales branches of the Company in Guangdong (except Shenzhen) | 37/F, Poly Center, No. 5 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong    | 0086-20-66609909 |
| CITIC Securities Company Limited, Hubei Branch     | 26 September 2010     | SHI Xiangrong       | Management of the securities sales branches of the Company in Hubei                       | 16/F, CITIC Bank Building, No. 747 Jianshe Avenue, Jiangnan District, Wuhan, Hunan | 0086-27-85355300 |
| CITIC Securities Company Limited, Jiangsu Branch   | 21 October 2010       | WANG Guoqing        | Management of the securities sales branches of the Company in Jiangsu                     | No. 5 Gao loumen, Xuan Wu Gaoloumen District Nanjing, Jiangsu                      | 0086-25-83282416 |

## 5.6 Special Purpose Vehicles (“SPV”) Controlled by the Company

As at 31 December 2013, the Company controlled a SPV named CITIC Securities Finance 2013, which was the indirect wholly-owned subsidiary established by the Company in March 2013 in Hong Kong for the purpose of issuing overseas USD-denominated bonds, and was the issuer of the USD-denominated bonds of the Company in 2013.

## 5.7 Major Clients

The Company serves a diverse set of institutional and individual clients across a spectrum of sectors. The Company's clients range from multinational corporations and SMEs to high-net-worth individuals and retail customers. The clients are primarily located in China. The Company expects to serve more overseas clients as the Company seeks to further expand its overseas coverage in the future. In 2013, the revenue attributable to the Company's five largest clients accounted for 3.37% of the total revenue of the Company.

Save as disclosed above, none of the shareholders holding more than 5% of the issued share capital of the Company, Directors, Supervisors and their respective associates has any interest in any of the five largest clients of the Company. The Company has no major supplier due to the nature of its business.

## 5.8 Directors' and Supervisors' Service Contracts

The Company entered into an appointment letter with each of the 10 directors of the 5th Session of the Board. All appointments commenced from the date of election and approval of the General Meeting, and when the relevant qualification had been obtained, until the expiry date of the term of the 5th Session of the Board. The appointment letter sets out the director's responsibilities, grounds for termination of appointment, commitments and directors' fees during the term of office. None of the Supervisors entered into a service agreement with the Company or its subsidiaries, nor any agreements expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

## 5.9 Directors' and Supervisors' Interests in Material Contracts

The Company or its subsidiaries did not enter into any material contract in which the Directors or Supervisors may be materially interested, whether directly or indirectly during the reporting period.

## 5.10 Directors' Interests in Businesses Competing with the Company

None of the Directors is interested in any business which competes with businesses of the Company.

## 5.11 Interests and Short Positions of Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures of the Company

As at 31 December 2013, the following persons had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows:

| Name          | Position                              | Nature of Interest | Class of Shares | Number of Shares Held (shares) | Percentage of Total Number of Shares of the Company (%) |
|---------------|---------------------------------------|--------------------|-----------------|--------------------------------|---------------------------------------------------------|
| WANG Dongming | Chairman and Executive Director       | Personal Interest  | A Shares        | 2,649,750                      | 0.024%                                                  |
| CHENG Boming  | Executive Director and President      | Personal Interest  | A Shares        | 1,733,160                      | 0.016%                                                  |
| NI Jun        | Chairman of the Supervisory Committee | Personal Interest  | A Shares        | 1,728,363                      | 0.016%                                                  |
| LEI Yong      | Supervisor                            | Personal Interest  | A Shares        | 483,285                        | 0.004%                                                  |
| YANG Zhenyu   | Supervisor                            | Personal Interest  | A Shares        | 108,000                        | 0.001%                                                  |

Pursuant to the Securities and Futures Ordinance, none of the Senior Management (except the chief executive of the Company (in our case, the president)) was required to disclose his/her interests to the Hong Kong Stock Exchange. For details of the shareholdings of other Senior Management, please refer to “8.1.1 Changes in shareholding and information of the remuneration” of this announcement. In addition, as at 31 December 2013, no other Directors, Supervisors and Senior Management or any of their spouses or children under 18 years of age were granted equity securities or warrants of the Company.

## **5.12 Currently, the Company has no arrangement regarding pre-emptive rights**

## **5.13 Reserves and Reserves of Distributable Profits**

Please refer to the Consolidated Statement of Changes in Equity and Note 46 to the financial statements as set out in this announcement for details of changes in the reserves and the reserves of distributable profits of the Company.

## **5.14 Tax Relief**

### **Holders of A Shares**

In accordance with the Notice on Issues Regarding the Implementation of Different Individual Income Tax Policies on Dividends and Bonus of Listed Companies (Cai shui [2012] No.85) issued jointly by the Ministry of Finance, the State Administration of Taxation and the CSRC, for the dividends obtained from listed companies by individual investors, if the date since the individual investor obtained the Company's share until the record date is more than one year, listed companies shall, in respect of their individual income tax, pay withholding tax at a rate of 5% of the dividends; if the date since the individual investor obtained the Company's share until the record date is less than one year (inclusive), listed companies shall, in respect of their individual income tax, pay withholding tax at a provisional rate of 5% of the dividends, subject to adjustment to be made in accordance with the Notice at the time when the individual investors transferred their respective Shares.

For Shareholders who are resident enterprises, the income tax on their cash dividends shall be payable by themselves.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No.47) issued by the State Administration of Taxation. Shareholders who are QFII and who wish to enjoy tax concessions shall apply to the competent taxation authority for tax rebates according to the relevant rules and regulations after they receive the dividends.

### **Holders of H Shares**

Pursuant to the Notice of the PRC State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No.045 (Guo Shui Han [2011] No.348), the dividends received by overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of “interests, dividend and bonus income”, which shall be withheld by the withholding agents according to the relevant laws. The overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland and Hong Kong (Macau). The relevant dividend tax rate under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. In circumstances where the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements subject to tax rates lower than 10%, the withholding agents will file applications on their behalf

to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, excess withheld tax amounts will be refunded; (2) for citizens from countries under agreements subject to tax rates higher than 10% but lower than 20%, the withholding agents shall withhold individual income tax at the agreed-upon effective tax rate upon distribution of dividends (bonus), and are not obligated to file an application; (3) for citizens from countries without tax agreements or under other circumstances, the withholding agents shall withhold individual income tax at a tax rate of 20% upon distribution of dividends.

Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No.897), a PRC resident enterprise, when distributing dividends for 2008 and for the years thereafter to H shareholders who are overseas non-resident enterprises, shall be subject to enterprise income tax withheld at a uniform rate of 10%.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders of the Company are taxed and/or entitled to enjoy tax relief in accordance with the aforementioned regulations.

## **5.15 Fixed Assets**

Please refer to Note 18 to the financial statements as set out in this announcement for details of the Group's fixed assets as at 31 December 2013.

## **5.16 Social Responsibilities**

The Company always adheres to the concept of “compliance operation”. While producing good economic benefits, the Company proactively takes up social responsibilities by making positive contributions to the preservation and appreciation of social wealth as well as the healthy and steady development of our country's capital market. The Company actively performs social responsibilities by way of relieving disasters, donating to education, caring socially vulnerable groups and engaging in environmental protection, etc.

In 2013, the Company continued its efforts in disaster relief and education donation as well as poverty alleviation and other social charity activities. By doing this, we give back to the society with gratefulness and build our positive corporate image. During the Ya'an earthquake in Sichuan, we gave strong support to Ya'an through actual actions such as donating RMB5 million. CITIC Securities (Zhejiang) initiated CITIC Kington Education Foundation which raised an aggregate of RMB5 million. Over the years, the fund has been donated to public services such as providing financial assistance to underprivileged teachers or students, improving school's conditions and fostering excellent teachers. In 2013, CITIC Securities International has been awarded the Caring Company logo for seven successive years by the Hong Kong Council of Social Service. The logo is a recognition of the contributions made by qualified corporates in improving communities and building a cohesive society. The CLSA Chairman's Trust has raised nearly US\$22 million to fund over 115 charitable organizations in the past seven years, supporting the communities and groups in the Asian region with financial and human resources. In addition, we proactively sponsor environmental protection causes. In November 2013 when the Beijing carbon emissions exchange market was opened to the public, the Company invested in the acquisition of twenty thousand tonnes of carbon emission credits, making it the first financial institution which participates in the exchange following the opening of the domestic carbon market.

In 2013, the Company had no material issues regarding environmental protection or other major social security issues.

As a model company on the “SSE Corporate Governance Board” of the Shanghai Stock Exchange, the Company disclosed its “2013 Annual Report on Social Responsibilities of CITIC Securities Company Limited” together with this announcement.

By Order of the Board  
*Chairman*  
**Wang Dongming**

Beijing, 27 March 2014

## 6. SIGNIFICANT EVENTS

### 6.1 Material Litigation and Arbitration

#### **The lawsuit against Shanghai Xin Guo Da Real Estate Co., Ltd. (上海新國大房地產有限公司) by the Company for disputes arising from commercial residential housing pre-sale contracts**

In order to fulfill its commitment to commence the registration and transfer procedures in respect of the ownership of 10 units in Times Building (時代大廈) located at 390 Panyu Road, Shanghai as soon as possible, the Company filed a lawsuit in the Changning People's Court of Shanghai Municipality on 7 September 2012 and Changning People's Court of Shanghai Municipality delivered its judgment on 16 November 2012, ordering Shanghai Xin Guo Da Real Estate Co., Ltd., the defendant, to complete the transfer and registration of the ownership of the above properties within ten days from the date of the judgment. The Company applied for enforcement of the judgment on 26 December 2012, and the Changning People's Court of Shanghai Municipality correspondingly issued the notice of enforcement of judgment on 17 January 2013. The Company has obtained the certificate of title for the above properties on 29 January 2014.

### **6.2 During the reporting period, there was no event in respect of the Company generally questioned by the mass media.**

### 6.3 Major Acquisition and Disposal of Assets

#### **6.3.1 Completion of the acquisition of 100% equity interest in CLSA**

In accordance with the resolutions adopted at the 2nd and the 6th meetings of the 5th Session of the Board, following the completion of the acquisition of 19.9% equity interest in CLSA on 20 July 2012 (the purchase price of the equity interest amounting to US\$310.32 million), CSI, the Company's wholly-owned subsidiary, completed the acquisition of the remaining 80.1% equity interest in CLSA on 31 July 2013, and CLSA has become a wholly-owned subsidiary of CSI (please refer to the details set out in the announcement published by the Company on 31 July 2013).

Due to certain regulatory restrictions, the acquisition did not include the Taiwan business ("Taiwan Business") of CLSA. Pursuant to the supplemental agreement to the 80.1% Share Sale and Purchase Agreement, the consideration for the acquisition of the 80.1% equity interest in CLSA was adjusted from US\$941.68 million to US\$841.68 million. Pursuant to the Taiwan Share Sale and Option Agreement, CLSA Limited sold the Taiwan Newco to CASA BV for a purchase price of US\$23,854,598, and CASA BV had paid US\$23,854,598 to CLSA and US\$76,145,402 to CSI through the escrow account.

During the reporting period, the parties to the 80.1% Share Sale and Purchase Agreement made a post-completion adjustment to the abovementioned adjusted consideration based on the asset position of CLSA in accordance with the 80.1% Share Sale and Purchase Agreement. The adjustment of US\$85,550,412 has been paid by CASA BV to CSI on 3 December 2013.

Following the post-completion adjustment mentioned above and the arrangement made for the Taiwan Business, the actual purchase price for the 100% equity interest in CLSA was US\$1,090 million (a downward adjustment of US\$162 million compared to US\$1,252 million considered and approved by the 2nd meeting of the 5th Session of the Board).

#### **6.3.2 Completion of the acquisition of the entire equity interest in CITIC Wantong Securities**

On 16 September 2013, the Company completed the acquisition of the remaining equity interest in CITIC Wantong Securities, following which CITIC Wantong Securities became wholly-owned by the Company. For details, please refer to the *Announcement on Completion of the Acquisition of the Entire Equity Interest in CITIC Wantong Securities Co., Ltd. by CITIC Securities Company Limited* disclosed by the Company on 16 September 2013.

### **6.3.3 Acquisition of 13.2% Equity Interest in China AMC**

During the reporting period, in accordance with the resolution of the 14th Meeting of the 5th Session of the Board and the resolution of the 20th Meeting of the 5th Session of the Board, the Company successively acquired the 10% equity interest held by Wuxi Guolian Development Group Co. Ltd. in China AMC at the listed price of RMB1,600 million and the 3.2% equity interest held by South Industry Assets Management Co., Ltd. in China AMC at the listed price of RMB588.8 million, respectively. After approval by and filing with the CSRC, the Company completed the formalities for the registration of change and filing with the industry and commerce authorities in respect of the 10% and 3.2% shareholding changes in China AMC on 24 September 2013 and 29 January 2014, respectively. As at the disclosure date of this announcement, the Company's shareholding percentage in China AMC is 62.20%.

### **6.3.4 Proposed Split and Reorganization of CITIC Securities (Zhejiang)**

To achieve integration of internal resources and enhance the Group's competitiveness in the relevant regional markets, during the reporting period, the 14th meeting of the 5th session of the Board had considered and approved the proposals for split and reorganization of CITIC Securities (Zhejiang) pursuant to which, it is proposed to rationalize the assets of CITIC Securities (Zhejiang) by way of split; to integrate the rationalized assets into the Company by merger and absorption, etc., and to transfer the remaining assets through marketization to ultimately optimize the allocation of resources. Currently, the management of the Company is proceeding with the relevant regulatory approval procedures. According to the resolution of the Board, specific implementation plan for the reorganization of CITIC Securities (Zhejiang), once prepared, shall be subject to separate submission to and consideration of the Board and the General Meeting according to their approval authorities as appropriate.

Save as disclosed, the Company did not undertake any major acquisition, disposal, replacement or reorganization of assets in 2013.

## **6.4 Administration of Related Party/Connected Transactions**

The Company implemented its related party/connected transactions in strict compliance with the Listing Rules of the place where the shares of the Company are listed, the Management Measures on Information Disclosure and the Administrative Measures on Related Party Transactions issued by the Company. Related-party/connected transactions of the Group are conducted in accordance with the principles of impartiality, openness and fairness and related party/connected transaction agreements are entered into based on the principles of equality, free will and fair value consideration.

The related party/connected transactions of the Company are mainly entered into with CITIC Group and its associates. As the principal shareholder of the Company, CITIC Group and its associates are related/connected party of the Company, according to the Shanghai Listing Rules and the Hong Kong Listing Rules. CITIC Group together with its substantial number of subsidiaries are engaged in a wide range of businesses and through the platform provided by CITIC Group, the Company is able to capture many business opportunities. The related party/connected transactions between the Group and CITIC Group and its subsidiaries are carried out at market price. The Group, as a participant in the financial market, would inevitably transact with China CITIC Bank Corporation Limited, CITIC Trust Co., Ltd., and CITIC Prudential Life Insurance Co., Ltd., which are companies with strong market influences, form integrated operations under CITIC Holdings and provide comprehensive domestic and overseas financial services to its clients together with CITIC International Financial. Related party/connected transactions in the relevant businesses will be favorable to the development of such businesses, increase investment returns, and are in line with the Group's business and thus favorable to the long term development of the Group.

In September 2011, according to the relevant requirements, and based on the types and contents of possible ongoing related party/connected transactions in the future, the Group categorized its related party/connected transactions with CITIC Group and its associates into three major categories, namely securities and financial products transactions and services, property leasing and miscellaneous services. Upon the approval granted by the 2011 Third Extraordinary General Meeting of the Company, the Company entered into the Securities and Financial Products Transactions and Services Framework Agreement, the Property Leasing Framework Agreement and the Miscellaneous Services Framework Agreement with CITIC Group on 23 September 2011, whereby the parties reached agreements on the contents and set the annual caps of the transaction amounts, respectively for the related party/connected transactions from 2011 to 2013 under each of these framework agreements.

As the caps for the related party/connected transactions in the ordinary course of business agreed in the relevant related party/connected transactions framework agreements mentioned above expired by the end of 2013, to facilitate the related party/connected transactions in the ordinary course of business, the Company renewed the Securities and Financial Products Transactions and Services Framework Agreement and the Miscellaneous Services Framework Agreement and entered into the Supplemental Agreement I to the Property Leasing Framework Agreement with CITIC Group on 31 December 2013, and reached agreements on the contents and set the annual caps of the transaction amounts, respectively for the related party/connected transactions in the ordinary course of business for the next three years (from 2014 to 2016) under these framework agreements. The above matters were considered and approved at the 17th Meeting of the 5th Session of the Board and the 2013 Third Extraordinary General Meeting of the Company; and the Independent Board Committee (provisionally established) and the independent financial advisor have expressed their confirmative recommendations to the independent shareholders. A waiver was granted by the Hong Kong Stock Exchange waving the Group from setting the annual caps for the securities and financial product transactions (from 2014 to 2016) and setting the cap in respect of the maximum daily balance of deposits placed by the Group with the banking subsidiaries of CITIC Group and its associates in the PRC and Hong Kong with its proprietary funds and customers' funds; and issued a no comment letter in respect of the circular issued to H Shareholders by the Company. For details of the renewal of the above agreements, please refer to the announcements and the relevant documents of the Company dated 26 September 2013, 14 October 2013 and 29 November 2013, respectively.

#### **6.4.1 Implementation of the Related Party/Connected Transactions during the Reporting Period**

##### ***Related party/connected transactions with CITIC Group and its associates***

The normal ongoing related party/connected transactions entered into by the Group and CITIC Group and its associates have been implemented according to the relevant framework agreements between the Company and CITIC Group. Neither its transaction amount nor its subject matter exceeded the scope covered by the agreements. Matters related to the framework agreement and its implementation during the reporting period are as follows:

##### ***Securities and Financial Products Transactions and Services Framework Agreement between the Company and CITIC Group***

Pursuant to the framework agreement, both the Company and CITIC Group agreed that: ① Securities and Financial Products Transactions: irrespective of whether or not such securities and financial products transactions are conducted in the PRC interbank bond market, such transactions shall be conducted by the parties at the prevailing market prices applicable to independent counterparties for the same type of transactions concerned; ② Securities and Financial Services: interest rates on deposits: shall not be lower than the interest rates authorized by the People's Bank of China for the same type of deposits with commercial banks and shall not be lower than the interest rates for the same type of deposits by the customers of CITIC Group and its subsidiaries; in respect of securities and financial services, such fees or commissions shall be based on negotiations between the parties with reference to the prevailing market rates and in accordance with the requirements of the applicable laws and regulations. The agreement is valid for three years, that is, from 23 September 2011 to 22 September 2014, subject to renewal.

The Hong Kong Stock Exchange has granted approval to the Group in respect of the following matters: ① as for the securities and financial products transactions, exemption from setting up the annual caps for such transactions; ② as for the securities and financial services, in respect of the proprietary funds of the Group and its customers' funds placed with the banking subsidiaries of CITIC Group and its associates in the PRC and Hong Kong, exemption from complying with the requirement to set a maximum daily deposit balance limit on such deposits.

In terms of the securities and financial products transactions, as at 31 December 2013, where the Group carried out securities and financial products transactions with CITIC Group and its associates, ① the total cash inflow to the Group arising from sale of fixed income products and equity-linked products, interest received from fixed income derivative products, and through borrowing/repurchase from financing transactions amounted to RMB46,668 million; ② the total cash outflow from the Group and its associates arising from purchase of fixed income products and equity-linked products, interest paid for fixed income derivative products, and through lending/reverse repurchase from financing transactions amounted to RMB38,275 million.

In terms of the securities and financial services, as at 31 December 2013, (i) regarding the income that the Group received by providing securities and financial services to CITIC Group and its associates, the annual cap was RMB2,400 million in 2013, and the actual income amounted to RMB519 million; (ii) regarding the expenses that the Group paid for securities and financial services provided by CITIC Group and its associates, the annual cap was RMB210 million in 2013, and the actual payment amounted to RMB45 million. Details are set out below:

*In RMB millions*

| Subject matter |                                                                                                                                                                                                                           | Annual cap for transactions in 2013 | Actual transaction amount in 2013 | Percentage to total amount of similar transactions |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------|----------------------------------------------------|
| 1.             | Securities and Financial Products Transactions                                                                                                                                                                            |                                     |                                   |                                                    |
|                | Total cash inflow to the Group arising from sales of fixed income products and equity-linked products, interest received from fixed income derivative products, and borrowing/repurchase of financing transactions        | —                                   | 46,668                            | —                                                  |
|                | Total cash outflow from the Group arising from purchase of fixed income products and equity-linked products, interest paid for fixed income derivative products, and lending/reverse repurchase of financing transactions | —                                   | 38,275                            | —                                                  |
| 2.             | Securities and Financial Services                                                                                                                                                                                         |                                     |                                   |                                                    |
| Income:        | Securities and financial services provided by the Group to CITIC Group and its associates                                                                                                                                 | 2,400                               | 519                               | 3.51%                                              |
| Expense:       | Securities and financial services provided by CITIC Group and its associates to the Group                                                                                                                                 | 210                                 | 45                                | 1.03%                                              |

***Property Leasing Framework Agreement between the Company and CITIC Group***

Pursuant to the agreement, the Company and CITIC Group both agreed to determine the rentals for the property leased according to the relevant laws and regulations and the local fair market value as confirmed by the qualified independent property valuer. This agreement is valid for ten years, from 23 September 2011 to 22 September 2021, subject to renewal.

As at 31 December 2013, (i) regarding the rental income received by the Group from lease of properties to CITIC Group or its associates, the annual cap was RMB80 million in 2013, and the actual income amounted to RMB25 million; (ii) regarding the rental expense paid by the Group for lease of properties from CITIC Group or its associates, the annual cap was RMB120 million in 2013, and the actual rental expense amounted to RMB34 million. Details are set out below:

*In RMB millions*

| Subject matter |                                                                     | Annual cap for transactions in 2013 | Actual transaction amount in 2013 | Percentage to total amount of similar transactions |
|----------------|---------------------------------------------------------------------|-------------------------------------|-----------------------------------|----------------------------------------------------|
| Income:        | Lease of properties to CITIC Group or its associates by the Group   | 80                                  | 25                                | 10.40%                                             |
| Expense:       | Lease of properties from CITIC Group or its associates by the Group | 120                                 | 34                                | 0.42%                                              |

#### ***Miscellaneous Services Framework Agreement between the Company and CITIC Group***

Pursuant to the framework agreement, the Company and CITIC Group both agreed to mutually provide certain non-financial miscellaneous services to each other during the term of the Miscellaneous Services Framework Agreement at prices and terms no less favorable than those available to or from independent third parties in compliance with the relevant laws and regulations and normal commercial terms. The agreement is valid for three years, from 23 September 2011 to 22 September 2014, subject to renewal.

As at 31 December 2013, (i) regarding the income received by the Group by providing non-financial services to CITIC Group or its associates, the annual cap was RMB7 million in 2013, and the actual income of such transaction amounted to RMB25,200; (ii) regarding the expenses paid by the Group for non-financial services provided by CITIC Group or its associates, the annual cap was RMB180 million in 2013, and the actual payment amounted to RMB53.55 million. Details of such transactions are set out below:

*In RMB thousands*

| Subject matter |                                                                               | Annual cap for transactions in 2013 | Actual transaction amount in 2013 | Percentage to total amount of similar transactions |
|----------------|-------------------------------------------------------------------------------|-------------------------------------|-----------------------------------|----------------------------------------------------|
| Income:        | Non-financial services provided by the Group to CITIC Group or its associates | 7,000                               | 25.20                             | 0.01%                                              |
| Expense:       | Non-financial services provided by CITIC Group or its associates to the Group | 180,000                             | 53,553                            | 0.66%                                              |

The auditors of the Company have reviewed the above continuing related party/connected transactions and issued a letter to the Board stating that:

- these transactions have been approved by the Board;
- if the transactions involved services provided by the Group, such transactions were in line with the pricing policy of the Group;
- these transactions were entered into in accordance with the terms set out in the agreement governing the relevant transactions;
- the actual annual amount for each of these non-exempt continuing related party/connected transactions did not exceed the annual cap for the transaction as stated in the prospectus dated 22 September 2011 issued by the Company with regard to its H Share offering.

### ***Other Related Party Transactions under Shanghai Stock Exchange Listing Rules***

According to the Shanghai Stock Exchange Listing Rules, in addition to CITIC Group and its subsidiaries, China AMC and CITIC PE Fund are also related parties to the Company, but not being connected parties under the Hong Kong Listing Rules. Related party transactions between the Company and such parties were entered into in compliance with the relevant requirements under Shanghai Stock Exchange Listing Rules, and was not categorized as continuing connected transaction according to the Hong Kong Listing Rules. During the reporting period, these related party transactions have been implemented according to the Resolution Relating to the Estimate on Normal Related Party Transactions of the Company in 2013, which was considered and approved at the 2012 Annual General Meeting of the Company. New related party transactions have been approved under the corresponding procedures set out in the Shanghai Stock Exchange Listing Rules according to the transaction amounts involved.

*In RMB millions*

| Related Party             | Subject matter                                 | Estimated transaction amount or amount of new related party transactions in 2013 | Actual transaction amount | Percentage to total amount of similar transactions |
|---------------------------|------------------------------------------------|----------------------------------------------------------------------------------|---------------------------|----------------------------------------------------|
| China AMC <sup>Note</sup> | Fee income                                     | 335                                                                              | 0.65                      | 0.01%                                              |
|                           | Fee expense                                    | 60                                                                               | —                         | —                                                  |
|                           | Securities and Financial Products Transactions | in actual amount                                                                 | —                         | —                                                  |
| CITIC PE Fund             | Fee income                                     | 125                                                                              | —                         | —                                                  |
|                           | Fee expense                                    | 10                                                                               | —                         | —                                                  |
|                           | Subscribed capital contribution to fund        | US\$20,000,000                                                                   | —                         | —                                                  |
|                           | Securities and Financial Products Transactions | in actual amount                                                                 | —                         | —                                                  |

Note: During the reporting period, China AMC became the controlling subsidiary of the Company and was no longer a related party of the Company since the date of the relevant change in shareholding.

### ***New Related Party/Connected Transactions during the Reporting Period***

During the reporting period, the Company leased part of the office section of Shenzhen CITIC Securities Tower to Qianhai Equity Exchange; CITIC Securities Investment, a wholly-owned subsidiary of the Company, invested in Qingdao Xinchun Investment Partnership (Limited Partnership), a company managed by Beijing Chunxin Capital Management Co., Ltd., and the amount involved was RMB50 million; GoldStone Haorui, an indirect wholly-owned subsidiary of the Company, subscribed for the equity investment fund of CLP Shande Taizhou (later renamed as “Taizhou CLP Hongtai Investment Centre (泰州中電弘泰投資中心) (Limited Partnership)”) at a consideration of RMB50 million. As the amounts in respect of the relevant transactions are less than 0.5% of the Company’s audited net assets in 2012 and the highest of the applicable size test percentage ratios in relation thereto is less than 0.1% and constituted exempted continuing connected transactions pursuant to the Hong Kong Listing Rules, such transactions are therefore duly carried out upon the approval from the independent non-executive Directors of the Company pursuant to the Shanghai Listing Rules.

The aforesaid related party/connected transactions were conducted at market prices under the pricing principles that are reasonable and fair. Such transactions also are not prejudicial to the interests of the non-related/connected shareholders and do not have any adverse effect on the independence of the Company.

The independent non-executive Directors have confirmed to the Board that they have reviewed the non-exempt continuing related party/connected transactions and considered that the transactions were:

- conducted in the ordinary course of business of the Group;

- on normal commercial terms, or if there is no comparable transaction for determining whether the terms of the transaction are on normal commercial terms, on terms no less favorable to the Group than those available from or to (as the case may be) independent third parties;
- conducted according to the terms set out in the agreement of the relevant transaction, which were fair and reasonable and in the interests of the Company's shareholders as a whole.

During the reporting period, there was no other related party/connected transaction related to the disposal or acquisition of the Group's assets, nor any major related party/connected transaction related to overseas joint investment.

#### **6.4.2 Guarantees, debts and liabilities due from/owed to related/connected parties between the Company and its related/connected parties**

##### ***Guarantees provided to the Company by its related/connected parties***

In 2006, the Company issued RMB corporate bonds in an amount of RMB1,500 million for a term of 15 years guaranteed by CITIC Group. As at 31 December 2013, the guarantee provided by CITIC Group to the Company amounted to a total of RMB1,500 million (as at 31 December 2012: RMB1,500 million).

##### ***Balance of debts and liabilities due from/owed to related/connected parties***

*In RMB thousands*

| Related/connected party                                              | Capacity                                             | Amount due from related/<br>connected parties |         | Amount due to related/<br>connected parties |         |
|----------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------|---------|---------------------------------------------|---------|
|                                                                      |                                                      | Actual amount                                 | Balance | Actual amount                               | Balance |
| China CITIC Bank Corporation Limited <sup>①</sup>                    | Subsidiary of the largest shareholder of the Company | 112                                           | 112     | —                                           | —       |
| China CITIC Bank Corporation Limited <sup>②</sup>                    | Subsidiary of the largest shareholder of the Company | —                                             | 50      | —                                           | —       |
| China CITIC Bank Corporation Limited <sup>③</sup>                    | Subsidiary of the largest shareholder of the Company | —                                             | 592     | —                                           | —       |
| CITIC Bohai Aluminum Industries Holding Company Limited <sup>④</sup> | Subsidiary of the largest shareholder of the Company | —                                             | —       | -265                                        | 68      |
| CITIC Trust Co., Limited <sup>⑤</sup>                                | Subsidiary of the largest shareholder of the Company | —                                             | —       | —                                           | 150     |
| China CITIC Bank Corporation Limited <sup>⑥</sup>                    | Subsidiary of the largest shareholder of the Company | —                                             | —       | 322                                         | 3,527   |
| Qianhai Equity Exchange (Shenzhen) Co., Ltd. <sup>⑦</sup>            | Associate of the Company                             | —                                             | —       | 833                                         | 833     |

As at 31 December 2013, there was no misappropriation of the Company's capital by its related/connected parties.

Debts and liabilities due from/owed to related/connected parties arose from:

- ① Property deposits receivable by CITIC Futures;
- ② Rental deposits receivable by CITIC Wantong Securities;
- ③ Deposits receivable by the Company;
- ④ Payable amount of construction fees by the Company;
- ⑤ Rental deposits received by the Company;
- ⑥ Rental deposits received by the Company;
- ⑦ Rental deposits received by the Company.

The above debts and liabilities due from/owed to related/connected parties did not have any adverse effect on the financial position and operation results of the Company.

## 6.5 Material Contracts and their Performance

**6.5.1 During the reporting period, the Company was not involved in any material custody, sub-contract or lease arrangement, and there was no custody, sub-contract or lease arrangement brought forward to the current reporting period from last year.**

### 6.5.2 Material Guarantees

#### *Guarantees Provided by the Company*

During the reporting period, according to the resolution of the 12th meeting of the 5th Session of the Board, the Company agreed to provide a counter guarantee in favour of the Bank of China in relation to the standby letter of credit issued by the Bank of China Macau Branch in respect of the first tranche of offshore bonds issuance by the Company's subsidiary, CITIC Securities Finance 2013, with the amount of the counter guarantee of US\$902 million, covering the principal, interest and related fees of the first tranche of offshore bonds. The guarantee is a joint liability guarantee, which expires at the end of six months after the expiration date of the standby letter of credit.

#### *Guarantees Provided by Controlling Subsidiaries*

During the reporting period, among all the controlling subsidiaries of the Company, only CSI and its subsidiary CLSA had provided guarantees. All those guarantees were provided in favour of its relevant subsidiaries for their business development, such guarantees mainly include loan guarantees, guarantees for property leasing, and guarantees for transactions involving the execution of framework agreements of the International Swaps and Derivatives Association (the "ISDA Agreements") and Global Master Securities Lending Agreement (the "GMSL Agreements") with counterparties. Details are listed as below:

| No. | Guarantors | Parties being guaranteed                  | Amount of guarantee                                    | Nature                                                                                                               |
|-----|------------|-------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| 1   | CSI        | CSI Capital Management Limited            | US\$80 million                                         | Guarantee for loans                                                                                                  |
| 2   | CSI        | CITIC Securities Brokerage (HK) Co., Ltd. | HK\$200 million                                        | Guarantee for loans                                                                                                  |
| 3   | CSI        | CLSA and its wholly-owned subsidiaries    | US\$335 million                                        | Guarantee for loans                                                                                                  |
| 4   | CSI        | CSI Capital Management Limited            | Not applicable                                         | Guarantee for the ISDA Agreements and GMSL Agreements entered into between the guaranteed party and the counterparty |
| 5   | CSI        | CITIC Securities International USA, LLC   | US\$5.8075 million                                     | Guarantee for property leasing <sup>Note 2</sup>                                                                     |
| 6   | CLSA       | Subsidiaries of CLSA                      | HK\$2,505 million<br>US\$229 million<br>SGD4.5 million | Guarantee for loans<br>Guarantee for loans<br>Guarantee for loans                                                    |

Note 1: The guaranteed parties from No.1 to No.5 are wholly-owned subsidiaries of CSI.

Note 2: In addition to rental payments, the guarantee also applies to ensure the lessee complies with the leases and undertakes due obligations.

As at 31 December 2013, the total amount of guarantees provided by the Company and its controlling subsidiaries was approximately RMB11.4 billion, representing approximately 13% of the net assets attributable to shareholders of the parent as at 31 December 2013.

In addition, the Company and its subsidiaries did not provide any guarantee to shareholders and their related/connected parties.

**6.5.3 During the reporting period, there was no other material contract which shall be disclosed but not yet disclosed.**

## **6.6 Undertakings of the Company or its Shareholders with Shareholding of 5% or more and their performance**

### **6.6.1 Undertakings of the Company and their performance**

There are two properties currently in the process of obtaining property title certificate or for disposal: the 23rd Floor of Nanjing Huaqiao Plaza (gross floor area of 700.14 sq.m), and the 6th and 7th Floors of Caiyin Building located at Heping West Street in Beijing (formerly “Beijing Guanghai Building”, gross floor area of 3,000 sq.m). The Company has undertaken that: “the Company will take immediate action to finalize the procedures for the change and transfer of such properties, and ensure that interests of the shareholders will not be prejudiced by such properties”.

Please refer to the relevant announcement disclosed on the same day as this announcement by the Company for the progress on the Company’s performance of the above undertakings.

### **6.6.2 Undertakings of the Company’s shareholders and related/connected parties and their performance**

#### ***Undertaking in respect of non-competition***

During the initial public offering of the Company in December 2002, CITIC Group, the largest shareholder of the Company undertook that “there did not exist and it will not establish any further new companies engaging in securities business. In respect of those minor banking and trust investment businesses engaged by its subsidiaries that might potentially compete with our business, CITIC Group has undertaken that our Company can make adequate disclosure of such business and that it will not misuse its shareholder position to act to the detriment of our interests and other Shareholders.”

Since CITIC Group has transferred all the shares held by it in the Company to its wholly-owned subsidiary, CITIC Limited, this commitment is succeeded by CITIC Limited.

The long-term commitment is still valid and will be duly performed and observed.

#### ***Undertaking in respect of the share reform***

During the Company’s implementation of the share reform in 2005, CITIC Group, the largest shareholder of the Company, has undertaken “not to transfer its shares within 12 months from the date of listing of the shares of the Company or upon expiry of the non-transfer undertaking, whenever it transfers through the stock exchange any shares of the Company amounting to 1% of total issued shares of the Company, it shall announce within two working days of such transfer; in addition, any such transfers shall not exceed 5% of the total issued shares of the Company within the 12-month period and not to exceed 10% within the 24-month period”.

The long-term commitment is still valid and is currently succeeded by CITIC Limited and is duly performed and observed.

There was no unperformed open commitment by other shareholders and related/connected parties.

## **6.7 Punishment and Remedial Actions of the Company, the Board, Directors, Supervisors and Senior Management**

During the reporting period, none of the Company, the Board, Directors or Supervisors or Senior Management or shareholders with shareholding of 5% or more was subject to investigations by competent authorities, enforcement actions by judiciary authorities or disciplinary departments, or brought before relevant judiciary authorities or being investigated for involvement in criminal responsibilities, investigations or administrative punishments by the CSRC or prohibitions against entry into or being identified as an inappropriate person for the securities markets, punishment by administrative authorities or publicly reprimands by any stock exchange. None of the Company’s Directors, Supervisors, Senior Management or shareholders with shareholding of 5% or more has purchased or sold shares in the Company in breach of relevant requirements.

During the reporting period, the following administrative supervision and management measures were imposed on the Company by the regulatory authorities:

### **Warning letter due to Soochow Securities project**

In the initial public offering of shares and listing of Soochow Securities Co., Ltd., the CSRC considered that the Company, as the sponsor, “did not issue written explanation to the CSRC nor procure the issuer to make corresponding supplemental explanation on the relatively significant decrease in operating profit of the issuer before publication of the prospectus during the initial public offering of shares and listing of Soochow Securities”. On 8 January 2013, the CSRC issued warning letters by sending to the Company the Decision on Adopting the Measure of Issuing A Warning Letter to CITIC Securities Company Limited.

The Company has taken the following rectification actions and completed the rectification: (i) members of the Executive Committee of the Company were responsible for internal rectification, including analysing the reasons for the incident and concluding the lessons learned, strengthening project management and professional training, to further enhance project execution quality; (ii) the quality control team of investment banking business and internal audit team of the Company have investigated into the risks for the existing projects of the investment banking division, and further refined the sponsorship processes, as well as quality control and information disclosure supervision system for investment banking projects, thereby avoiding the re-occurrence of similar incident.

### **Increase the frequency of internal compliance inspection according to regulatory requirement**

During April to May 2013, the Shenzhen commissioner’s office of the CSRC conducted on-site inspections on the Company. Based on the on-site inspections, Shenzhen Bureau of the CSRC issued the Decision on Adopting Measures of Requiring an Increased Frequency of Internal Compliance Inspection on CITIC Securities Company Limited, requiring the Company to submit the specific plan for increasing the frequency of internal compliance inspections.

In addition to implementing the rectification, the Company further improved the rectification plan, supplemented the specific plan for internal compliance inspection. Meanwhile, the Company carefully organized the comprehensive compliance inspection and specific compliance inspections in seven aspects. As at the end of the reporting period, all rectifications had been completed.

## **6.8 Other Significant Events and Subsequent Updates**

### **6.8.1 Profit Distribution Plan of 2013**

The retained profits of the Company at the beginning of 2013 amounted to RMB13,280,530,116.13, together with the Company’s 2013 net profit of RMB 2,908,853,406.92, and after deduction of the 2013 cash dividends of RMB3,305,072,520.00, the distributable profits of the Company in 2013 amounted to RMB12,884,311,003.05.

Pursuant to the *Company Law*, *Securities Law*, *Financial Rules for Financial Enterprises* and the Articles of Association, the net profits of the Company for 2013 are appropriated in the following sequences:

- (1) The Company appropriates a total of RMB290,885,340.69 to the statutory surplus reserve calculated on the basis of 10% of the net profit attributable to the Company for 2013;
- (2) The Company appropriates a total of RMB290,885,340.69 to the general risk reserve calculated on the basis of 10% of the net profit attributable to the Company for 2013;
- (3) The Company appropriates a total of RMB290,885,340.69 to the transaction risk reserve calculated on the basis of 10% of the net profit attributable to the Company for 2013.

The aggregate of the above three items amounted to RMB872,656,022.07.

Net of the above three items, the distributable profits of the Company amounted to RMB12,011,654,980.98.

According to the auditing requirements applicable to listed companies under the accounting principles currently in force, and the relevant requirement that changes in fair values that are recognized in the profit or loss for the period are not distributable as cash dividends, net of the effect of gains or losses arising from changes in the fair values on the distributable profits of 2013, the distributable profits attributable to the Shareholders that can be distributed as cash dividends in 2013 amounted to RMB12,315,827,634.21.

In consideration of factors such as the development of the Company and the interests of the Shareholders, the Company proposed the profit distribution plan of 2013 as follows:

1. The Company will adopt cash dividend payment method for its 2013 profit distribution plan (i.e. 100% cash dividend). On the basis of the total number of A Shares and H Shares of 11,016,908,400 as at 31 December 2013, cash dividend was proposed to be distributed to the holders of A Shares and H Shares whose names appeared on the register of members of the Company on the record date: a cash dividend of RMB1.50 for every 10 Shares held (tax inclusive), the proposed dividend was RMB1,652,536,260.00, representing 31.51% of the net profit attributable to the owners of the parent and 13.42% of the distributable profits in 2013. The outstanding balance of the retained profits distributable of the Company for 2013 amounted to RMB10,663,291,374.21 and will be carried forward to the next year.
2. Cash dividend is denominated and declared in RMB and payable in RMB to the A Shareholders and in Hong Kong dollars to the H Shareholders. The actual amounts declared in Hong Kong dollars are converted based on the average benchmark exchange rate for Renminbi to Hong Kong dollars as announced by the People's Bank of China for the five business days before the date of the 2013 Annual General Meeting of the Company.

The proposed cash dividends of the Company for 2013 accounting for 31.51% of the net profit attributable to the owners of the parent in 2013, are in compliance with the relevant provisions set out in the *Guidelines on Distribution of Cash Dividends by Listed Companies* issued by the Shanghai Stock Exchange; and accounting for 13.42% of the distributable profits of the Company, which does not meet the requirement set out in Article 264 of the Articles of Association, namely "do its best to ensure that the annual cash dividend scale be no less than 25% of the distributable profit".

Article 265 of the Articles of Association provides that "In any of the following situations and after the adjustment being passed by shareholders representing 2/3 of the total shares with voting rights, the Company may adjust the aforementioned cash dividend payout ratio: related laws and regulations are changed or adjusted; the risk control indicator on net capital reaches early-warning level; operating conditions of the Company deteriorates; the Board proposes to adjust".

Currently, the risk control indicator in respect of the net capital of the Company reaches an early-warning level, and the Company has to resolve the bottleneck problem of capital required for its business development, details of which are set out as follows:

In accordance with the requirement of the *Measures for Administration of Risk Control Indicators of Securities Companies* promulgated by the CSRC, the development of the principal business of the Company is limited by the size of its net capital and the Company is required to deduct its net capital scale in full for the purpose declaring any cash dividends. As at 31 December 2013, the net capital of the Company was only RMB 34.796 billion, representing a decrease of 14.02% or approximately RMB 5.7 billion (of which, the cash dividends declared for 2013 amounted to RMB3.305 billion) as compared to that by the end of 2012; certain risk control indicators of the Company approached the early-warning level, among which the ratio of net capital/net assets reached 48.54% (the early-warning indicator is 48%); the ratio of the value of proprietary equity securities and derivatives held against the capital reached 76.11% (the early-warning indicator is 80%), therefore the business development of the Company is subject to constraints.

Despite the fact that the Company properly improved the level of financial leverage in 2013, it still can not satisfy the fast growing capital requirements by its flow-based business and innovative businesses, and in accordance with the relevant provisions under the applicable laws and regulations, the relevant financing scale has reached the upper limit. Therefore, the Company needs to resolve the bottleneck problem of capital requirement for its business development.

Based on the above, taking into consideration that the innovative business of the Company is still at the growth stage, and its business development needs to be supported by significant capital, the Board proposed this plan after due consideration and the independent Directors have issued the independent opinion on this plan as follows:

The proposed profit distribution plan for 2013, which was made after comprehensive consideration of the internal and external factors by the Board, is in compliance with the requirements under the applicable laws and regulations, normative documents and the actual condition of the Company, which is beneficial for the long term development of the Company as well as the long term interests of the shareholders as a whole. It is agreed that this plan be put forward to the General Meeting for approval.

This plan will not be implemented until the approval at the 2013 Annual General Meeting and the Company will discuss and communicate with the investors such as the minority shareholders about this plan after the issuance of this results announcement and before the record date of the 2013 Annual General Meeting.

The Company will give further notice(s) on the record date and book closure date for the payment of the dividends in respect of its H Shares.

## 6.8.2 Change of Branches for Securities Operation

### *The Company*

During the reporting period, the Company has established 11 new securities branches and completed same city relocation of 4 securities branches. Currently, the Company owns 70 securities branches and 13 additional securities branches are under preparation and construction. The details are as follows:

| No. | Name of New Securities Branches               | Address of New Securities Branches                                                                                                                    |
|-----|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Headquarters Securities Branch                | 1801, 18/F, No.4 Building, No.48 Building<br>Liangmaqiao Road, Chaoyang District, Beijing                                                             |
| 2   | Beijing Headquarters Securities Branch        | 2001, 20/F, No.4 Building, No.48 Building<br>Liangmaqiao Road, Chaoyang District, Beijing                                                             |
| 3   | Beijing Wangjing Securities Branch            | 16/F, Block C, Forus Square, No.6 Futong East Avenue,<br>Chaoyang District, Beijing                                                                   |
| 4   | Yinchuan Wenhua Xijie Securities Branch       | Room 503, Office Building Block C, Yinchuan<br>International Trade Centre, Xingqing District,<br>Yinchuan, Ningxia Hui Autonomous Region              |
| 5   | Changchun Renmindajie Securities Branch       | Room 1706, No.7088 Renmin Avenue, Nanguan<br>District, Changchun, Jilin                                                                               |
| 6   | Jiangyin Hebeijie Securities Branch           | 7/F, Liangchen Plaza, No.188 Hebei Street,<br>Jiangyin, Jiangsu                                                                                       |
| 7   | Nantong Gongnonglu Securities Branch          | Room 2405, Finance Center, No. 33 Gongnong Road,<br>Chongchuan District, Nantong, Jiangsu                                                             |
| 8   | Yancheng Renminnanlu Securities Branch        | East Wing, 4/F, Yancheng<br>International Venture Centre,<br>No. 5 Renmin South Road, Yancheng, Jiangsu                                               |
| 9   | Wuhan Guanshandadao Securities Branch         | 1/ F, Training Apartment, Main Campus,<br>Huazhong University of Science and Technology,<br>Hongshan District, Wuhan, Hubei                           |
| 10  | Shenzhen Longgang Huanggelu Securities Branch | B401-F19, No.3 Plant, Tian An Cyber Innovation<br>Park, No. 441 Chenghuangge Road, Longcheng<br>Street Centre, Longgang District, Shenzhen, Guangdong |
| 11  | Jieyang Huanshibeilu Securities Branch        | Room A2112-A2114, Honghe Building, Huanshibei<br>Road, Dongshan Sub-district, Rongcheng<br>District, Jieyang, Guangdong                               |

| No. | Name of branch before relocation | Name of branch after relocation | Address of branch after relocation                                                               |
|-----|----------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------|
| 1   | Beijing Zhangzizhonglu Branch    | Beijing Guomao Branch           | 5/F, Block B, Shimao Tower, No. 92A Jianguo Road, Chaoyang District, Beijing                     |
| 2   | Suzhou Zhongxinlu Branch         | Suzhou Suyalu Branch            | 8/F, Xintou Mansion, 308 Suyu Road, Suzhou Industrial Park, Jiangsu                              |
| 3   | Wuxi Zhenghedadao Branch         | Wuxi Taihudadao Branch          | South Wing, 6/F, Jinxing Mulin Centre, No. 258 Taihuxi Avenue, Nanchang District, Wuxi, Jiangsu  |
| 4   | Kunming Dianchilu Branch         | Kunming Huanchengxi Road Branch | 11/F, Block B, Huahai Xijingjie Building, 368 Huanchengxi Road, Xishan District, Kunming, Yunnan |

### ***CITIC Securities (Zhejiang)***

During the reporting period, CITIC Securities (Zhejiang) established two new securities branches, namely: Quanzhou Baozhoulu Branch and Xiamen Hubinnanlu Branch. In addition, CITIC Securities (Zhejiang) newly established Wenzhou Branch Office, and Jiangxi Branch Office, and completed the same city relocation for seven of its securities branches and Wenzhou Branch Office. Currently, CITIC Securities (Zhejiang) has 59 securities branches and four branch offices.

### ***CITIC Wantong Securities***

During the reporting period, CITIC Wantong Securities established three new securities branches, namely: Dezhou Yuchengxingzhengjie Branch, Qingdao Licangshuyuanlu Branch and Qingdao Weihailu Branch. In addition, Jinan Daxuelu Branch was closed and the same city relocation for one securities branch was completed. In January 2014, CITIC Wantong Securities established Zibo Yiyuan Jiankanglu Securities Branch. Currently, CITIC Wantong Securities has 47 securities branches.

### ***CITIC Futures***

During the reporting period, CITIC Futures established 8 new futures branches, namely, Guangzhou Branch, Xi'an Branch, Suzhou Branch, Nanning Branch, Harbin Branch, Baotou Branch, Wuhan Branch and Wuxi Branch. From January to March of 2014, CITIC Futures established the Chengdu Branch, Nanchang Branch, Xiamen Branch and Shijiazhuang Branch. Currently, CITIC Futures has 33 futures branches.

### ***CSI***

During the reporting period, CSI did not establish any new branches but closed Kwun Tong Branch according to the condition of business operation. Currently, CSI has 4 branches.

For details of network of branches of the Company and its subsidiaries, please refer to “Appendix 4: List of Domestic and Overseas Branches” of this announcement.

## **6.8.3 Investment in Equity Exchanges**

According to the resolution on investing in the equities of the relevant equity exchanges resolved at the 4th meeting of the 5th Session of the Board and the 17th meeting of the 5th Session of the Board, the Company invested RMB150 million in the equity of Qianhai Equity Exchange in January 2013, representing an equity interest of 27.027%; invested RMB10 million in the equity of Xiamen Cross-strait Equity Exchange in December 2013, representing an equity interest of 11.11%; invested RMB12 million in the equity of Qingdao Lanhai Equity Exchange in February 2014, representing an equity interest of 24% (in addition, CITIC Wantong Securities invested RMB8 million, representing an equity interest of 16% ).

## 7. CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

### 7.1 The share capital structure of the Company as at 31 December 2013 was as follows:

| Name of shareholders                    | Type of the Shares | Number of Shares (shares) | Percentage to the total number of shares (%) |
|-----------------------------------------|--------------------|---------------------------|----------------------------------------------|
| CITIC Group Corporation <sup>Note</sup> | A Shares           | 2,300,630,550             | 20.88                                        |
| Public holders of A Shares              | A Shares           | 7,537,950,150             | 68.42                                        |
| Public holders of H Shares              | H Shares           | 1,178,327,700             | 10.70                                        |
| Total                                   | —                  | 11,016,908,400            | 100.00                                       |

Note: CITIC Group holds such A Shares indirectly through its subsidiaries, including CITIC Limited and CITIC Guoan Group Co., Ltd.

### 7.2 Changes in Share Capital

During the reporting period, there were no changes in the share capital of the Company.

*Unit: shares*

| Class of Shares                                          | Before the change |                | Change due to this movement (+, -) |        |           | After the change |                |
|----------------------------------------------------------|-------------------|----------------|------------------------------------|--------|-----------|------------------|----------------|
|                                                          | Number of shares  | Percentage (%) | Issue of new shares                | Others | Sub-total | Number of shares | Percentage (%) |
| I. Shares subject to trading moratorium <sup>Note</sup>  |                   |                |                                    |        |           |                  |                |
| 1. Shares held by the State                              | —                 | —              | —                                  | —      | —         | —                | —              |
| 2. Shares held by State-owned legal persons              | —                 | —              | —                                  | —      | —         | —                | —              |
| 3. Shares held by other domestic investors               | 23,919,000        | 0.217          | —                                  | —      | —         | 23,919,000       | 0.217          |
| Including: Shares held by domestic legal persons         | —                 | —              | —                                  | —      | —         | —                | —              |
| Shares held by domestic natural persons                  | —                 | —              | —                                  | —      | —         | —                | —              |
| Others                                                   | 23,919,000        | 0.217          | —                                  | —      | —         | 23,919,000       | 0.217          |
| 4. Shares held by foreign investors                      |                   |                |                                    |        |           |                  |                |
| Including: Shares held by foreign legal persons          | —                 | —              | —                                  | —      | —         | —                | —              |
| Shares held by foreign natural persons                   | —                 | —              | —                                  | —      | —         | —                | —              |
| Total number of shares subject to trading moratorium     | 23,919,000        | 0.217          | —                                  | —      | —         | 23,919,000       | 0.217          |
| II. Shares not subject to trading moratorium             |                   |                |                                    |        |           |                  |                |
| 1. RMB denominated ordinary shares                       | 9,814,661,700     | 89.087         | —                                  | —      | —         | 9,814,661,700    | 89.087         |
| 2. Foreign shares listed in the PRC                      | —                 | —              | —                                  | —      | —         | —                | —              |
| 3. Foreign shares listed overseas                        | 1,178,327,700     | 10.696         | —                                  | —      | —         | 1,178,327,700    | 10.696         |
| Total number of shares not subject to trading moratorium | 10,992,989,400    | 99.783         | —                                  | —      | —         | 10,992,989,400   | 99.783         |
| III. Total number of shares                              | 11,016,908,400    | 100.000        | —                                  | —      | —         | 11,016,908,400   | 100.000        |

Note: All the Shares subject to trading moratorium are incentive shares of the Company. For details about the share incentive arrangement of the Company, please refer to Announcement on the Resolution of the 5th Meeting of the 3rd Session of the Board of Directors of CITIC Securities Company Limited (set out in China Securities Journal, Shanghai Securities News and Securities Times, dated 7 September 2006).

### **7.3 Issue and Listing of Securities over the Past Three Years**

In September 2011, the Company issued 995.30 million H Shares at an issue price of HK\$13.30 per share in the initial public offering of its H Shares. Pursuant to the relevant requirements, 13 State-owned shareholders of the Company transferred 99.53 million State-owned shares held by them to the NSSF, and converted them into H Shares. On 6 October 2011, a total of 1,094.83 million H Shares were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange.

On 27 October 2011, upon partial exercise of the over-allotment option by the sole global coordinator of the Company on behalf of the international underwriters, the Company additionally issued and allotted 75.907 million H Shares at an issue price of HK\$13.30 per share. Pursuant to the relevant requirements, 13 State-owned shareholders of the Company further reduced their State-owned shares, and transferred the 7,590,700 State-owned shares held by them to the NSSF, and converted them into H Shares. The 75,907,000 H Shares additionally issued and allotted pursuant to the exercise of over-allotment option in part, and the 7,590,700 H Shares which were converted from the shares transferred to the NSSF pursuant to the relevant requirements relating to the reduction of State-owned shares were listed on the Hong Kong Stock Exchange on 1 November 2011 and 7 November 2011, respectively.

After the completion of this offering, the total number of issued shares of the Company increased from 9,945,701,400 Shares to 11,016,908,400 Shares.

Pursuant to the Resolution on General Authorization Regarding Onshore and Offshore Issuance of Corporate Debt Financing Instruments by the Company adopted at the 2013 First Extraordinary General Meeting of the Company, the Company issued USD-denominated bonds and RMB-denominated bonds during the reporting period, details of which are set out as follows:

CITIC Securities Finance 2013, a wholly-owned subsidiary of the Company, issued the USD-denominated bonds, with a term of five years, an offering size of US\$800 million and a coupon rate of 2.5%, which were listed on the Hong Kong Stock Exchange on 6 May 2013.

The Company issued the RMB-denominated bonds. During the reporting period, the Company issued two tranches of RMB-denominated bonds. The first tranche of RMB-denominated bonds in 2013, the issuance of which was completed on 14 June 2013, was classified into two categories and was listed on the Shanghai Stock Exchange on 28 June 2013. Of which, the five-year category had a size of RMB3,000 million and a coupon rate of 4.65%, and the ten-year category had a size of RMB12,000 million and a coupon rate of 5.05%. The issuance of the second tranche of RMB-denominated bonds in 2013 was completed on 7 August 2013, which had a size of RMB5,000 million, a coupon rate of 5% and a term of three years, and was listed on the Shanghai Stock Exchange on 23 August 2013.

As at the date of disclosure of this announcement, there were no changes in the bonds issued by the Company and there were no defaults in the redemption and interest payment of such bonds. The Company was not aware of any risks that might lead to default in the timely settlement of such bonds in the future and was not involved or likely to be involved in any significant litigation that might affect the timely settlement of such bonds.

On 28 March 2013, China Chengxin Securities Rating Co., Ltd. issued the Credit Rating Report on the Public Issuance of the Corporate Bonds (First Tranche) of CITIC Securities Company Limited in 2013, assigning an AAA corporate credit rating to CITIC Securities with a stable rating outlook and an AAA rating to the bonds.

On 9 July 2013, China Chengxin Securities Rating Co., Ltd. issued the Credit Rating Report on the Public Issuance of the Corporate Bonds (Second Tranche) of CITIC Securities Company Limited in 2013, assigning an AAA corporate credit rating to CITIC Securities with a stable rating outlook, and an AAA rating to the bonds.

On 15 July 2013, Dagong Global Credit Rating Co., Ltd issued the Follow-up Rating Report on the Corporate Bonds of CITIC Securities Company Limited in 2006, maintaining an AAA rating for the corporate bonds of CITIC Securities in 2006 with a stable rating outlook.

On 23 September 2013, Dagong Global Credit Rating Co., Ltd issued the Credit Rating Report of CITIC Securities Company Limited in 2013, maintaining an AAA corporate credit rating of the Company with a stable rating outlook.

According to the resolution adopted at the 2011 Annual General Meeting, the resolution adopted at the 1st Meeting of the 5th Session of the Board of the Company and with the approval from the Peoples' Bank of China, the Company issued 11 tranches of commercial papers during the reporting period, each with a term of 91 days. As at 31 December 2013, the outstanding amount of commercial papers of the Company was RMB12 billion, and the settlement condition was good.

During the reporting period, the Company did not make any bonus issue or right issue.

There were no internal employee shares issued by the Company.

## 7.4 Information on Shareholders

**Total number of Shareholders as at 31 December 2013: 562,160 shareholders, including 562,038 A Shareholders and 122 H Shareholders.**

**Total number of Shareholders as at the end of the fifth trading days (21 March 2014) before the disclosure of the announcement: 599,579 shareholders, including 599,463 A Shareholders and 116 H Shareholders.**

### 7.4.1 Shareholdings of the top 10 Shareholders as at 31 December 2013

| Number of Shareholder                                                           | Type of the Shareholder <sup>Note 7</sup> | Name of Shares (shares) | Percentage (%) | Change in the number of Shares during the reporting period (shares) | Number of Shares not subject to trading moratorium held (shares) | Number of Shares subject to trading moratorium held (shares) |
|---------------------------------------------------------------------------------|-------------------------------------------|-------------------------|----------------|---------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------|
| CITIC Limited <sup>Note 1</sup>                                                 | State-owned legal person                  | 2,236,890,620           | 20.30          | 2,236,890,620                                                       | 2,236,890,620                                                    | —                                                            |
| HKSCC Nominees Limited <sup>Note 2</sup>                                        | Foreign legal person                      | 1,178,008,200           | 10.69          | -48,500                                                             | 1,178,008,200                                                    | —                                                            |
| China Life Insurance Company Limited <sup>Note 3</sup>                          | Domestic non-State-owned legal person     | 361,059,999             | 3.28           | —                                                                   | 361,059,999                                                      | —                                                            |
| China Life Insurance (Group) Company – Traditional – General Insurance Products | Domestic non-State-owned legal person     | 231,141,935             | 2.10           | —                                                                   | 231,141,935                                                      | —                                                            |
| Huaxia Life Insurance Co., Limited – Universal Insurance Products               | Domestic non-State-owned legal person     | 129,908,681             | 1.18           | 109,908,822                                                         | 129,908,681                                                      | —                                                            |
| China Academy of Launch Vehicle Technology                                      | State-owned legal person                  | 106,478,308             | 0.97           | —                                                                   | 106,478,308                                                      | —                                                            |
| CSOP Asset Management Limited – CSOP FTSE China A50ETF                          | Foreign legal person                      | 71,730,053              | 0.65           | 22,937,506                                                          | 71,730,053                                                       | —                                                            |
| Nanjing Gaoke Company Limited                                                   | Domestic non-state-owned legal person     | 64,563,634              | 0.59           | -6,660,000                                                          | 64,563,634                                                       | —                                                            |
| CITIC Guoan Group Co., Ltd                                                      | State-owned legal person                  | 63,739,930              | 0.58           | —                                                                   | 63,739,930                                                       | —                                                            |
| China Securities Finance Corporation Limited                                    | Domestic non-State-owned legal person     | 51,447,504              | 0.47           | 51,447,504                                                          | 51,447,504                                                       | —                                                            |

- Note 1: On 25 February 2013, CITIC Group transferred its entire interest directly held in 2,236,890,620 A Shares of the Company to its wholly-owned subsidiary CITIC Limited.
- Note 2: Among the H Shareholders of the Company, HKSCC Nominees Limited held Shares on behalf of holders who do not register the Shares under their names.
- Note 3: The Shares held by China Life Insurance Company Limited are the total number Shares held in two security accounts, namely “China Life Insurance Company Limited – Traditional – General Insurance Products – 005L – CT001Hu” and “China Life Insurance Company Limited – Bonus – Individual Bonus – 005L – FH002Hu”, which held 351,322,773 Shares and 9,737,226 Shares respectively (same as hereinunder).
- Note 4: As at 31 December 2013, except for the 34,000,000 Shares held by Nanjing Gaoke Company Limited which have been frozen, no Shares of the top 10 Shareholders have been pledged or frozen.
- Note 5: Among the top 10 Shareholders, both CITIC Limited and CITIC Guoan Group Co., Ltd. are wholly-owned subsidiaries of CITIC Group, and China Life Insurance Company Limited is a controlling subsidiary of China Life Insurance (Group) Company.
- Note 6: As at 31 December 2013, among the top 10 Shareholders, shares held by HKSCC Nominees Limited were H Shares, and Shares held by other Shareholders were A Shares.
- Note 7: Type of A Shareholders represents the type of account held by A Shareholders with Shanghai branch of China Securities Depository and Clearing Corporation Limited.
- Note 8: As the Shares are margin trading underlying securities, the shareholding of Shareholders are calculated together with their Shares in their ordinary securities accounts and credit securities accounts, and equity interests.

#### 7.4.2 Shareholdings of the Top 10 Non-Restricted Shareholders as at 31 December 2013

| Name of Shareholder                                                             | Number of tradable Shares held not subject to trading moratorium (shares) | Class (A Shares, B Shares, H Shares) |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------|
| CITIC Limited                                                                   | 2,236,890,620                                                             | A Shares                             |
| HKSCC Nominees Limited                                                          | 1,178,008,200                                                             | H Shares                             |
| China Life Insurance Company Limited                                            | 361,059,999                                                               | A Shares                             |
| China Life Insurance (Group) Company – Traditional – General Insurance products | 231,141,935                                                               | A Shares                             |
| Huaxia Life Insurance Co., Limited – Universal Insurance Products               | 129,908,681                                                               | A Shares                             |
| China Academy of Launch Vehicle Technology                                      | 106,478,308                                                               | A Shares                             |
| CSOP Asset Management Limited – CSOP FTSE China A50ETF                          | 71,730,053                                                                | A Shares                             |
| Nanjing Gaoke Company Limited                                                   | 64,563,634                                                                | A Shares                             |
| CITIC Guoan Group Co., Ltd.                                                     | 63,739,930                                                                | A Shares                             |
| China Securities Finance Corporation Limited                                    | 51,447,504                                                                | A Shares                             |

#### 7.4.3 Shareholdings of the Restricted Shareholders as at 31 December 2013

| Name of Shares                                 | Number of Shares held subject to trading moratorium (Shares) | Listing and trading of Shares subject to trading moratorium                  |                                                             |                                                                              |
|------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------|
|                                                |                                                              | Date of listing and trading                                                  | Number of increased Shares eligible to be listed and traded | Terms of trading moratorium                                                  |
| Incentive shares held under custody and others | 23,919,000                                                   | To be determined after the implementation of the incentive share arrangement | —                                                           | To be determined after the implementation of the incentive share arrangement |

#### 7.4.4 Information on Substantial Shareholders of the Company

##### *Largest Shareholder*

On 25 February 2013, CITIC Limited was transferred 20.30% of shares in the Company by CITIC Group, and became the largest shareholder of the Company.

CITIC Limited was established on 27 December 2011, the existing legal representative is Mr. CHANG Zhenming and the general manager is Mr. WANG Jiong. Its registered capital is RMB128,000 million and the organisation code is 71783170-9. Its scope of business is as follow: Licensed operations: contractor for overseas projects suitable for its capabilities, scale and results performance; external deployment of staff required to implement the above-mentioned overseas projects. General operations: investment and management of domestic and foreign banks, securities, insurance, trust, futures, leasing, funds, credit card financial enterprises and related industries, information system infrastructure, basic telecommunication and value-added telecommunication business, energy, transport infrastructure, mining, exploration of timber resources and raw material industry, machinery manufacturing, real estate development, environmental protection, medicine, bio-engineering as well as new materials, aviation, transportation, warehousing, hotel, tourism, domestic trade and international trade, commerce, education, publishing, media, culture and sports, domestic and overseas engineering design, constructions, contracting and sub-contracting, consultant service industry; asset management; and capital operation; import and export business.

As at 31 December 2012, the total assets of CITIC Limited amounted to RMB3,470.8 billion, the total liabilities amounted to RMB3,109.9 billion, the net assets attributable to the parent amounted to RMB228.3 billion. In 2012, the realized revenue amounted to RMB 302.2 billion and the net profit attributable to the parent amounted to RMB 31.5 billion; net cash outflow from operating activities amounted to RMB 29.8 billion, net cash outflow from investing activities amounted to RMB136.7 billion and net cash inflow from financing activities amounted to RMB35.7 billion in 2012, respectively.

CITIC Limited is one of the world's leading and China's largest conglomerates that leverage integrated advantages and overall synergies through integrated business platforms to provide customers with a full range of services and achieve comprehensive, balanced and sustainable development.

CITIC Group was founded in 1979, the existing legal representative is Mr. CHANG Zhenming and the general manager is Mr. WANG Jiong. Its registered capital is RMB183,970,408,771.84 and the organization code is 10168558-X. Its scope of business is as follows: Licensed operations: internet information service business (except for contents related to news, publishing, education, healthcare, medicine and medical equipment); external deployment of staff required to implement overseas projects suitable for its capabilities, scale and results performance. General operations: investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card financial enterprises and related industries, energy, transport infrastructure, mining, exploration of timber resources and raw material industry, machinery manufacturing, real estate development, information system infrastructure, basic telecommunication and value-added telecommunication business, environmental protection, medicine, bio-engineering as well as new materials, aviation, transportation, warehousing, hotel, tourism, international trade and domestic trade, commerce, education, publishing, media, culture and sports, overseas and domestic engineering design, construction, contracting and sub-contracting, industry investment; project tendering, surveying, design, construction, supervision, contracting and subcontracting, consultant service industry; asset management; capital operation; import and export business.

As at 31 December 2012, the total assets of CITIC Group amounted to RMB3,565.7 billion, the total liabilities amounted to RMB3,185.1 billion and the net assets attributable to the parent amounted to RMB235.5 billion. In 2012, the realized revenue amounted to RMB349.8 billion and the realized net profit attributable to the parent amounted to RMB30.2 billion. In 2012, the net cash outflow from operating activities amounted to RMB32.7 billion, net cash outflow from investing activities amounted to RMB149.7 billion, and net cash inflow from financing activities amounted to RMB52.0 billion.

As at 31 December 2013, the shareholdings of CITIC Limited in other major listed companies, whether direct or indirect controlling stakes or minority interests, are as follows:

| Name of Listed Investee                            | Stock Code           | Shareholding Percentage |
|----------------------------------------------------|----------------------|-------------------------|
| China CITIC Bank Corporation Limited               | 601998.SH<br>0998.HK | 66.95%                  |
| CITIC Pacific Limited                              | 0267.HK              | 57.51%                  |
| CITIC Telecom International Holdings Limited       | 1883.HK              | 59.81%                  |
| CITIC Resources Holdings Limited                   | 1205.HK              | 59.41%                  |
| Asia Satellite Telecommunications Holdings Limited | 1135.HK              | 37.59%                  |
| CITIC Dameng Holdings Limited                      | 1091.HK              | 49.26%                  |
| CITIC Heavy Industries Co., Ltd.                   | 601608.SH            | 71.04%                  |
| CITIC Offshore Helicopter Co., Ltd.                | 000099.SZ            | 42.18%                  |

In addition to the above table, as at 31 December 2013, CITIC Group held the indirect controlling stakes or the minority interests in the following major listed companies:

| Name of Listed Investee                    | Stock Code | Shareholding Percentage |
|--------------------------------------------|------------|-------------------------|
| CITIC Guoan Information Industry Co., Ltd. | 000839.SZ  | 41.42%                  |
| CITIC Guoan Wine Co., Ltd.                 | 600084.SH  | 42.65%                  |
| CITIC 21CN Company Limited                 | 0241.HK    | 21.73%                  |

As at 31 December 2013, there was no other Shareholder directly holding more than 5% shares in the Company. The Shares held by HKSCC Nominees Limited belong to the non-registered holders of H Shares.

#### 7.4.5 Interest and Short Positions of Substantial Shareholders

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial Shareholders are required to disclose their interests, and are required to make further disclosure when the changes of their interest reached the prescribed threshold. The following table is derived from the latest interest information disclosed by the substantial Shareholders on the HKExnews website of the Hong Kong Stock Exchange as at 31 December 2013. As they are only required to disclose the change of their interests when it reaches certain prescribed threshold, the information set out in the following table may be inconsistent with their actual interests as at 31 December 2013.

| Name of Shareholders                    | Capacity                                             | Class of Shares | Number of Shares/Positions       | Percentage to the Number of A Shares/ H Shares in the Company as at 31 December 2013 (%) | Percentage to Total Issued Capital of the Company as at 31 December 2013 (%) |
|-----------------------------------------|------------------------------------------------------|-----------------|----------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| CITIC Group Corporation<br>(中國中信集團有限公司) | Interest of controlled corporation <sup>Note 1</sup> | A Shares        | 2,303,963,550/<br>Long positions | 23.42                                                                                    | 20.91                                                                        |

| Name of Shareholders                 | Capacity                                                                  | Class of Shares | Number of Shares/Positions                            | Percentage to the Number of A Shares/ H Shares in the Company as at 31 December 2013 | Percentage to Total Issued Capital of the Company as at 31 December 2013 |
|--------------------------------------|---------------------------------------------------------------------------|-----------------|-------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
|                                      |                                                                           |                 |                                                       | (%)                                                                                  | (%)                                                                      |
| China Life Insurance (Group) Company | Beneficial owner and interest of controlled corporation <sup>Note 2</sup> | A Shares        | 688,700,626/<br>Long positions                        | 7.00                                                                                 | 6.25                                                                     |
| The NSSF                             | Beneficial owner                                                          | H Shares        | 70,688,700/<br>Long positions                         | 6.00                                                                                 | 0.64                                                                     |
| Temasek Holdings (Private) Limited   | Interest of controlled corporation <sup>Note 3</sup>                      | H Shares        | 106,142,500/<br>Long positions                        | 9.01                                                                                 | 0.96                                                                     |
| JPMorgan Chase & Co.                 | Others <sup>Note 4</sup>                                                  | H Shares        | 59,381,321/<br>Long positions                         | 5.04                                                                                 | 0.54                                                                     |
|                                      |                                                                           | H Shares        | 4,128,062/<br>Short positions                         | 0.35                                                                                 | 0.04                                                                     |
|                                      |                                                                           | H Shares        | 47,499,434/<br>Lending pool                           | 4.03                                                                                 | 0.43                                                                     |
|                                      |                                                                           | H Shares        | Derivative interests of 1,200,000/<br>Long positions  | 0.10                                                                                 | 0.01                                                                     |
|                                      |                                                                           | H Shares        | Derivative interests of 3,128,062/<br>Short positions | 0.27                                                                                 | 0.03                                                                     |
|                                      |                                                                           |                 |                                                       |                                                                                      |                                                                          |
| BlackRock, Inc.                      | Interest of controlled corporation <sup>Note 5</sup>                      | H Shares        | 86,996,031/<br>Long positions                         | 7.38                                                                                 | 0.79                                                                     |
|                                      |                                                                           | H Shares        | 1,399,500/<br>Short positions                         | 0.12                                                                                 | 0.01                                                                     |
|                                      |                                                                           | H Shares        | Derivative interests of 192,500/<br>Long positions    | 0.02                                                                                 | 0.002                                                                    |
|                                      |                                                                           | H Shares        | Derivative interests of 76,500/<br>Short positions    | 0.006                                                                                | 0.0007                                                                   |
| FIL Limited                          | Investment manager                                                        | H Shares        | 83,004,500/<br>Long positions                         | 7.04                                                                                 | 0.75                                                                     |
| Banco BTG Pactual S.A.               | Beneficial owner                                                          | H Shares        | 58,625,500/<br>Long positions                         | 4.98                                                                                 | 0.53                                                                     |
| Lazard Asset Management LLC          | Investment manager                                                        | H Shares        | 82,859,000/<br>Long positions                         | 7.03                                                                                 | 0.75                                                                     |
| Deutsche Bank Aktiengesellschaft     | Others <sup>Note 6</sup>                                                  | H Shares        | 69,055,075/<br>Long positions                         | 5.86                                                                                 | 0.63                                                                     |
|                                      |                                                                           | H Shares        | 58,612,550/<br>Short positions                        | 4.97                                                                                 | 0.53                                                                     |
|                                      |                                                                           | H Shares        | 3,932,000/<br>Lending pool                            | 0.33                                                                                 | 0.04                                                                     |
|                                      |                                                                           | H Shares        | Derivative interests of 16,433,750/<br>Long positions | 1.39                                                                                 | 0.15                                                                     |

| Name of Shareholders | Capacity                 | Class of Shares | Number of Shares/Positions                         | Percentage to the Number of A Shares/ H Shares in the Company as at 31 December 2013 (%) | Percentage to Total Issued Capital of the Company as at 31 December 2013 (%) |
|----------------------|--------------------------|-----------------|----------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Citigroup Inc.       | Others <sup>Note 7</sup> | H Shares        | Derivative interests of 2,369,500/ Short positions | 0.20                                                                                     | 0.02                                                                         |
|                      |                          | H Shares        | 63,703,195/ Long positions                         | 5.41                                                                                     | 0.58                                                                         |
|                      |                          | H Shares        | 12,167,228/Short positions                         | 1.03                                                                                     | 0.11                                                                         |
|                      |                          | H Shares        | 51,279,081/Lending Pool                            | 4.35                                                                                     | 0.47                                                                         |
|                      |                          | H Shares        | Derivative interests of 5,006,821/Long positions   | 0.42                                                                                     | 0.05                                                                         |
|                      |                          | H Shares        | Derivative interests of 874,870/Short positions    | 0.07                                                                                     | 0.008                                                                        |

Note 1: CITIC Group Corporation indirectly held 2,236,890,620 A Shares through its wholly-owned subsidiary CITIC Limited, and indirectly held 67,072,930 A Shares through its wholly-owned subsidiary CITIC Guoan Group Co., Ltd.. As at 31 December 2013, CITIC Group Corporation in aggregate held 2,300,630,550 A Shares, representing 20.88% of the total number of shares in the Company.

Note 2: China Life Insurance (Group) Company directly held 231,141,935 A Shares, and indirectly held 457,558,691 A Shares through its subsidiary China Life Insurance Company Limited. As at 31 December 2013, China Life Insurance (Group) Company and its subsidiary in aggregate held 592,201,934 A Shares, representing 5.38% of the total number of shares in the Company.

Note 3: Temasek Holdings (Private) Limited held 106,142,500 H Shares through its controlled corporation Fullerton Management Pte Ltd. and Cairnhill Investments (Mauritius) Pte Ltd.

Note 4: JPMorgan Chase & Co. held the relevant interests and short positions through its controlled corporations, in the capacities of, including, beneficial owner, investment manager and custodian corporation/ approved lending agent.

Note 5: BlackRock, Inc. held the relevant interests and short positions through its controlled corporations.

Note 6: Deutsche Bank Aktiengesellschaft held the relevant interests and short positions through its controlled corporations, in the capacities of, including, beneficial owner, custodian corporation/ approved lending agent and person having a security interest in shares.

Note 7: Citigroup Inc. held the relevant interests and short positions through its controlled corporations, in the capacities of, including, custodian corporation/ approved lending agent and person having a security interest in shares.

Note 8: The NSSF, Temasek Holdings (Private) Limited and Banco BTG Pactual S.A. were all non-registered shareholders of the H Shares of the Company, such Shares were held by HKSCC Nominees Limited on their behalf, and as such, the Company did not have knowledge of their respective shareholdings as at 31 December 2013.

Save as disclosed above, as at 31 December 2013, there were no other interests or short positions as recorded in the equity interest information disclosed on the HKExnews website of the Hong Kong Stock Exchange or the register maintained by the Company pursuant to Section 336 of the SFO.

## 7.5 Sufficient Public Float

Upon listing of the H Shares, the Hong Kong Stock Exchange granted a waiver to the Company, accepting the minimum public float for the H Shares to be the higher of: (i) 10% of the total issued share capital; or (ii) the percentage of H Shares held by the public immediately after the completion of the global offering (including the H Shares issued pursuant to the exercise of the over-allotment option and the transfer and conversion of the relevant State-owned shares into H Shares pursuant to the PRC regulations on reduction of State-owned shares). Upon the completion of the global offering and based on the minimum public float granted by the Hong Kong Stock Exchange, the minimum public float for the H Shares is not lower than 10.70%.

As at the latest practicable date before the printing of this annual report, based on the information available to the public and the knowledge of the Directors, the Directors believe that the public float is in compliance with Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float as set out in the waiver granted by the Hong Kong Stock Exchange upon the H Share listing.

## 7.6 Purchase, Sale or Redemption of the Securities of the Company

During the reporting period, neither the Company nor its subsidiaries had repurchased, sold or redeemed any of the securities of the Company.

## 7.7 Shares Issued by the Company or its Subsidiaries

During the reporting period, neither the Company nor its subsidiaries had issued any additional shares.

## 8. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### 8.1 Basic Information of Directors, Supervisors and Senior Management

**8.1.1 Changes in shareholding and information of the remuneration (the order of independent non-executive Directors is arranged in the order of number of strokes of their Chinese surnames)**

| Name          | Position <sup>Note 1</sup>                                                           | Gender | Age | Term of office for current session | Shares held at the beginning of 2013 (Shares) <sup>Note 2</sup> | Shares held at the end of 2013 (Shares) <sup>Note 2</sup> | Changes in shareholding (Shares) | Total remuneration in 2013 (RMB ten thousand) |
|---------------|--------------------------------------------------------------------------------------|--------|-----|------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------|----------------------------------|-----------------------------------------------|
| WANG Dongming | Chairman, executive Director and member of Executive Committee                       | Male   | 62  | 2012.6.20-2015.6.19                | 2,649,750                                                       | 2,649,750                                                 | —                                | 583.43                                        |
| CHENG Boming  | Executive Director, President, and member of Executive Committee                     | Male   | 52  | 2012.6.20-2015.6.19                | 1,733,160                                                       | 1,733,160                                                 | —                                | 576.73                                        |
| YIN Ke        | Vice-chairman, executive Director and member of the Executive Committee              | Male   | 50  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | HKD12.7086 million                            |
| LIU Lefei     | Executive Director (newly appointed and serves as Vice-Chairman since 10 March 2014) | Male   | 40  | 2013.12.19-2015.6.19               | —                                                               | —                                                         | —                                | —                                             |
| JU Weimin     | Non-executive Director                                                               | Male   | 50  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | 10.00                                         |
| FANG Jun      | Non-executive Director                                                               | Male   | 45  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | —                                             |
| WU Xiaoqiu    | Independent non-executive Director                                                   | Male   | 55  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | 16.20                                         |

| Name                 | Position <sup>Note 1</sup>                                | Gender | Age | Term of office for current session | Shares held at the beginning of 2013 (Shares) <sup>Note 2</sup> | Shares held at the end of 2013 (Shares) <sup>Note 2</sup> | Changes in shareholding (Shares) | Total remuneration in 2013 (RMB ten thousand) |
|----------------------|-----------------------------------------------------------|--------|-----|------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------|----------------------------------|-----------------------------------------------|
| LEE Kong Wai, Conway | Independent non-executive Director                        | Male   | 59  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | 16.20                                         |
| RAO Geping           | Independent non-executive Director                        | Male   | 66  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | 15.90                                         |
| WEI Benhua           | Independent non-executive Director                        | Male   | 66  | 2012.10.29-2015.6.19               | —                                                               | —                                                         | —                                | 16.20                                         |
| NI Jun               | Chairman of the Supervisory Committee                     | Female | 58  | 2012.6.20-2015.6.19                | 1,728,363                                                       | 1,728,363                                                 | —                                | 216.35                                        |
| GUO Zhao             | Supervisor                                                | Male   | 57  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | 10.00                                         |
| HE Dexu              | Supervisor                                                | Male   | 51  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | 10.00                                         |
| LEI Yong             | Supervisor and Managing Director of Compliance Department | Male   | 46  | 2012.6.20-2015.6.19                | 483,285                                                         | 483,285                                                   | —                                | 247.25                                        |
| YANG Zhenyu          | Supervisor, Head of General Administration Department     | Male   | 43  | 2012.6.20-2015.6.19                | 108,000                                                         | 108,000                                                   | —                                | 149.91                                        |
| TOKUCHI Tatsuhito    | Member of the Executive Committee (resigned)              | Male   | 61  | 2012.6.20-2013.10.11               | —                                                               | —                                                         | —                                | 352.70                                        |
| HUANG Weidong        | Member of the Executive Committee (resigned)              | Male   | 46  | 2012.6.20-2013.10.11               | 1,728,363                                                       | 1,728,363                                                 | —                                | 322.69                                        |
| XU Gang              | Member of the Executive Committee                         | Male   | 44  | 2012.6.20-2015.6.19                | 870,000                                                         | 870,000                                                   | —                                | 466.89                                        |
| GE Xiaobo            | Member of the Executive Committee                         | Male   | 43  | 2012.6.20-2015.6.19                | 1,310,000                                                       | 1,310,000                                                 | —                                | 438.65                                        |
| LIU Wei              | Member of the Executive Committee (newly appointed)       | Male   | 44  | 2013.12.30-2015.6.19               | 252,258                                                         | 252,258                                                   | —                                | 796.97                                        |
| CHEN Jun             | Member of the Executive Committee (newly appointed)       | Male   | 45  | 2013.12.30-2015.6.19               | —                                                               | —                                                         | —                                | 355.52                                        |
| YAN Jianlin          | Member of the Executive Committee (newly appointed)       | Male   | 45  | 2013.12.30-2015.6.19               | —                                                               | —                                                         | —                                | 364.68                                        |
| ZHANG Guoming        | Compliance Officer (newly appointed)                      | Male   | 49  | 2013.9.10-2015.6.19                | —                                                               | —                                                         | —                                | 161.13                                        |
| ZHENG Jing           | Secretary to the Board and Company Secretary              | Female | 41  | 2012.6.20-2015.6.19                | —                                                               | —                                                         | —                                | 133.44                                        |
| Total                |                                                           |        |     |                                    | 10,863,179                                                      | 10,863,179                                                | —                                | approximately 6,260.03                        |

Note 1: The “term of office” refers to the first position held by a person, where that person has several positions; the “term of office” of those re-elected Directors and Supervisors begins from the appointment date of the current session of the Board and Supervisor Committee; the “term of office” of those re-elected Senior Management begins from the appointment date by the current session of the Board.

Note 2: Shares held by Directors, Supervisors and Senior Management including the incentive shares initially granted upon the implementation of the share incentive arrangement, the placing shares and the capitalization issue of bonus shares are A Shares.

Note 3: According to the resolution at the 2011 Annual General Meeting, since July 2012, the Company shall pay an allowance of RMB100,000 per year (tax inclusive) to each of the non-executive Directors and Supervisors, an allowance of RMB150,000 per year (tax inclusive) to each of the independent non-executive Directors, and a subsidy of RMB3,000 per person to each director attending on-site meetings of the special committees under the Board. Please refer to the announcement disclosed by the Company dated 20 June 2012 for details of the resolution. In addition, Mr. YIN Ke, the Vice-chairman, only received his remuneration from CSI, a wholly-owned subsidiary of the Company, instead of the Company; Mr. LIU Lefei, the Vice-chairman and executive Director, and Mr. FANG Jun, the non-executive Directors, never received any remuneration or allowance from the Company. Remuneration of non-executive Director Mr. JU Weimin, independent non-executive Directors Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway, Mr. RAO Geping and Mr. WEI Benhua, and Supervisors Mr. GUO Zhao and Mr. HE Dexu represented Directors'/Supervisors' allowance received from the Company in 2013. In the above table, the remuneration of Mr. TOKUCHI Tatsuhito and Mr. HUANG Weidong, senior management members, who resigned from their posts during the reporting period, and Mr. LIU Wei, Mr. CHEN Jun, Mr. YAN Jianlin and Mr. ZHANG Guoming, senior management members, who took up their posts during the reporting period, represented their annual remuneration of 2013 paid by the Company.

Note 4: Within the reporting period, there were changes of the Directors, Supervisors and Senior Management, please refer to "8.2. Changes of Directors, Supervisors and Senior Management" of this announcement for details.

Note 5: On 31 December 2013, the A Share closed at RMB12.75, and the H Share closed at HKD21.15.

### 8.1.2 Current positions held by Directors and Supervisors in the Shareholders

| Name      | Name of Shareholder                  | Position held in the shareholders                                                       | Term of Office                   | Whether receiving remuneration or allowance from the Shareholders |
|-----------|--------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------|
| JU Weimin | CITIC Limited                        | Deputy General Manager, Chief Financial Officer and Secretary to the Board of Directors | From 27 December 2011 to present | Yes                                                               |
| FANG Jun  | China Life Insurance (Group) Company | General Manager of the Department of Investment Management                              | From February 2011 to present    | Yes                                                               |
| GUO Zhao  | Nanjing Gaoke Co., Ltd.              | Vice President                                                                          | From January 2001 to present     | Yes                                                               |

### 8.1.3 Current positions by Directors and Supervisors in other entities

| Name       | Name of the entities                           | Position held                                                                    | Term of office                 | Whether receiving remuneration or allowance |
|------------|------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------|---------------------------------------------|
| YIN Ke     | CSI                                            | Chairman, CEO <sup>Note</sup>                                                    | From September 2013 to present | Yes                                         |
| LIU Lefei  | CITIC Private Equity Funds Management Co., Ltd | Chairman, Chief Executive Officer                                                | From October 2008 to present   | Yes                                         |
| WU Xiaoqiu | Renmin University of China                     | Professor of the School of Finance, Director of Finance and Securities Institute | From October 1994 to present   | Yes                                         |
| RAO Geping | Peking University                              | Professor of the Law School, Ph.D. Candidate Supervisor                          | From August 1994 to present    | Yes                                         |
| WEI Benhua | Liu Hongru Financial Education Foundation      | Chairman                                                                         | From April 2010 to present     | Yes                                         |
| HE Dexu    | Chinese Academy of Social Sciences             | Deputy Director of the Institute of Quantitative and Technical Economics         | From October 2008 to present   | Yes                                         |

*Note:* Mr. Yin Ke has served as the Vice Chairman and CEO of CSI since February 2007; and served as the Chairman and CEO of CSI since September 2013.

## 8.1.4 Major working experience of the current Directors, Supervisors and Senior Management

### Executive Directors (4 individuals)

Mr. WANG Dongming, 62, serves as the chairman of the Company, an executive Director and a member of the Executive Committee. Mr. Wang joined the Group since the establishment of the Company in 1995 and was appointed as a Director on 26 September 1999. Mr. Wang is also a director of CITIC Holdings Limited, a director of CITIC International Financial, a non-executive director of CITIC Securities International Company Limited, a director of CLSA and the chairman of GoldStone Investment Co., Ltd. Mr. Wang was previously the deputy general manager and general manager of the Company, an assistant to general manager of CITIC Limited, the chairman of China Asset Management Co., Ltd. and the chairman of CITIC Private Equity Funds Management Co., Ltd. Mr. Wang previously worked in Scotiabank Securities Company, Canada from 1987 to 1992, responsible for investment banking business. Mr. Wang also served as the general manager of the international department of China Securities from 1992 to 1993, responsible for the international business of the company; deputy general manager of China Southern Securities Co., Ltd. from 1993 to 1995, responsible for the investment banking business of the company; and non-executive director of CITIC Capital Holdings Limited from 2002 to 2009. Mr. Wang was granted the title of senior economist by China International Trust and Investment Corporation, the predecessor of CITIC Group, in December 1997. He obtained a bachelor's degree in French in 1977 from Beijing Foreign Studies University and a master's degree in international finance in 1984 from Georgetown University in the United States.

Mr. CHENG Boming, 52, serves as executive Director, president and a member of the Executive Committee. Mr. Cheng joined the Group in 2001, and was appointed as a Director on 20 June 2012. Previously, he worked as assistant manager, secretary to the board of directors, deputy general manager and executive deputy general manager of the Company (presiding over the daily work). Mr. Cheng is also a non-executive director of CSI and a director of CITIC PE Fund. Mr. Cheng previously served as head of the Theory Department of Financial News from 1987 to 1993, responsible for the theory research and management of the department; general manager of Beijing Securities Registration Co., Ltd. from 1993 to 2001, responsible for the management of the company; and chairman of the board of Changcheng Credit Appraisal Co., Ltd. from 1994 to 1995, responsible for the management of the company. He obtained a bachelor's degree in economics (majoring in finance) in 1984 from Anhui Finance & Trade College, a master's degree in economics (majoring in money and banking) in 1987 from the Graduate School of the People's Bank of China, and a Ph.D. degree in economics (majoring in money and banking) in 1998 from Shaanxi Institute of Finance and Economics.

Mr. YIN Ke, 50, serves as the vice-chairman of the Company, an executive Director and a member of the Executive Committee. Mr. Yin joined the Group in 2007 and was appointed as a Director on 30 June 2009. Mr. Yin is also the chairman of the board and chief executive officer of CSI, director of CLSA, non-executive director of CITIC Pacific and Hui Xian Asset Management Limited. Mr. Yin previously worked as the assistant to the chief executive officer of the Shenzhen Stock Exchange from 1991 to 1992, responsible for assisting the chief executive officer for the development and day-to-day operation of the Shenzhen Stock Exchange; deputy general manager and executive director of Jun'an Securities Co., Ltd. from 1992 to 1998, executive director and responsible person of Jun'an Securities Co., Ltd. from 1998 to 1999 responsible for the investment banking, brokerage and overseas businesses and the overall management of the company; deputy director of the merger committee of Guotai Jun'an Securities Co., Ltd. from 1998 to 1999, responsible for coordinating the merger between Jun'an Securities Co., Ltd. and Guotai Securities Co., Ltd.; director of Guotai Jun'an Securities Co., Ltd. from 1999 to 2000, responsible for the strategic development of the company; president and executive director of China United Securities Co., Ltd. from 2000 to 2002, responsible for the overall management and business of the company; director and deputy general manager of CITIC Capital Holdings Limited from 2002 to 2007, responsible for the investment banking and private equity investment businesses of the company; non-executive director of CITIC Capital Holdings Limited from 2007 to 2009; director of ACT 360 Solutions Limited from 2000 to 2009, responsible for the business strategy of the company; independent director of CCB Principal Asset Management Co., Ltd. from 2005 to 2009; director of Zhongxing Shenyang Commercial Building Group Co., Ltd. from 2006 to 2010; non-executive director of CITIC Dameng Holdings Limited from 2010 to 2011; and non-executive director of Dah Chong Hong Holdings Limited from 2010 to 2012. He obtained a bachelor's degree in electronics engineering in 1985 and a master's degree in economics in 1991 from Zhejiang University.

Mr. LIU Lefei, 40, serves as Vice-chairman and executive Director of the Company. Mr. LIU served as Director of the Company from 2008 to 2012, and joined the Company again in 2013. He currently serves as the chairman and chief executive officer of CITIC Industry Investment Fund Management Co., Ltd., an independent director of China Life Asset Management Company Limited and the vice-chairman of Bohai Ferry Co., Ltd. which is a listed company in the PRC. Mr. LIU has previously worked in the General Office of the Ministry of Finance, and has been an executive director of Capital Securities Co., Ltd., the general manager of the general investment management department of China Galaxy Securities Company Limited, the chief investment officer and general manager of the investment management department of China Life Insurance Company Limited, as well as the directors of Bank of Dalian Co., Ltd., China UMS Co., Ltd. and Jangho Group Company Limited. Mr. LIU has obtained a bachelor's degree in economics from the Renmin University of China in 1995 and a master's degree in business administration from the China Europe International Business School in 2006.

#### **Non-executive Directors (2 individuals)**

Mr. JU Weimin, 50, serves as a non-executive Director. Mr. Ju joined the Group in 2002 and was appointed as a Director on 30 May 2002. Mr. Ju is also the deputy general manager, chief financial officer and secretary to the board of directors of CITIC Limited; the vice-chairman of the board of Asia Satellite; the non-executive director of CITIC Pacific, CITIC International Financial and CITIC Bank International Limited, respectively. Mr. Ju previously worked for China International Trust and Investment Corporation as the assistant finance director and deputy finance director from 1995 to 1998; the managing director of Shortridge Company Ltd. from 1998 to 2000; the director, finance director and chief accountant of China International Trust and Investment Corporation from 2000 to 2002; and chairman of CITIC Trust from 2004 to 2011. He obtained a master's degree in economics (majoring in accounting) in 1987 from Renmin University of China.

Mr. FANG Jun, 45, serves as a non-executive Director. Mr. Fang joined the Group in 2012 and was appointed as a Director on 20 June 2012. He also serves as the general manager of the investment management department of China Life Insurance (Group) Company, and a director of China Life Investment Holding Company Ltd., Shanghai Lujiazui Finance & Trade Zone United Development Co., Ltd., Hui Xian Holding Limited and Bohai Industrial Investment Fund Management Co., Ltd.. Mr. Fang previously worked as assistant to the general manager of the equity management department of China Life Insurance (Group) Company in 2005; and assistant to the general manager and deputy general manager of the asset management department of China Life Insurance (Group) Company from 2005 to February 2011. Mr Fang obtained a bachelor's degree in law in 1991 from Renmin University of China, a master's degree in law in 1996 and a Ph.D. degree in management in 1999 from Chinese Academy of Social Science.

#### **Independent non-executive Directors (4 individuals, in the order of number of strokes of their Chinese surnames)**

Mr. WU Xiaoqiu, 55, serves as an independent non-executive Director. Mr. Wu joined the Group in 2012 and was appointed as a Director on 20 June 2012. He also serves as a professor of the School of Finance, chairman of the Finance and Securities Research Institute of Renmin University of China, and independent director of Xinyu Iron and Steel Co., Ltd. and UFIDA Software Co., Ltd, and external director of Industrial Securities Co., Ltd., external supervisor of Bank of Beijing Co., Ltd.. Mr. Wu previously worked as teaching assistant, lecturer, associate professor, professor and head of the Institute of Economic Research of Renmin University of China from July 1986 to September 1994; professor and doctoral supervisor of the School of Finance of Renmin University of China from October 1994 to June 2002; chairman of the Finance and Securities Research Institute of Renmin University of China since July 1994. Mr. Wu obtained a bachelor's degree in National Economic Planning and Management in July 1983 from Jiangxi University of Finance and Economics; a master's degree in National Economic Planning and Management in July 1986 from Renmin University of China; and a Ph.D. degree in National Economic Management in July 1990 from School of Economic Management of Renmin University of China.

Mr. LEE Kong Wai, Conway, 59, serves as an independent non-executive Director. Mr. Lee joined the Group in 2011, and was appointed as a Director on 14 November 2011. Mr. Lee is also the independent non-executive director of Tibet 5100 Water Resources Holdings Ltd., Chaowei Power Holdings Limited, West China Cement Limited, China Morden Dairy Holdings Ltd., NVC Lighting Holding Limited, GOME Electrical Appliances Holdings Limited and Yashili International Holdings Limited, companies listed on

the Hong Kong Stock Exchange. Mr. Lee served as a partner of Ernst & Young over the past 29 years and held key leadership positions in the development of such firm in China. Mr. Lee has been a member of The Institute of Chartered Accountants in England and Wales since October 2007, The Institute of Chartered Accountants in Australia since December 1996, The Association of Certified Accountants since September 1983, the Hong Kong Institute of Certified Public Accountants since March 1984 and the Macao Society of Certified Practicing Accountants since July 1995. Mr. Lee was appointed as a member of the CPPCC of Hunan Province in China since 2007. He obtained a bachelor's degree in business studies in 1980 from Kingston University (formerly known as Kingston Polytechnic) and a postgraduate diploma in business in 1988 from Curtin University of Technology in Australia.

Mr. RAO Geping, 66, serves as an independent non-executive Director. Mr. Rao joined the Group in 2011 and was appointed as a Director on 11 August 2011. Mr. Rao is also a professor and doctoral supervisor of the International Law Institution, head of the Center for Hong Kong and Macao Studies, head of the Center of Hong Kong, Macao and Taiwan Law Studies in Peking University. Mr. Rao also serves as member of 12th CPPCC National Committee and member of the Committee for the Basic Law of Hong Kong of the Standing Committee of the NPC; vice chairman and senior researcher of the Institute of Hong Kong and Macao Affairs of the Development Research Center of the State Council; member of the Law Specialty Committee on National Self-taught Higher Education Examinations; independent non-executive director of China National Biotec Group; and independent supervisor of China TravelSky Holding Company. Mr. Rao was a visiting scholar at the University of Washington, New York University, and Max Planck Institute of International Law. Mr. Rao obtained a master's degree in law in 1982 from Peking University.

Mr. WEI Benhua, 66, serves as an independent non-executive Director. Mr. Wei joined the Group in 2012 and was appointed as a Director on 29 October 2012. He is also the chairman of the office of Liu Hongru Financial Education Foundation. He previously served at the International Department of the People's Bank of China (including his service as head of office and head of department) from 1984 to 2003; deputy chief of the State Administration of Foreign Exchange from 2003 to 2008; director of ASEAN +3 Macroeconomic Research Office from 2011 to May 2012 and director-general of the China Forex Management magazine agency from 2009 to 2013. Mr. WEI obtained a Bachelor of Arts degree from Inner Mongolia Normal University in January 1982 and a master's degree in international finance from the Finance Research Institute of the Headquarters of the People's Bank of China in December 1984.

#### **Supervisors (5 individuals)**

Ms. NI Jun, 58, serves as a Supervisor and the chairman of the supervisory committee. Ms. Ni joined the Group since the establishment of the Company in 1995 and was appointed as a Supervisor on 19 May 2010. Ms. Ni worked as the general manager of the planning and finance department and chief accountant of the Company, during which time she was also the person in charge of the accounting body and with oversight of the capital operation business. Ms. Ni previously worked as the deputy director of the finance department of Zhongxin Xingye Company Limited (the predecessor of CITIC Trust) from 1988 to 1994, responsible for the financial business of the company. Ms. Ni was granted the title of senior accountant by China International Trust and Investment Corporation in October 1996. Ms. Ni obtained a bachelor's degree in economics (majoring in industrial accounting) in 1982 from Liaoning Institute of Finance.

Mr. GUO Zhao, 57, serves as a Supervisor. Mr. Guo joined the Group in 1999 and was appointed as a Supervisor on 26 September 1999. Mr. Guo is also vice president of Nanjing Gaoke Co., Ltd., and director and general manager of Nanjing Chengong Pharmaceuticals Co., Ltd. Mr. Guo previously worked as the deputy chief accountant of Nanjing International Container Handling Co., Ltd. from 1988 to 1992, responsible for the financial affairs of the company; as the secretary to the board of directors of Nanjing Xingang High-Tech Co., Ltd. from 1992 to 2002, responsible for the board affairs and information disclosure of the company; and as director of Nanjing Xingang High-Tech Co., Ltd. from January 2001 to January 2013. Mr. Guo is an accountant and obtained the accountant certificate in September 1993, which was granted by the Committee for Assessment of Academic Qualifications of the PRC Ministry of Transport. Mr. Guo obtained a college diploma in water transport finance and accounting in 1988 from Wuhan Heyun College.

Mr. HE Dexu, 51, serves as a Supervisor. Mr. He joined the Group in 2006 and was appointed as a Supervisor on 12 May 2006. Mr. He is also deputy director and researcher at the Institute of Quantitative & Technical Economics of the Chinese Academy of Social Sciences, professor and doctoral supervisor at the Graduate School of the Chinese Academy of Social Sciences, deputy director of the Finance Research Center of the Chinese Academy of Social Sciences, executive director of the China Society for Finance and

Banking, independent director of Zhejiang Mintai Commercial Bank Co., Ltd., and an adjunct professor in various universities such as the Central University of Finance and Economics. Mr. He previously worked as research associate, researcher and deputy head in Institute of Finance and Trade Economics of the Chinese Academy of Social Sciences from 1984 to 2008, responsible for research and research management. Mr. He obtained a Ph.D. degree in economics (majoring in money and banking) in 1998 from Shaanxi Institute of Finance and Economics. He enjoys a special government allowance for experts granted by the State Council. Mr. He was previously a visiting scholar at University of Colorado and the University of Southern California, as well as a post-doctoral researcher at the South Western University of Finance and Economics.

Mr. LEI Yong, 46, serves as a Staff Supervisor and the managing director of the compliance department. Mr. Lei joined the Group in 1995 and was appointed as a Supervisor on 30 May 2002. Mr. Lei previously worked as the deputy general manager of the trading department of the Company, the general manager of the Beijing Beisanhuan Zhonglu Branch and the managing director of the brokerage business development and management committee of the Company. He obtained a college diploma in industrial enterprise management in 1994 from Tianjin Management Institute.

Mr. YANG Zhenyu, 43, serves as a Staff Supervisor and the head of the general administration department of the Company. Mr. Yang joined the Group in 1997 and was appointed as a Supervisor on 16 December 2005. Mr. Yang previously worked as the deputy general manager of the general administration department of the Company; and as senior vice president of the treasury operation department of the Company. He obtained a bachelor's degree in law in 1993 from Chinese People's Public Security University.

#### **Other Senior Management (7 individuals)**

Mr. XU Gang, 44, serves as a member of the Executive Committee and the managing director of the Company, chairman of the brokerage business development and management committee and administrative head of the research department with responsibility for brokerage business as well as research. Mr. Xu joined the Group in 1998 and previously worked as the senior manager, deputy general manager and executive director in departments such as the asset management department, the financial products development team, the research department and the equity sales and trading department of the Company. Mr. Xu is director of CITIC Wantong Securities, China AMC, CITIC Futures, Qianhai Equity Exchange, Qingdao Lanhai Equity Exchange and Xiamen Cross-strait Equity Exchange etc., and member of the China Finance 40 Forum. He obtained a bachelor's degree in economics (majoring in planned economics) in 1991 from Renmin University of China, a master's degree in economics in 1996, and a Ph.D. degree in economics in 2000 from Nankai University.

Mr. GE Xiaobo, 43, serves as a member of the Executive Committee and the managing director of the Company with responsibility for financial matters, administrative heads of the Planning and Finance Department and Risk Management Department of the Company, responsible for finance, capital operation, risk management, and legal and liquidation work. Mr. Ge joined the Group in 1997 and previously worked as the manager and senior manager of the investment banking department, deputy director of the A share listing office, deputy general manager and executive director of the risk control department, and head of the trading and derivatives department of the Company. He is the director of CSI, CLSA, GoldStone Investment, China AMC and CITIC Securities Investment, etc. Mr. Ge was awarded a National Finance May Day Labor Medal in 2007. He obtained a bachelor's degree in engineering (majoring in fluid machinery and fluid engineering) in 1994 and a master's degree in business administration (majoring in management engineering) in 1997 from Tsinghua University.

Mr. LIU Wei, 44, serves as a member of the Executive Committee, the managing director with responsibility for the Financial Market Management Committee (in charge of capital intermediary business) of the Company. Mr. LIU worked at China Ocean Shipping (Group) Company before joining the Company in May 1997. After joining the Company, he worked as deputy general manager of bonds issuance and underwriting department, head of the debt business line, head of the fixed income department and a member of the Investment Banking Committee, and was a co-head of the debt and capital market department under the Investment Banking Committee. Mr. LIU graduated from China University of Political Science and Law majoring in economic law in 1992 and obtained a bachelor's degree in law.

Mr. CHEN Jun, 45, serves as a member of the Executive Committee, a managing director, a member of the Investment Banking Committee, head of investment banking business of the Company. Mr. CHEN previously worked at the School of Mathematics of Shandong University and the Shandong Office under the Career Development Bureau of People's Daily. He joined the Company in July 1997 and worked as assistant general manager and deputy general manager of Shandong Management Headquarters and served as the general manager of CITIC Wantong Securities from 2003 to 2006; he was responsible for planning and setting up the corporate finance and development department of the Company in September 2006 and served as the administrative head of the department. Mr. CHEN graduated from Shandong University with majoring in numerical mathematics and was granted the a bachelor of science's degree in science in 1991, and obtained a master degree in business administration from Shandong University in 2002 and an executive master's of business administration degree in business administration from Cheung Kong Graduate School of Business in 2012.

Mr. YAN Jianlin, 45, serves as a member of the Executive Committee, a managing director, a member of the Investment Banking Committee, head of the merger business line of the Company, and head of investment banking business of CITIC Securities International and director of CITIC Securities Corporate Finance (HK) Limited. Mr. Yan previously worked as manager of the real estate credit department of China Construction Bank Yangpu branch, deputy general manager of Haikou Agriculture & Industry & Trade (Luoniushan) Co., Ltd., deputy general manager of Mission Hills Group in Hong Kong and general manager of Yangpu Xintian Hai'an Golf Management Company Limited. After joining the Company in March 2006, he was responsible for the establishment of real estate and financial institutions group and business lines under investment banking. Mr. Yan was awarded National Labour Medal in Finance in 2013. Mr. Yan graduated from Northwest University majoring in numerical mathematics and application software and was granted a bachelor's degree in science in 1990. He graduated from Tianjin University majoring in infrastructure management engineering and was granted a master degree in engineering in 1993 and obtained his Ph.D. degree of economics from Zhongnan University of Economics and Law majoring in industrial economics in 2003.

Mr. ZHANG Guoming, 49, serves as compliance officer and administrative head of the compliance department of the Company. Before joining in the Company in 2010, Mr. Zhang worked as deputy chief judge, chief judge and a member of the Judge Committee of the High People's Court of Henan Province, and judge of the Supreme People's Court. Mr. Zhang obtained his master's degree in law and doctor's degree in law from the Renmin University of China in 1994 and 2008, respectively.

Ms. ZHENG Jing, 41, serves as the secretary to the Board, company secretary, securities representative and administrative person in charge of the board of directors' office. Ms. Zheng joined the Group in 1997. She worked as an assistant in the research department, the manager of the general administration department and a team member of the A Share Listing team. Upon the establishment of the board of directors' office, she joined the board of directors' office and has been the securities representative from 2003 to 2011. Ms. Zheng obtained a bachelor's degree of law in international politics in 1996 from Peking University, and has been approved by the CSRC to act as the secretary to the board of directors of a company in April 2011. Ms. Zheng has been a joint member of The Hong Kong Institute of Chartered Secretaries since May 2011.

## 8.2 Changes of Directors, Supervisors and Senior Management

| No. | Name              | Position                                                            | Date of Change    | Reason of Change                                                     |
|-----|-------------------|---------------------------------------------------------------------|-------------------|----------------------------------------------------------------------|
| 1   | LIU Lefei         | Executive Director<br>(serves as Vice-chairman since 10 March 2014) | 19 December 2013  | Recommended by the Board and elected at the General Meeting          |
| 2   | ZHANG Guoming     | Compliance Officer                                                  | 10 September 2013 | Appointed by the Board                                               |
| 3   | TOKUCHI Tatsuhito | Former member of Executive Committee                                | 11 October 2013   | Ceased to be a member of Executive Committee due to personal reasons |
| 4   | HUANG Weidong     | Former member of Executive Committee                                | 11 October 2013   | Ceased to be a member of Executive Committee due to personal reasons |
| 5   | LIU Wei           | Member of Executive Committee                                       | 30 December 2013  | Appointed by the Board                                               |
| 6   | CHEN Jun          | Member of Executive Committee                                       | 30 December 2013  | Appointed by the Board                                               |
| 7   | YAN Jianlin       | Member of Executive Committee                                       | 30 December 2013  | Appointed by the Board                                               |

### 8.2.1 Changes in Directors

On 29 October 2013, the 2013 Second Extraordinary General Meeting of the Company considered and approved the *Resolution on the Election of Additional Executive Director of the 5th Session of the Board of the Company*, to elect Mr. LIU Lefei as an executive director of the 5th Session of the Board of the Company. According to *The Reply of Shenzhen Securities Regulatory Bureau relating to Approval of the Qualification of Liu Lefei of being a Director of a Securities Company* (Shenzhengju Xu Ke Zi [2013] No. 197), Mr. Liu Lefei officially commenced his appointment as an executive Director on 19 December 2013.

(On 24 January 2014, the 21st meeting of 5th Session of the Board of the Company considered and approved the *Resolution on Election of Additional Vice Chairman*, to elect Mr. Liu Lefei as a vice chairman of the Company. In accordance with the *Approval relating to the Appointment of Mr. Liu Lefei as a Person of Chairman Category of a Securities Company by Shenzhen Securities Regulatory Bureau* (Shenzhengju Xu Ke Zi [2014] No. 32), Mr. Liu Lefei duly serves as a vice chairman of the Company commencing from 10 March 2014. Currently, there are two vice chairmen in the Board, namely Mr. Yin Ke and Mr. Liu Lefei.

### 8.2.2 During the reporting period, there was no change in the Supervisors.

### 8.2.3 Changes in Senior Management

On 19 December 2012, the 8th meeting of the 5th Session of the Board of the Company considered and approved the *Resolution on the Appointment of Compliance Officer of the Company*, and intended to appoint Mr. ZHANG Guoming as the compliance officer of the Company. According to the *Reply of Shenzhen Securities Regulatory Bureau relating to Approval of the Qualification of ZHANG Guoming of being a senior management member of a securities company* (Shenzhengju Xu Ke Zi [2013] No. 45) and the *Circular of Shenzhen Securities Regulatory Bureau relating to the Consent for Mr. ZHANG Guoming of being Compliance Officer of CITIC Securities Company Limited* (Shenzhengju Ji Gou Zi [2013] No. 89), Mr. ZHANG Guoming officially commenced his appointment as the compliance officer of the Company 10 September 2013.

On 11 October 2013, the 18th Meeting of the 5th Session of the Board of the Company considered and approved the *Resolution on Adjustment of the members of Executive Committee of the Company*, to approve resignations tendered by Mr. TOKUCHI Tatsuhito and Mr. HUANG Weidong to resign as the members of the Executive Committee of the Company for personal reasons and to appoint Mr. LIU Wei, Mr. CHEN Jun and Mr. YAN Jianlin as members of the Executive Committee of the Company. According to the *Reply of Shenzhen Securities Regulatory Bureau relating to Approval of the Qualification of LIU Wei of being a Senior Management Member of a Securities Company* (Shenzhengju Xu Ke Zi [2013] No. 203), the *Reply of Shenzhen Securities Regulatory Bureau relating to Approval of the Qualification of CHEN Jun of being a Senior Management Member of a Securities Company* (Shenzhengju Xu Ke Zi [2013] No. 204) and the *Reply of Shenzhen Securities Regulatory Bureau relating to Approval of the Qualification of YAN Jianlin of being a Senior Management Member of a Securities Company* (Shenzhengju Xu Ke Zi [2013] No. 202), Mr. LIU Wei, Mr. CHEN Jun and Mr. YAN Jianlin officially commenced their appointments as the members of the Executive Committee of the Company on 30 December 2013.

## 8.3 Relationships between Directors, Supervisors and Senior Management

There is no relationship between Directors, Supervisors or Senior Management including relationships in terms of finance, business, family or other significant relationship.

## 8.4 Performance Appraisal and Remuneration of Directors, Supervisors and Senior Management

### 8.4.1 Performance Appraisal of Directors and Supervisors

During the reporting period, the Directors and Supervisors of the Company have strictly complied with the laws, administrative rules and Articles of Association and have diligently and faithfully performed their responsibilities and obligations.

The Directors of the Company attended the Board meetings and specific committee meetings as required. During the meetings, the Directors prudently considered the resolutions proposed and explicitly put forward their views and suggestions. When the Board was not in meeting, the Directors kept themselves abreast of the operation and management of the Company by reading the various types of documents and reports provided by the Company.

The Executive Directors of the Company prudently performed the dual roles in decision making as well as policy implementation. They also actively implemented the decisions adopted by general meetings of shareholders and the Board meetings and played an effective role as a bridge between the Board and the management. By careful studies of the Company's development strategy and business strategy, the Non-executive Directors kept themselves abreast of the latest operation status of the Company through researches and analyses, presentations and communications, and made decisions in a scientific manner, thereby demonstrating a strong sense of responsibilities. Through site-visits and seminars, the Independent Non-executive Directors were in close contact with the Company, earnestly participated in the meetings of the Board and its committees, and persistently expressed independent and objective views, thereby actively protecting the interests of minority shareholders, and benefiting the Company with their professional skills and opinions for development.

Supervisors of the Company have attended Supervisory Committee meetings in accordance with the provisions and they have also attended on-site Board meetings and general meetings of shareholders as observers. They inspected and monitored the overall compliance, material decision making, significant operation events and the financial conditions of the Company.

Details of the attendance and performance of Directors and Supervisors have been set forth in the "9. Corporate Governance Report" in this announcement.

#### **8.4.2 Performance and Appraisal of Senior Management**

During the reporting period, the Senior Management conscientiously performed their duties and completed the tasks assigned to them by the Board and further enhanced the internal control and risk control mechanisms of the Company. Under the guidance of the Board, the Senior Management grasped the development opportunities, expedited innovations and achieved relatively good operating results.

The Company provided clear targets for the Senior Management within their scope of work and evaluated their performances by year end. In addition to evaluation of financial performances and completion of specified tasks, their appraisals were linked up with the performance of the Company. Considering the overall operation results for 2013 and performance of each member of the Senior Management, the overall appraisal results for 2013 were promising.

#### **8.4.3 Remuneration of Directors, Supervisors and Senior Management for the Year**

Procedures for the determination of remuneration of the Directors, Supervisors and Senior Management: the Remuneration and Appraisal Committee of the Board is responsible for making recommendations to the Board on the remuneration policy and structure for all Directors and Senior Management, as well as the establishment of formal and transparent procedures for the formulation of remuneration policy. The Board is responsible for decision making regarding the remuneration, reward and punishment issues for the Senior Management, whereas the remuneration of Directors and Supervisors are determined by the General Meetings.

Criteria for the determination of remuneration of Directors, Supervisors and Senior Management: The remuneration of Directors, Supervisors and Senior Management are determined in accordance with the Remuneration Management System of CITIC Securities Company Limited, and are linked up with their respective positions and performance.

Please refer to "8.1.1 Changes in shareholding and information of the remuneration" in this announcement for further details of remuneration of the current Directors, Supervisors and Senior Management for the year. Allowances for independent Directors and Supervisors are calculated on a yearly basis, booked on a monthly basis, and granted twice a year.

The Company will continue to improve the performance and compensation management system based on the relevant regulatory requirements and our own actual situation.

#### **8.4.4 Share Incentives of Directors, Supervisors and Senior Management**

##### ***Implementation of Share Incentive Scheme of the Company***

The Company did not implement any new share incentive scheme during the reporting period. The current share incentive scheme implemented by the Company was adopted upon the approval of resolution at the 5th Meeting of the 3rd Session of the Board on 6 September 2006 (Please refer to the *Announcement of the Resolution Passed at the 5th Meeting of the 3rd Session of the Board of CITIC Securities Co., Ltd.* on 7 September 2006). Among the incentive shares, 66,081,000 shares had been listed and tradable on 6 September 2011. Please refer to “8.1.1 Changes in shareholding and information of the remuneration” in this announcement for details of shares held by Directors, Supervisors and Senior Management.

The Company had not revised the scope of eligible participants for share incentives during the reporting period.

##### ***Appraisal of Eligible Participants for Share Incentives***

The Company has established and implemented a comprehensive performance appraisal system. The performance appraisal system forms a part of the target management system of the Company, and is complementary to the budget management system. It adopts “balance score cards” to determine and track key indicators and targets for the year, and implements an online evaluation for the whole process with the IT system. Based on the targets set at the beginning of the year, the Company reviewed and evaluated the performance as to the scope of responsibilities of respective eligible participants for share incentives by the end of the year.

##### ***Impact of Share Incentive Scheme on Financial Status and Operating Results of the Company***

The share incentive scheme has further improved the corporate governance of the Company and linked up the personal interests of the Senior Management and key persons of business operation with the overall interests of the Company and its shareholders, effectively promoting the long-term health development of the Company.

Despite the substantial fluctuations of the stock market during the reporting period and the intense competitions for talents in the industry, the Company has been able to retain its key employees through the share incentive scheme.

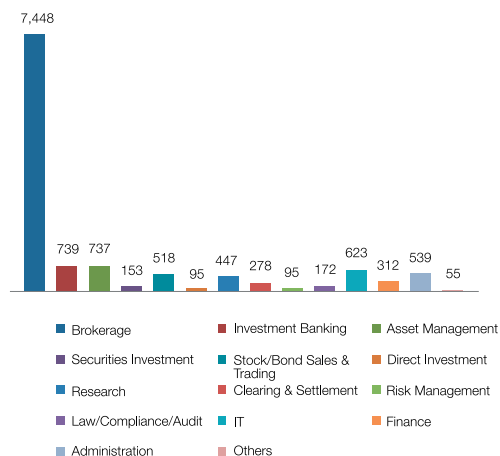
## 8.5 Staff Information

### 8.5.1 Number and Composition of Staff

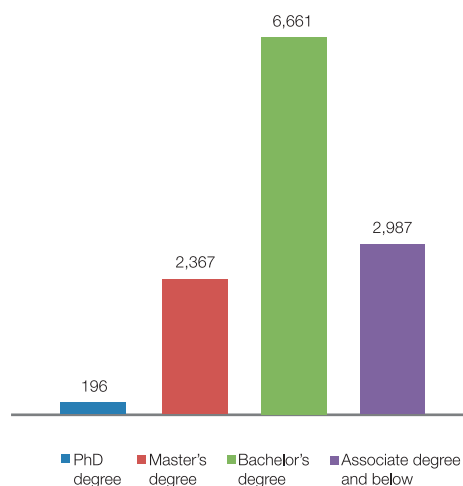
As at 31 December 2013, the Group had a total of 12,211 employees (including brokers), 4,687 (including brokers) of which are with the Company. The composition was shown in the following table:

| Item      |                              | The Group |               | The Company |               |
|-----------|------------------------------|-----------|---------------|-------------|---------------|
|           |                              | Headcount | Percentage(%) | Headcount   | Percentage(%) |
| Divisions | Brokerage                    | 7,448     | 61.00         | 3,074       | 65.58         |
|           | Investment Banking           | 739       | 6.05          | 611         | 13.04         |
|           | Asset Management             | 737       | 6.04          | 91          | 1.94          |
|           | Securities Investment        | 153       | 1.25          | 137         | 2.92          |
|           | Stock/Bond Sales & Trading   | 518       | 4.24          | 163         | 3.48          |
|           | Direct Investment            | 95        | 0.78          | 6           | 0.13          |
|           | Research                     | 447       | 3.66          | 121         | 2.58          |
|           | Clearing & Settlement        | 278       | 2.28          | 65          | 1.39          |
|           | Risk Management              | 95        | 0.78          | 28          | 0.60          |
|           | Legal/Compliance/Audit       | 172       | 1.41          | 64          | 1.37          |
|           | IT                           | 623       | 5.10          | 190         | 4.05          |
|           | Finance                      | 312       | 2.55          | 47          | 1.00          |
|           | Administration               | 539       | 4.41          | 77          | 1.64          |
|           | Others                       | 55        | 0.45          | 13          | 0.28          |
|           | Total                        | 12,211    | 100.00        | 4,687       | 100.00        |
| Education | PhD                          | 196       | 1.61          | 146         | 3.12          |
|           | Master's degree              | 2,367     | 19.38         | 1,476       | 31.49         |
|           | Bachelor's degree            | 6,661     | 54.55         | 2,129       | 45.42         |
|           | Associate's degree and below | 2,987     | 24.46         | 936         | 19.97         |
|           | Total                        | 12,211    | 100.00        | 4,687       | 100.00        |
| Age       | 34 and below                 | 7,259     | 59.44         | 2,954       | 63.03         |
|           | 35-50                        | 4,513     | 36.96         | 1,625       | 34.67         |
|           | Over 51                      | 439       | 3.60          | 108         | 2.30          |
|           | Total                        | 12,211    | 100.00        | 4,687       | 100.00        |

COMPOSITION OF THE GROUP'S EMPLOYEES BY DIVISIONS:



EDUCATION LEVEL OF THE GROUP'S EMPLOYEES



**8.5.2 During the reporting period, there was no material change in the composition of the key personnel of the Company other than the Directors, Supervisors and Senior Management.**

### 8.5.3 Information on Brokers

As at 31 December 2013, the Company and CITIC Securities (Zhejiang) and CITIC Wantong Securities had a total of 1,134 brokers, of which 400 are employed by the Company. The Company has established a comprehensive system for management of brokers; has confirmed the organization system, practicing conditions, scope of authority and standards of behavior of brokers; and has established a filing and inquiry system for brokers. A broker of the Company shall have obtained a securities broker certificate to become a practitioner, and engage in activities such as customer solicitation, customer services and sales of products relying on or through the marketing channels provided by the securities business department. In their practice, brokers of the Company shall present their securities broker certificates to customers according to requirement to indicate their agency relationship with the Company, and shall carry out related work within such scope of authority in such geographical location during such agency periods as agreed in their respective agency contracts.

The Company has incorporated management of brokers into the front desk management system of the securities business department, and has carried out daily supervision over the occupational behaviors of brokers. The Company has established and perfected the customer feedback system. Designated personnel will regularly collect by telephone or other means feedbacks from customers solicited and served by brokers, and make a complete record thereof. In addition, the Company has also made special provisions on issues such as compliance management and training for brokers.

### 8.5.4 Employee Compensation

Please refer to the Note 10 to the Financial Statements of this announcement for compensations received by employees from the Company during the reporting period.

#### Remuneration Policy of the Company

At CITIC Securities, employees' remuneration consists of base annual salary, performance-based annual salary, special rewards, insurance and other benefits. The base annual salary is the employee's basic annual income set forth in the remuneration standards in line with employees' positions and ranks. The remuneration standards are mainly based on factors such as the position's duties, responsibilities, importance, scale of operation, and industry practice. In order to strike a balance between business risks and financial goals, the Company adopts a performance based incentive remuneration system. When the Business Department is profitable, the distribution of incentive remuneration "favors the Business Department, profitable business sections and business sections with major innovation" while also recognizing the role and value of other support departments. The performance-based annual salary is based on the Company's operating results of the year. The total amount of performance-based remuneration is drawn from the Company's annual profits in accordance with the percentage approved at the Board meeting.

A number of special rewards such as "Innovation Award", "Collaboration Award" and "Loyalty Award" have been created to develop the Company's core competitiveness, to encourage innovation and team spirit, and to maintain the stability of the core staff team.

The Company and its employees take part in various social insurance, enterprise annuity and housing fund programs following the ratios and other provisions of China's relevant regulations. The social insurance and housing fund programs are regulated in accordance with local policies.

In order to raise the level of employee's medical insurance, the Company buys and maintains private health insurance, in addition of basic medical insurance, at its own expense for the employees.

The Company has not yet put in place any share option program. For information regarding the Company's existing equity incentive plan, please refer to "8.4.4 Share Incentives of Directors, Supervisors and Senior Management" in this announcement.

## 8.5.5 Training Program

The Company continues to develop and implement a training program with comprehensive planning, implementation by levels and outstanding focus.

Strengthen leadership and managerial skills training to senior-level employees, to broaden their international perspective and improve their ability in change management, strategy analysis, operation, business collaboration and risk management as well as their comprehensive cultural competence;

Strengthen execution and professional skills training to middle-level employees, to improve their theoretical knowledge and ability in execution, organization development, and business innovation;

Popularize vocational and general skills training to lower-level employees, to familiarize them with the Company's enterprise culture, operation system, workflow and administration system, as well as to improve their ability in professional communication, customer service, teamwork, and office operation.

## 9. CORPORATE GOVERNANCE REPORT

### 9.1 Overview of Corporate Governance

The Company strives for excellence and to become a first class international investment bank that specializes in PRC business. For details about our corporate strategy and long term operational model, please refer to “4. Management Discussion and Analysis” of this announcement.

As a company listed both in the Mainland China and Hong Kong, the Company has operated its business in strict compliance with the requirements set forth in the laws, regulations and normative documents of PRC and other jurisdictions where the shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market. The Company keeps improving its corporate governance structure according to the requirements of the Company Law, the Securities Law and relevant regulations of CSRC of the PRC. The corporate governance of the Company complies with the requirements of the relevant laws and regulations, and put in place a corporate governance structure where checks and balances among the General Meeting, the Board, the Supervisory Committee and the operation management are maintained, with each of them separating from the other and performing its own functions and responsibilities corresponding to its position within the specified terms of reference, thereby ensuring all the operational activities of the Company are carried out according to the rules and regulations.

During the reporting period, the Company strictly complied with the *Corporate Governance Code and Corporate Governance Report* (the “Code”) as set out in Appendix 14 of the *Hong Kong Listing Rules*, and has observed all the code provisions and satisfied most of the recommended best practices in the Code.

During the reporting period, subject to the Company Law, Securities Law and other relevant regulatory requirements, the Company amended the Articles of Association twice according to the actual conditions of the Company. For details, please refer to “9.13 Investor Relations” of this announcement.

### 9.2 Dealing in Securities by Directors, Supervisors and Relevant Employees

According to the domestic regulatory requirements, the 23rd Meeting of the 3rd Session of the Board considered and adopted the *Measures for the Management of the Holding and Changes in the Holding of the Shares of CITIC Securities Company Limited by the Directors, Supervisors and Senior Management* (the “Management Measures”) on 13 March 2008, to regulate the holding and dealing of the Company's shares by Directors, Supervisors and Senior Management. The Management Measures are stricter than the compulsory provisions in the *Model Code for Securities Transactions by Directors of Listed Issuers* contained in Appendix 10 to the Hong Kong Listing Rules (the “Model Code”). After inquiries, all Directors, Supervisors and Senior Management have confirmed that they have strictly complied with the relevant provisions of the Management Measures and the Model Code. For details about the shareholdings of the Directors, Supervisors and Senior Management in the Company, please refer to “8.1.1 Changes in shareholding and information of the remuneration” of this announcement.

### 9.3 Shareholders and General Meetings

The General Meeting is the supreme authority of the Company, and Shareholders can exercise their rights through the General Meeting. The Company convenes and holds General Meetings in strict compliance with the relevant regulations, so as to ensure all Shareholders, especially the minority shareholders, are being treated equally and can fully exercise their rights. Following the guidance of the Articles of Association, the Company operates in an orderly manner and maintains healthy and stable development, thus effectively protecting the interests of the Company and all Shareholders.

Pursuant to Article 78 of the Articles of Association, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company shall have the right to request in writing the Board to hold an extraordinary General Meeting. The Board shall give a written response on whether or not it agrees to call such an extraordinary General Meeting within 10 days after receipt of such request. If the Board agrees to hold an extraordinary General Meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant shareholders shall be acquired if any change is to be made in the notice to the original request. If the Board disagrees with the holding of an extraordinary General Meeting or fails to give a response within 10 days after the receipt of such request, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company shall have the right to propose in writing the Supervisory Committee to hold an extraordinary General Meeting. If the Supervisory Committee agrees with the holding of an extraordinary General Meeting, it shall issue a notice calling such meeting within 5 days after the receipt of such request. The consent of the relevant Shareholders shall be acquired if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice calling such meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and chair such meeting. Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company for 90 consecutive days or more may convene and chair such meeting on its or their own.

In addition, pursuant to Article 83 of the Articles of Association, the Board, the Supervisory Committee and Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company shall have the right to propose motions to the Company at the General Meeting. Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company may submit extempore motions in writing to the convener 10 days prior to the date of General Meeting. The convener shall, within two days after receipt of the motion, issue a supplementary notice of the General Meeting to announce the contents of such extempore motion. Otherwise, the convener shall not, after the issuance of the notice of General Meeting, make any change to the motions set forth in such notice or add any new motions.

The Company attached great importance to the management of the investor relations, pursuant to the *Management System For Information Disclosures and Management System For Investor Relations*, secretary to the Board is designated to handle information disclosure matters and to receive visits and enquiries from the Shareholders, an effective channel has therefore been set up to better communicate with our Shareholders. In addition to the information disclosure means designated by the laws, the Company mainly communicates with its investors through telephone, emails, internet platform, receives visits and investors meetings, to ensure that all Shareholders, especially the minority shareholders, can fully exercise their rights (For ways to contact with the Company, please refer to “1.1 Profile” of this announcement).

The Company fully respects and protects the lawful interests of the Shareholders, other creditors, employees, clients and other stakeholders, and involves them in a joint effort to promote the continuous and healthy development of the Company.

The largest shareholder of the Company exercises its rights in accordance with the laws, regulations and the Articles of Association, and neither directly or indirectly intervened in the decisions and operations of the Company beyond the scope of the General Meeting nor appropriated any fund of the Company or requested the Company to provide guarantee for it or other parties. The Company is completely independent from the largest Shareholder in terms of business, staff, assets, organization and finance, details of which are set out as follows:

#### **Business Independence**

The Company has all the licenses required for operating securities business, and established an independent and complete business operation system. The business operation of the Company is not subject to any control or influence of its Shareholders or related/connected parties. The Company can independently participate in market competition.

## **Staff Independence**

The Company has a dedicated human resources department and established independent policies about the employment, personnel and remuneration. The employment and personnel management of the Company is totally independent from that of the Shareholders.

The appointment of the Directors, Supervisors and Senior Management were in compliance with the relevant provisions of the Company Law, the Securities Law and the *Measures for Regulation on the Qualification of Directors, Supervisors and Senior Officers of Securities Companies*, and all the current Directors, Supervisors and Senior Management have obtained the qualifications for appointment in securities companies.

No Senior Management member of the Company is employed by the substantial Shareholders of the Company.

## **Assets Integrity**

The Company has the operating concessions, real estates and equipment required for the business operation. The Company has not set any mortgage, pledge or any other security on the aforesaid assets, and has the lawful ownership and the right to use of such assets. The largest Shareholder has not appropriated any asset or fund that would impair the interests of the Company.

## **Organizational Independence**

As an economic entity independently carrying out business operations in the market, the Company has established an organizational structure that suits our business development needs. The existing business departments/business lines and functional departments of the Company have formed a wholly systematic and integrated body.

## **Financial Independence**

In accordance with the *Accounting Standards for Enterprises*, the *Accounting Standards for Enterprises – Application Guidance* and the *Financial Rules for Financial Enterprises*, the Company has established an independent financial accounting system, set up an independent financial accounting department and employed independent financial and accounting staff. None of our financial or accounting staff is concurrently employed by our Shareholders.

The Company has opened independent bank accounts and completed its independent tax registration, and has paid all taxes according to the laws and regulations. No taxes have been paid in mix with those of the Shareholders.

As at 31 December 2013, no guarantees had been provided for any Shareholder or any other related/connected party by the Company. During the reporting period, the Company did not violate any corporate governance practice, such as provision of any non-public information to any major shareholder. There were no horizontal competitions or related party/connected transactions caused by partial restructuring, industry nature, national policy or merger and acquisition.

During the reporting period, the Company held four General Meetings in total. Details of which are as follows:

The Company's 2013 First Extraordinary General Meeting was held on 13 March 2013 at Kempinski Hotel Beijing Lufthansa Center, Beijing, through a combination of on-site voting and online voting. The following resolutions were considered and approved at the meeting, including one special resolution: *Resolution Regarding the General Mandate to Issuances of Onshore and Offshore Corporate Debt Financing Instruments* (voting was conducted on each item in the resolution); and two ordinary resolutions: *Resolution on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments* and *Resolution on the Establishment of Wholly-owned Offshore Subsidiaries*. The said General Meeting was chaired by Chairman WANG Dongming, all Directors, Supervisors and Senior Management had attended such meeting.

The Company's 2012 Annual General Meeting was held on 20 June 2013 at Kempinski Hotel Beijing Lufthansa Center, Beijing. The following resolutions were considered and approved at the meeting, including three special resolutions: *Resolution on the General Mandate to Issue Additional A Shares and H Shares of the Company*, *Resolution on the Application for Engaging in the Mutual Fund Management Business by the Company* and *Resolution on the Amendment to the Articles of Association*, and eight ordinary resolutions: *2012 Work Report of the Board*, *2012 Work Report of the Supervisory Committee*, *Resolution on Considering 2012 Annual Report of the Company*, *2012 Profit Distribution Plan*, *Resolution on the Renewal of Auditors*, *Resolution on the*

*Estimated Investment Limit for the Proprietary Business of the Company for 2013, Resolution on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2013 and Resolution on Considering the Total Remuneration of Directors and Supervisors for 2012.* The said General Meeting was chaired by Chairman WANG Dongming, all Directors, chairman of each Board Committee, Supervisors, Senior Management and auditors had attended such meeting and answered queries from the Shareholders.

The Company's 2013 Second Extraordinary General Meeting was held on 29 October 2013 at Kempinski Hotel Beijing Lufthansa Center, Beijing. The following resolutions were considered and approved at the meeting, including one special resolution: *Resolution in relation to the Expansion of Business Scope of the Company*, and one ordinary resolution: *Resolution in relation to the Appointment of an Additional Executive Director of the 5th Session of the Board*. The said General Meeting was chaired by Chairman WANG Dongming, all Directors, Supervisors and Senior Management had attended such meeting.

The Company's 2013 Third Extraordinary General Meeting was held on 29 November 2013 at Kempinski Hotel Beijing Lufthansa Center, Beijing. The following resolutions were considered and approved at the meeting, including two special resolutions: *Resolution relating to the Mandate to Reauthorize the Company to Issue Commercial Papers* and *Resolution on the Amendments to the Articles of Association of the Company*, and two ordinary resolutions: *Resolution relating to the Transfer of Equity Interests in Subsidiaries for the Launching of Designated Innovative Financial Business* and *Resolution relating to the Execution of the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group Corporation*. The said General Meeting was chaired by Vice-chairman Mr. YIN Ke, all Directors, Supervisors and Senior Management had attended such meeting.

Note: For details of the resolutions of the general meeting mentioned above, please refer to the announcements published on the HKExnews website of the Hong Kong Stock Exchange on the dates of the meetings, and the announcements published on Shanghai Stock Exchange website, China Securities Journal, Shanghai Securities News and Securities Times on the following day.

During the reporting period, the attendances of Directors at the General Meetings are as follows:

| Name of Director          | Position                                                         | Scheduled attendance at general meetings held during the year | Actual attendance | Of which: Attendance in person | Of which: Attendance by tele-communication | Attendance rate |
|---------------------------|------------------------------------------------------------------|---------------------------------------------------------------|-------------------|--------------------------------|--------------------------------------------|-----------------|
| WANG Dongming             | Chairman, Executive Director                                     | 4                                                             | 4                 | 3                              | 1                                          | 100%            |
| CHENG Boming              | Executive Director, President                                    | 4                                                             | 4                 | 2                              | 2                                          | 100%            |
| YIN Ke                    | Vice-chairman, Executive Director                                | 4                                                             | 4                 | 4                              | —                                          | 100%            |
| LIU Lefei <sup>Note</sup> | Executive Director (serves as Vice Chairman since 10 March 2014) | —                                                             | —                 | —                              | —                                          | —               |
| JU Weimin                 | Non-executive Director                                           | 4                                                             | 3                 | —                              | 3                                          | 75%             |
| FANG Jun                  | Non-executive Director                                           | 4                                                             | 4                 | 3                              | 1                                          | 100%            |
| WU Xiaoqiu                | Independent non-executive Director                               | 4                                                             | 4                 | 1                              | 3                                          | 100%            |
| LEE Kong Wai, Conway      | Independent non-executive Director                               | 4                                                             | 4                 | 3                              | 1                                          | 100%            |
| RAO Geping                | Independent non-executive Director                               | 4                                                             | 4                 | 3                              | 1                                          | 100%            |
| WEI Benhua                | Independent non-executive Director                               | 4                                                             | 4                 | 3                              | 1                                          | 100%            |

Note: No Board meetings were convened during the term of office of Mr. LIU Lefei in 2013.

## 9.4 The Board and the Operating Management

### 9.4.1 Composition of the Board

The Company strictly complies with the requirements under the Article of Association in respect of the appointment and change of the Directors. The number and composition of the Board conformed to the requirements of the relevant laws and regulations. In order to facilitate the launching of international operations, further develop equity investment business and ensure the diversity of the Board members, the Board appointed an additional executive Director during the reporting period. After the selection and review process conducted by the Nomination Committee, with the recommendation from the Board, Mr. LIU Lefei's appointment as the executive Director had been considered and approved by the Shareholders at the 2013 Second Extraordinary General Meeting, and he duly took up his office as an executive Director with effect from the date (i.e. 19 December 2013) on which his qualification of being a director of securities company was obtained. Besides, the Directors have also kept improving the rules of procedure of the Board. The convening, holding, as well as the voting procedures of all Board meetings were legitimate and valid. The independent non-executive Directors of the Company are able to protect the interests of minority Shareholders independently and objectively, and perform check and balance function on the Board in decision making.

The current Board composes of 10 Directors, including 4 executive Directors (Mr. WANG Dongming, Mr. CHENG Boming, Mr. YIN Ke and Mr. LIU Lefei), 2 non-executive Directors (Mr. JU Weimin and Mr. FANG Jun) and 4 independent non-executive Directors (Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway, Mr. RAO Geping, and Mr. WEI Benhua), and the number of independent non-executive Directors exceeds 1/3 of the Board. Mr. WANG Dongming is the Chairman of the Company, and Mr. YIN Ke and Mr. LIU Lefei are the vice-chairmen of the Company.

Directors (including non-executive Directors and independent non-executive Directors) are elected by the General Meeting for a term of three years per each term starting from the date on which their appointments are approved at the General Meeting and their qualifications of being directors of securities company are approved by the CSRC. Directors are eligible for re-election upon the expiration of their terms. The terms of independent non-executive Directors are the same as the other Directors, but may not be re-elected for more than two consecutive sessions. In accordance with Rule 3.13 of the Hong Kong Listing Rules, the Company has received the annual written confirmation from each independent non-executive Director with regard to his/her independence. Based on these confirmations and the relevant information available to the Board, the Board confirms their independence.

Pursuant to the authorization of the 2011 Fifth Extraordinary General Meeting, the Company has taken out liabilities insurances for the Directors, Supervisors and Senior Management, to protect them against the compensation liabilities that may arise from performing their duties and to encourage them to earnestly fulfill their duties and responsibilities.

### 9.4.2 Duties and Responsibilities of the Board

The Board is the decision-making body of the Company and shall report its work to the General Meeting. The Board is principally responsible for the long term strategy of the Group, as well as for making decisions in respect of the corporate governance, development strategy, risk management, financial operation and other aspects. The Board is also responsible for the review and approval of all major financial and investment decisions and business strategy plans.

The Board shall exercise the following major functions and powers in accordance with the Articles of Association: to convene General Meeting, report to the General Meeting and implement the resolutions of the General Meeting; to decide on the business plans and investment plans (except those that require approval of the General Meeting in accordance with the Articles of Association); to formulate the profit distribution plan and loss recovering plan; to formulate proposals for the increase or reduction of the registered capital, the issuance of corporate bond or other securities and the listing plan; to prepare plans for material acquisitions, purchase of the Company's shares, merger, separation, dissolution or change of the form of the Company; to decide on the external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and related party/connected transactions within the scope of the authorization of the General Meeting; to decide on the establishment of the internal management structure; to appoint or dismiss the President, Compliance Officer and the Secretary to the Board and determine their remuneration, rewards and punishments; to appoint or dismiss the members of the Executive Committee, person in charge of financing and other Senior Management pursuant to the nominations by the Chairman or the President and determine their remuneration, rewards and punishments; to formulate the basic management system of the

Company; to formulate proposals for the amendment to the Articles of Association; to manage information disclosures of the Company; to propose to the General Meeting on the engagement or replacement of the auditors of the Company; to review the work report prepared by the President of the Company and assess his work; to formulate the basic compliance management system and other risk control systems; and to review work reports prepared by the Compliance Officer.

#### **9.4.3 Responsibilities of the Operating Management**

The Board is responsible for the overall strategic direction and management of the Group, while the Executive Committee of the Company is responsible for implementing the development strategy, as well as the daily operation and management of the Group. The Executive Committee is the highest management authority of the Company established to carry through and implement the development roadmap and direction. The Executive Committee shall exercise the following major functions and powers in accordance with the Articles of Association: to carry through the operation plan of the Company set by the Board, and decide on material matters in respect of the operation and management of the Company; to formulate proposal for financial statement, profit distribution and loss recovering plan; to formulate proposals for altering the register capital of the Company and bonds issuance; to formulate proposals for merging, splitting, transforming the form of and dissolution of the Company; to formulate operational plans and proposals for investment, financing and disposal of assets of the Company, and submit the proposals to the Board for approval according to its terms of reference; to formulate proposal on the establishment of the management structure; to formulate and approve the proposed remuneration package, rewards and punishments of staff; and other responsibility delegated by the Board.

During the reporting period, all management work of the Company had achieved steady progress.

In 2013, the Company adjusted and optimized its management structure. The Company set up the Financial Market Management Committee to coordinate the management of its securities investment business and the allocation of its funds and customer resources. The Asset Allocation Committee was renamed as the Assets and Liabilities Management Committee and was responsible for centralized decision making and deployment for the allocation of its assets and liabilities. After considered and approved by the Board, the Company established the Equity Derivatives Department, the Business Cooperation and Development Department and the Commodities Department. The Trading & Derivatives Department was renamed as the Trading Department.

Under the leadership of the Executive Committee of the Company, the Company further enhanced its decision making mechanism of all special committees. In face of the “money shortage” in the financial market and the surging interest rates in the bond market, the Assets and Liabilities Management Committee effectively ensured the liquidity security of the Company. The Purchase Committee organized and completed tender invitation and negotiations for a number of substantial purchase projects. The New Products and New Business Committee continued the evaluation work for the innovation award and cooperation award.

Progress was made in related internal control work of the Company. The Company reinforced the management of its subsidiaries, associates and joint ventures and formulated and implemented the *Tentative Measures for the Management of Subsidiaries, Associates and Joint Ventures*. The Company put more efforts to support the compliance, legal and financial accounting work of its innovative businesses and cross-border businesses.

#### **9.4.4 Meetings of the Board and Attendance of Directors**

During the reporting period, the Board held twelve meetings:

During the 9th Meeting of the 5th Session of the Board held on 21 January 2013 at the Conference Room 1, 11/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Beijing, the Board considered and approved unanimously the *Proposal on the General Mandate for the Issuances of Onshore and Offshore Corporate Debt Financing Instruments*, *Proposal on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments*, *Resolution on the Establishment of Wholly-owned Offshore Subsidiaries* and *Resolution on the Mandate to Convene the 2013 First Extraordinary General Meeting*.

During the 10th Meeting of the 5th Session of the Board held on 28 February 2013 by means of teleconference, the Board considered and approved unanimously the *Resolution on the Launch of Commodity Futures Trading Business* and *Resolution on the Re-engineering of the Internal Structure of the Company*.

During the 11th Meeting of the 5th Session of the Board held on 27 March 2013 at the Conference Room 1, 11/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Beijing, the Board considered and approved unanimously the *2012 Work Report of the Board of Directors, Duty Performance Report of the Independent Non-executive Directors for 2012, Proposal on Considering the 2012 Annual Report of the Company, 2012 Profit Distribution Proposal, Proposal on the Submission to General Meeting for Granting General Mandate to the Board for the Further Issuances of A Shares and H Shares of the Company, Proposal on the Renewal of Auditors, Proposal on the Estimated Investment Limit for Proprietary Business of the Company for 2013, Proposal on the Amendments to the Articles of Association of the Company, Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2013, Proposal on the Review of the Total Remuneration of the Directors of the Company for 2012, Resolution on the Review of the 2012 Corporate Governance Report of the Company, Resolution on the Review of the 2012 Self-Assessment Report on the Internal Control of the Company, Resolution on the Review of the Internal Control Audit Report of the Company, Resolution on the Review of the 2012 Compliance Report of the Company, Resolution on the Review of the 2012 Social Responsibility Report of the Company, Resolution on the Amendments to the Accounting Policy of the Company, Resolution on the Expansion of the Scale of Margin Trading Business of the Company, Resolution on the Establishment of New Securities Branches by the Company, Resolution on the Participation of the Company in Regional Equity Trading Markets, Resolution on the Establishment of Wholly-owned Subsidiaries by Fixed Assets-based Contribution, Resolution on the Re-engineering of the Internal Structure of the Company and the Amendments to "Internal Control System", Resolution on the Review of 2012 Audit Working Report of the Company, Resolution on the Review of the Total Remuneration of the Senior Management of the Company for 2012, Resolution on the Grant of Authorisation to Head of the Financial Department for the Opening of Offshore Banking Accounts and Resolution on the Mandate to Convene the 2012 Annual General Meeting.*

During the 12th Meeting of the 5th Session of the Board held on 18 April 2013 by means of teleconference, the Board considered and approved unanimously the *Resolution on the Provision of Counter-guarantee in favor of Guarantor for Indirectly Wholly-owned Subsidiaries in respect of Issuing First Tranche of Overseas Bonds.*

During the 13th Meeting of the 5th Session of the Board held on 25 April 2013 by means of teleconference, the Board considered and approved unanimously the *2013 First Quarterly Report of the Company* as well as *Proposal on Application for Engaging in Mutual Fund Management Business.*

During the 14th Meeting of the 5th Session of the Board held on 21 May 2013 by means of teleconference, the Board considered and approved unanimously the *Resolution on the Acquisition of 10% Equity Interest of China Asset Management Co., Ltd., Resolution on Proposing to Reorganize the Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd. as well as Resolution on the Split Proposal of the Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd..*

During the 15th Meeting of the 5th Session of the Board held on 19 August 2013 by means of teleconference, the Board considered and approved unanimously the *Resolution on Undertaking the Trading of Treasury Bond and Futures in the Company's Proprietary Business Division and Securities Asset Management Business Division.*

During the 16th Meeting of the 5th Session of the Board held on 29 August 2013 by means of teleconference, the Board considered and approved unanimously the *Proposal on Considering the 2013 Interim Report, Resolution on the Review of the 2013 Interim Compliance Report of the Company, Resolution on the Establishment of A Wholly-owned Subsidiary of Information Technology Services, Resolution on the Amendments to the Terms of Reference of the Nomination Committee of the Board, Resolution on the Mandate to Convene the 2013 Second Extraordinary General Meeting, Proposal on Expansion of the Business Scope of the Company as well as Proposal on Appointing Additional Executive Director to the 5th Session of the Board.*

During the 17th Meeting of the 5th Session of the Board held on 26 September 2013 by means of teleconference, the Board considered and approved unanimously the *Proposal on Transferring of Equity Interests in Subsidiaries for the Launching of Designated Innovative Financial Business, Proposal on Seeking for a Renewal of Mandate for the Issuance of Commercial Papers by the Company, Proposal on the Renewal of the Framework Agreement in respect of the Related Party/Connected Transactions in the Ordinary Course of Business with CITIC Group Corporation, Proposal on the Amendments to the Articles of Association of the Company, Resolution on the Contribution of Capital to Qingdao Equity Trading Center and Xiamen Cross-strait Equity Trading Center, Resolution on Establishing Business Synergy Development Department and Resolution on the Mandate to Convene the 2013 Third Extraordinary General Meeting.*

During the 18th Meeting of the 5th Session of the Board held on 11 October 2013 at Conference Room 1, 11/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Beijing, the Board considered and approved unanimously the *Resolution on the Change of Members of the Executive Committee of the Company*.

During the 19th Meeting of the 5th Session of the Board held on 30 October 2013 by means of teleconference, the Board considered and approved unanimously the *2013 Third Quarterly Report of the Company*.

During the 20th Meeting of the 5th Session of the Board held on 8 November 2013 by means of teleconference, the Board considered and approved unanimously the *Resolution on Mandate for Equity Pledge, Mortgage and Other Related Businesses, Resolution on Acquisition of the 3.20% Equity Interest in China Asset Management Co., Ltd. and Resolution on Establishing the Commodities Business Line*.

Note: For details of the resolutions of the Board and the regular reports considered and approved by the Board mentioned above, please refer to the announcements published on the HKExnews website of the Hong Kong Stock Exchange on the dates of the meetings, and the announcements published on Shanghai Stock Exchange website, China Securities Journal, Shanghai Securities News and Securities Times on the following day.

During the reporting period, the attendances of Directors at the Board meeting are as follows:

| Name of Director                    | Position                                                         | Scheduled attendance at board meetings held during the year (times) | Actual attendance | Attendance of on-site meetings |   | Attendance by proxy | Absence | Attendance mode of on-site meeting |
|-------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------|-------------------|--------------------------------|---|---------------------|---------|------------------------------------|
|                                     |                                                                  |                                                                     |                   | by other means                 |   |                     |         |                                    |
| WANG Dongming                       | Chairman, Executive Director                                     | 12                                                                  | 12                | —                              | — | —                   | —       | On-site                            |
| CHENG Boming                        | Executive Director, President                                    | 12                                                                  | 12                | —                              | — | —                   | —       | On-site                            |
| YIN Ke                              | Vice-chairman, Executive Director                                | 12                                                                  | 12                | 2                              | — | —                   | —       | On-site/video                      |
| LIU Lefei <sup>Note1</sup>          | Executive Director (serves as Vice-chairman since 10 March 2014) | —                                                                   | —                 | —                              | — | —                   | —       | —                                  |
| JU Weimin <sup>Note2</sup>          | Non-executive Director                                           | 12                                                                  | 11                | —                              | 1 | —                   | —       | On-site                            |
| FANG Jun                            | Non-executive Director                                           | 12                                                                  | 12                | —                              | — | —                   | —       | On-site                            |
| WU Xiaoqiu                          | Independent non-executive Director                               | 12                                                                  | 12                | —                              | — | —                   | —       | On-site                            |
| LEE Kong Wai, Conway                | Independent non-executive Director                               | 12                                                                  | 12                | —                              | — | —                   | —       | On-site                            |
| RAO Geping                          | Independent non-executive Director                               | 12                                                                  | 12                | 1                              | — | —                   | —       | On-site/teleconference             |
| WEI Benhua                          | Independent non-executive Director                               | 12                                                                  | 12                | —                              | — | —                   | —       | On-site                            |
| Board meetings held during the year |                                                                  |                                                                     |                   |                                |   | 12                  |         |                                    |
| Among which:                        | Number of meetings on-site                                       |                                                                     |                   |                                |   | 3                   |         |                                    |
|                                     | Number of meetings held by teleconference                        |                                                                     |                   |                                |   | 9                   |         |                                    |
|                                     | Number of meetings held both on-site and via teleconferencing    |                                                                     |                   |                                |   | —                   |         |                                    |

Note 1: No Board Meetings were convened during the term of office of Mr. LIU Lefei in 2013.

Note 2: On 11 October 2013, Mr. JU Weimin, a Director, appointed WANG Dongming, the Chairman, as his proxy to vote on his behalf in respect of the matters being considered at the 18th Meeting of the 5th Session of the Board.

Note 3: During the reporting period, all Directors had duly performed their duties, and none of them failed to attend in person for two consecutive meetings.

#### 9.4.5 Implementation of resolutions passed at the general meetings by the Board

On 13 March 2013, the 2013 First Extraordinary General Meeting of the Company considered and approved *the Resolution Regarding the General Mandate to Issuances of Onshore and Offshore Corporate Debt Financing Instruments* and *the Resolution on Establishment of Wholly-owned Offshore Subsidiaries*. During the reporting period, the Company completed the issuance of bonds in the amount of US\$800 million and RMB20 billion, respectively, and was authorized to issue subordinated bonds in the amount of RMB15 billion (unissued). For corporate bonds in the amount of US\$800 million, the issuer was CITIC Securities Finance 2013, which is an indirectly wholly-owned subsidiary of the Company established in accordance with *the Resolution on Establishment of Wholly-owned Offshore Subsidiaries*.

On 20 June 2013, the 2012 Annual General Meeting of the Company considered and approved *the Resolution on the Amendment to the Articles of Association*, which involved the amendments to Article 163 in respect of number of members of the Board. On 13 September 2013, the Company completed the registration of changes and filing in relation to the Articles of Association in accordance with the Approval of Amendment of Material Clauses in the Articles of Association of CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2013] No. 121) issued by the Shenzhen Bureau of the CSRC.

On 20 June 2013, the 2012 Annual General Meeting of the Company considered and approved the *2012 Profit Distribution Plan* to pay a cash dividend of RMB3 (tax inclusive) for every 10 Shares. The cash dividend was denominated and declared in RMB and payable in RMB to A Shareholders and in Hong Kong dollars to H Shareholders. All cash dividends were fully paid on 16 August 2013.

On 20 June 2013, the 2012 Annual General Meeting of the Company considered and approved the *Resolution on the Renewal of Auditors*. Pursuant to the resolution, the Company re-appointed Ernst & Young Hua Ming and Ernst & Young as the external auditors of the Company for 2013 and Ernst & Young Hua Ming as the auditor for the internal control of the Company in 2013. On 27 March 2014, Ernst & Young Hua Ming and Ernst & Young issued standard unqualified audit reports for the Company; and Ernst & Young Hua Ming issued *the Audit Report on the Internal Control of CITIC Securities Company Limited* for the Company.

On 20 June 2013, the 2012 Annual General Meeting of the Company considered and approved *the Resolution on the General Mandate to Issue Additional A Shares and H Shares of the Company*. The general mandate was made to bring in line with the market practice as to companies with listed A Shares and H Shares. As at the disclosure date of this announcement, the Company has no specific plan to issue new shares under such general mandate.

On 29 October 2013, the 2013 Second Extraordinary General Meeting of the Company considered and approved the *Resolution in relation to the Expansion of Business Scope of the Company*, and authorized the Company to engage in agent service business for precious metal spot contracts and proprietary business for spot gold contracts. On 15 January 2014, the CSRC issued the “No Objection Letter on the Commencement of Agent Services Business for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Spot Gold Contracts by CITIC Securities Company Limited” (Ji Gou Bu Bu Han [2014] No. 53), expressing no objection to the launch of pilot agent services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts by the Company.

On 29 October 2013, the 2013 Second Extraordinary General Meeting of the Company considered and approved *the Resolution on the Appointment of an Additional Executive Director of the 5th Session of the Board*, pursuant to which Mr. LIU Lefei took up his office as an executive Director of the Company on 19 December 2013.

On 29 November 2013, the 2013 Third Extraordinary General Meeting of the Company considered and approved *the Resolution on the Amendments to the Articles of Association of the Company*, these amendments were made based on the provisions under the *Corporate Governance Rules for Securities Companies* and the establishment requirement of internal organizations of the Company. On 6 March 2014, pursuant to the “Reply Letter in relation to the Approval for the Amendments to Material Provisions of the Articles of Association of CITIC Securities Company Limited” (Shen Zheng Ju Xu Ke Zi [2014] No. 17) issued by the Shenzhen Bureau of the CSRC, the Company completed the formalities for the registration of change and filing with the industry and commerce authorities in respect of the change of the Articles of Association.

On 29 November 2013, the 2013 Third Extraordinary General Meeting of the Company considered and approved *the Resolution relating to the Execution of the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group Corporation*. Pursuant to the said resolution and the resolutions passed at the 17th meeting of the 5th session of the Board, the Company entered into the *Securities and Financial Products Transactions and Services Framework Agreement*, the *Miscellaneous Services Framework Agreement* and the *Property Leasing Supplemental Agreement I* with CITIC Group on 31 December 2013.

#### 9.4.6 Training of Directors

Training will be provided to our Directors on an on-going basis. The Company will arrange induction training for all new Directors according to their respective experience and background. The Company will also provide relevant reading materials to new Directors to enhance their knowledge and understanding about the corporate culture and operation of the Group. The training and reading materials include brief information about the structure, business and corporate governance of the Group, as well as an introduction about the securities industry and investment banking business in China.

In addition, every Director will receive a guideline on code of conduct and other documents. During the reporting period, the Directors had been periodically or occasionally provided with reporting information about the business operations of the Group, as well as brief information on changes and latest development of the legislative and regulatory environment. Besides, the Company also encourages all Directors to participate in relevant training courses at the cost of the Company. All Directors have provided regular training reports to the Company.

During the reporting period, the Directors attached great importance to update their professional knowledge and skills to cater the needs for the development of the Company, the method and the details of the training are as follows:

| Name          | Position                     | Methods and Details of the Training                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WANG Dongming | Chairman, Executive Director | On 13 March 2013, he attended the Tsinghua Wudaokou capital market forum and delivered a speech on the capital market and development opportunities for securities firms. On 7 April 2013, he attended the Boao Forum and delivered a speech during the group discussion on “Overseas Acquisitions: Expanding into Overseas Markets and Internationalization”. On 14 April 2013, he attended the Fifth Anniversary Celebration of China Finance 40 Forum and a symposium under the theme of “China’s Financial Reform and Opening Up: Introspection and Foresight” and delivered a speech. On 9 May 2013, he participated in the Insider Dealing Prevention Training organized by the Company. On 19 June 2013, he delivered a speech on the role of investment banks and opportunities in the development of the capital market in China during a relevant seminar held in the Beijing campus of Shanghai Advanced Institute of Finance at Shanghai Jiao Tong University. In addition, he read relevant financial books such as “Irrational Exuberance and Financial Crisis”. |

| Name         | Position                                                            | Methods and Details of the Training                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHENG Boming | Executive Director,<br>President                                    | On 9 May 2013, Mr. CHENG Boming participated in the Insider Dealing Prevention Training organized by the Company. In May and September 2013, he served as a trainer twice for the Company's new employees, to introduce the Company's development strategies and to explore business transformation. In November 2013, he delivered a speech entitled "the Development Strategy Selection and Management Experience of CITIC Securities" at China Capital Market Institute.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| YIN Ke       | Vice-chairman,<br>Executive Director                                | On 9 January 2013, Mr. YIN Ke participated in training on disclosure of price-sensitive information or inside information organized by Latham & Watkins LLP. On 9 May 2013, he participated in Insider Dealing Prevention Training organized by the Company. In August 2013, he participated in the Mergers and Acquisitions Seminar for the Board of Directors (General Manager) of Companies Listed on the GEM Board (Phase II) organized by China Capital Market Institute. On 16 October 2013, he participated in the Training on How to Identify Financial Statement Fraud organized by Hong Kong Securities and Investment Institute. On 16 December 2013, he participated in the Briefing Seminar on the New Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and New Guideline on Anti-Money Laundering and Counter-Terrorist Financing held by CSI. |
| LIU Lefei    | Executive Director<br>(serves as Vice-chairman since 10 March 2014) | Mr. LIU Lefei read approximately 60 books related to finance and investment; he participated in a total of 22 training sessions in relation to investment, operation, corporate governance and macro economy organized by CITIC PE; from 6 to 9 November 2013, he attended the proposed senior management training course organized by the Securities Association of China and passed the qualification test.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| JU Weimin    | Non-executive<br>Director                                           | On 14 March 2013, Mr. JU Weimin attended the In-house Legal Training organized by Asia Satellite Telecommunications Holdings Limited (US sanctions against Iran and AsiaSat's Response). On 9 May 2013, Mr. JU Weimin participated in the Insider Dealing Prevention Training organized by the Company. On 19 June 2013, he participated in a seminar organized by Sheppard Mullin Richter & Hampton LLP (Update on US Export Control Reform and Sanctions Affecting AsiaSat Operations). On 21 November 2013, he participated in the Director Training on Environmental, Social and Governance Reporting organized by Deloitte. On 22 November 2013, he attended the internal training organized by KPMG (in relation to anti-money laundering and sanctions, liquidity risk management, etc.).                                                                                                     |
| FANG Jun     | Non-executive<br>Director                                           | On 9 May 2013, Mr. FANG Jun participated in the Insider Dealing Prevention Training organized by the Company. On 6 June 2013, he participated in the Sixth Annual Meeting of China Equity Investment Fund and expressed his views. During 17 to 20 June 2013, he participated in the Innovation-driven Development Strategy Seminar organized by China Life Insurance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| Name                 | Position                           | Methods and Details of the Training                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WU Xiaoqiu           | Independent non-executive Director | On 12 January 2013, Mr. WU Xiaoqiu participated in China Capital Market Forum organized by Finance and Securities Institute of Renmin University of China and delivered a speech entitled “the System, Rules and Policies of China’s Capital Market”. On 9 May 2013, he participated in the Insider Dealing Prevention Training organized by the Company. On 17 December 2013, he delivered a speech entitled “The Three-dimensional Financial Reform and Internet Finance in China” during a lecture series of “Development Theories of the National Economy” (經邦論道) organized by the School of Economics, Shanghai Jiaotong University. On 26 December 2013, he delivered again the speech entitled “The Three-dimensional Financial Reform and Internet Finance in China” at a conference organized by National Securities. In December 2013, his book entitled “Study on the Transformation of the Capital Market System in China” was published.                                                                                                                                                                                                                         |
| LEE Kong Wai, Conway | Independent non-executive Director | On 26 February 2013, Mr. Lee participated in the routine training for directors organized by Modern Farming. On 13 March 2013, he participated in the routine training for directors and senior management on the guidelines of disclosure of inside information and the environmental, social and governance reporting guide organized by GOME Electrical Appliances Holdings Ltd. On 2 May 2013, he participated in the crisis management training organized by GOME Electrical Appliances Holdings Ltd. On 9 May 2013, he participated in Insider Dealing Prevention Training held by the Company. On 7 June 2013, he participated in the training on the Guidelines of Disclosure of Inside Information arranged by Tibet 5100. On 30 July 2013, he participated in the training on continuing obligations of a Hong Kong listed company and its directors by NVC Lighting Holdings Limited. On 6 December 2013, he participated in the training on continuing obligations of issues and its directors organized by Sullivan and Cromwell.                                                                                                                                |
| RAO Geping           | Independent non-executive Director | On 9 May 2013, Mr. RAO Geping participated in the Insider Dealing Prevention Training organized by the Company; from May to November 2013, he delivered five times the speech entitled “One Country, Two Systems and Hong Kong Basic Law” at “Seminar for the Hong Kong Senior Government Officers” organized by Peking University; from July to November 2013, he delivered three times the speech entitled “Convention on Human Rights and the Universal Suffrage in Hong Kong” to Hong Kong lawyers and university teachers and students at the seminars organized by Hong Kong Polytechnic University and City University of Hong Kong.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| WEI Benhua           | Independent non-executive Director | On 9 May 2013, Mr. WEI Benhua participated in the Insider Dealing Prevention Training organized by the Company. On 24 May 2013, he presided over the seminar entitled “Significance and Function of Monetary Legal System” co-organized by International Monetary Institute of Renmin University of China and Institute of Northeast Asia of Tianjin Academy of Social Sciences. On 27 June 2013, he attended and delivered a speech at the seminar entitled “Regional Cooperation in East Asia: Challenges and Strategies” organized by Asia-Pacific Finance and Development Center of the Ministry of Finance of China. On 22 August 2013, he attended “International Think-Tank Seminars (G20 Think Tank Conference)” organized by the Renmin University of China – Chongyang Institute for Financial Studies and delivered a speech. On 29 November 2013, he attended the Seminar on Capital Account Liberalization organized by China International Economic and Exchange Center and was responsible for the preparation of research reports. On 19 December 2013, he attended the Symposium on Independent Non-executive Directors organized by Ernst & Young Hua Ming. |

## 9.5 Chairman and President

In order to keep the balance of powers and authorities, avoid excessive concentration of powers and enhance the independence and accountability, the role of Chairman and President of the Company were taken up by Mr. WANG Dongming and Mr. CHENG Boming, respectively. The Chairman and the President are two totally separate positions. The allocation of duties of these two positions are clear and described in writing in the Articles of Association.

The Chairman is the Company's legal representative, whose responsibilities are to take charge of the operation of the Board and to ensure that the Board acts in the best interest of the Company, that the Board operates effectively, fulfills its duties and considers all important and appropriate issues, and that the Directors can receive necessary information in an accurate, timely and clear manner. The President takes charge of the daily operation of the Company, organizes and implements the resolutions of the Board and reports his work to the Board.

## 9.6 Non-executive Directors

The Company has 6 non-executive Directors, of which 4 are independent non-executive Directors. For details about their terms, please refer to "8.1 Basic Information of Directors, Supervisors and Senior Management" of this announcement.

## 9.7 Specialized Committees under the Board

The Board has established the Strategic Planning Committee, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Risk Management Committee and the Related Party Transactions Control Committee, which are to assist the Board to perform its duties from various aspects. As at the end of the reporting period, the composition of each committee is listed as follows:

| No. | Name of Specialized Committee under the Board | Name of the Committee Members                                           |
|-----|-----------------------------------------------|-------------------------------------------------------------------------|
| 1   | Strategic Planning Committee                  | WANG Dongming, JU Weimin, FANG Jun, CHENG Boming, YIN Ke, WU Xiaoqiu    |
| 2   | Audit Committee <sup>Note 2</sup>             | LEE Kong Wai, Conway, WU Xiaoqiu, RAO Geping, JU Weimin                 |
| 3   | Remuneration and Appraisal Committee          | WEI Benhua, RAO Geping, LEE Kong Wai, Conway, WU Xiaoqiu                |
| 4   | Nomination Committee <sup>Note 3</sup>        | WANG Dongming, WU Xiaoqiu, LEE Kong Wai, Conway, RAO Geping, WEI Benhua |
| 5   | Risk Management Committee <sup>Note 2</sup>   | CHENG Boming, YIN Ke, JU Weimin, FANG Jun, WEI Benhua                   |
| 6   | Related Party Transactions Control Committee  | LEE Kong Wai, Conway, WU Xiaoqiu, RAO Geping, WEI Benhua                |

Note 1: In the table above, the first person appearing on the list of members is the chairman elected by the relevant specialized committee. For more information about each member, please refer to "8.1.4 Major working experience of the current Directors, Supervisors and Senior Management" of this announcement.

Note 2: On 24 January 2014, the Resolution on the Change of Members of the Special Committee of the Board of Directors was considered and approved at the 21st meeting of the 5th session of the Board, pursuant to which Mr. LIU Lefei was elected as an additional member of the Risk Management Committee of the Board and Mr. WEI Benhua ceased to be a member of such committee and was elected as an additional member of the Audit Committee of the Board.

Note 3: On 24 March 2014, the First meeting of the Nomination Committee of the Fifth Session of the Board of Directors of the Company in 2014 elected Mr. Wei Benhua as Chairman of the Nomination Committee of the Fifth Session of the Board of Directors of the Company. The appointment of Mr. Wei Benhua will be effective upon the date the Board considered and approved the "Resolution on Amending the 'Rules of Procedure of the Nomination Committee under the Board' of the Company" (i.e. 27 March 2014). Chairman Wang Dongming will no longer serve as Chairman of the Nomination Committee of the Fifth Session of the Board of Directors of the Company.

During the reporting period, the attendances of the members at the respective meetings of the specialized committees of the Board are as follows:

#### **9.7.1 Strategic Planning Committee**

The primary responsibilities of the Strategic Planning Committee are to understand and master the overall operations of the Company; to understand, analyze and master the current conditions of the international and domestic markets; to understand and master relevant policies of the state; to research on the short-term, mid-term and long-term strategies of the Company and related issues; to advise on the long-term development strategy, major investments, reforms and other major decisions; to review and approve research reports on development strategies; and to issue routine research reports regularly or from time to time.

During the reporting period, the Strategic Planning Committee held one meeting. On 11 October 2013, the Strategic Planning Committee held an enlarged meeting (all of the directors were invited to attend the meeting) and listened to the reports from the management of the Company on the situation of innovative business development of the securities company, the operation of the Company and comparison with peers, etc. The committee affirmed the Company's development strategy of adhering to innovation, increasing financial leverage and developing international business, and also required the Company to develop proper risk management and crisis management.

Directors who attended this enlarged meeting of the Strategic Planning Committee were: WANG Dongming, CHENG Boming, YIN Ke (video participant), FANG Jun, WU Xiaoqi, LEE Kong Wai, Conway and WEI Benhua. JU Weimin and RAO Geping (not a member of the Strategic Planning Committee) were unable to attend this meeting due to business reasons, and JU Weimin, a Director, had authorised WANG Dongming, the Chairman, to exercise voting right on his behalf.

#### **9.7.2 Audit Committee**

The primary responsibilities of the Audit Committee are to make recommendations to the Board on the appointment and removal of the auditors of the Company; to approve the remuneration and terms of engagement for the auditors; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audits procedures in accordance with applicable standards; to review the financial information of the Company and its disclosure; to review the financial control, internal control and risk management systems of the Company; and to review the financial and accounting policies and practices of the Company.

During the reporting period, the Audit Committee held five meetings. The Audit Committee convened its meetings to consider relevant matters and make resolutions in accordance with the *Terms of Reference of the Audit Committee of the Board of Directors*, and made efforts to enhance the efficiency of its work and the soundness of its decision-making. The Audit Committee diligently performed its duties, and actively participated in the compilation, audit and disclosure of annual financial reports according to the *Working Procedures of the Audit Committee of the Board of Directors for Annual Reports*. It ensured the independence of audit, enhanced the audit quality, and protected the overall interests of the Company and all shareholders.

The Audit Committee and its members have fully played their roles of audit and supervision according to the relevant laws and regulations, diligently performed their duties and made great contributions to improving corporate governance structure and enhancing the audit quality.

The Audit Committee prudently reviewed the financial status of the Company and examined the financial statements prepared by the Company. The committee considered that the Company's financial system is under stable operation and the financial status is good.

Major accomplishments of the Audit Committee in 2013 included:

- reviewing regular financial reports
- reviewing the summary of the internal audits and approving the annual internal audit scheme
- reviewing the major findings on the audits of the internal audit departments and external auditors, and replies of the management to the recommendations on such audits
- reviewing the effectiveness of the internal control system and adequacy of accounting and financial reporting
- reviewing the statutory scope of review of the external auditors in 2013
- considering the remuneration and appointment of the external auditors in 2013
- reviewing and monitoring the independence of the external auditors and the non-audit work they performed

Meetings of the Audit Committee during the reporting period and as at the date of this announcement are as follows:

| Date of meeting | Resolutions Passed                                                                                                                                                                                                                                                                                                                          |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13 March 2013   | <i>Report of Ernst &amp; Young Regarding the Company's Preliminary Audit Result of 2012, Proposal of Amendments to Accounting Policy, Proposal on the Renewal of Auditors and 2012 Audit Working Report of the Company</i>                                                                                                                  |
| 27 March 2013   | <i>Summary Report of Ernst &amp; Young Regarding Audit Work, 2012 Annual Report of the Company, 2012 Self-Assessment Report on Internal Control of the Company, Audit Report on the Internal Control of the Company, Summary Report on the Performance of Duties by the Audit Committee, and 2013 Internal Auditing Plan of the Company</i> |
| 25 April 2013   | Preliminary review of <i>2013 First Quarterly Report of the Company</i> and issued the written opinion                                                                                                                                                                                                                                      |
| 29 August 2013  | Preliminary review of <i>2013 Interim Report of the Company</i> and issued the written opinion                                                                                                                                                                                                                                              |
| 30 October 2013 | Preliminary review of <i>2013 Third Quarterly Report of the Company</i> and issued the written opinion                                                                                                                                                                                                                                      |
| 10 January 2014 | <i>2013 Audit Plan for the Company</i>                                                                                                                                                                                                                                                                                                      |
| 12 March 2014   | <i>Report of Ernst &amp; Young Regarding the Company's Preliminary Audit Result of 2013, Proposal of Amendments to the Company's Major Accounting Policies and Accounting Estimates, Proposal on the Renewal of Auditors and 2013 Audit Working Report of the Company and 2014 Auditing Plan of the Company</i>                             |
| 26 March 2014   | <i>Summary Report of Ernst &amp; Young Regarding Audit Work, 2013 Annual Report of the Company, 2013 Self-Assessment Report on Internal Control of the Company, Annual Report of the Audit Committee on the Performance of Duties in 2013</i>                                                                                               |

During the reporting period, all members of the Audit Committee actively participated in all meetings. They carefully reviewed the relevant documents before the meetings and made full preparation for the performance of their duties. During the consideration of the proposals at the meetings, each member gave pertinent advice based on his or her professional background and experience, and provided constructive guidance to improve the governance of the Company. Attendance of the members at the meetings of the Audit Committee is set out as follows:

| Name of Committee Member | Position                                                            | Actual attendance/<br>Scheduled attendance | Note                                                                                                                                                                                                       |
|--------------------------|---------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LEE Kong Wai, Conway     | Independent non-executive Director, Chairman of the Audit Committee | 5/5                                        | —                                                                                                                                                                                                          |
| WU Xiaoqiu               | Independent non-executive Director                                  | 5/5                                        | —                                                                                                                                                                                                          |
| RAO Geping               | Independent non-executive Director                                  | 5/5                                        | —                                                                                                                                                                                                          |
| JU Weimin                | Non-executive Director                                              | 5/5                                        | Absent from the 1st meeting of the Audit Committee of the 5th Session of the Board in 2013 due to business commitment and appointed Mr. LEE Kong Wai, Conway as his proxy in writing to vote on his behalf |

#### Overview of Audit Work of the Company:

The audit on the Company conducted by Ernst & Young Hua Ming and Ernst & Young (for the purpose of this section, collectively referred to as “Ernst & Young”) in 2013 consisted of the interim audit and the year-end audit. During the interim audit, Ernst & Young fully conducted the internal control audit work, and conducted internal control tests on the Company and its business processes (the business processes include those at the headquarters and in the business offices) to evaluate the effectiveness of the internal control design; examined whether those controls have been consistently and effectively implemented during the audited period; ascertained the control environment, major business conditions, business innovation, system updating, and risks of fraud and cheating in the Company through interviews and other means; and made a comprehensive audit on all the accounts contained in the financial statements, except for the liquidation provisions, refundable deposits, financial assets held for trading, available-for-sale financial assets, fixed assets, intangible assets and investment properties; tested and evaluated the major computer systems adopted by the Company. During the year-end audit, Ernst & Young carried out detailed audit on liquidation provisions, refundable deposits, financial assets held for trading, available-for-sale financial assets, fixed assets, intangible assets, investment properties and applicable taxes. Ernst & Young followed up with the relevant items audited in the interim audit focused on the analysis of its changes. In addition, they also carried out the same procedure on subsidiaries (other than CSLA) incorporated in the consolidated statements.

In order to successfully complete the audit on the 2013 Annual Financial Report of the Company and supervise Ernst & Young to issue relevant audit reports within the agreed period, the Audit Committee of the 5th Session of the Board authorized the Planning and Financial Department of the Company to discuss with Ernst & Young about the planning of audit work, valuation of financial instruments, audit progress, accounting notes, timing of initial draft and final draft of the audit report, etc. During the audited period, the Audit Committee made multiple rounds of supervision. Moreover, the Planning and Financial Department of the Company discussed in details with Ernst & Young regarding problems discovered during preliminary audit, valuation of the fair value of financial assets and scope of consolidation, amendment of financial policies, risk disclosure, pending matters, and specific format and content of disclosure of audit report.

On 27 March 2014, Ernst & Young issued the audit reports with an unqualified audit opinion within the scheduled time.

In addition, the Audit Committee conducted an annual appraisal of Ernst & Young. In the appraisal, major considerations of the Audit Committee included applicable requirements of the relevant laws and regulations of the Mainland China and Hong Kong and relevant provisions on the part of the external auditors, and the external auditors' compliance with such laws, regulations and provisions and their overall performance during the reporting period. The Audit Committee is also responsible for reviewing the independence of Ernst & Young to ensure that the financial statements issued are true and objective. The Audit Committee has received a written confirmation from Ernst & Young of their independence and objectivity prior to the audit of the Company's 2013 financial statements. Ernst & Young shall not offer any other non-audit service unless otherwise approved to ensure that their judgment and independence in the audit are not undermined. The Audit Committee of the Company was of the opinion that Ernst & Young conducted its independent audit on the 2013 Annual Financial Report of the Company in a diligent, fair and objective manner, and successfully completed the annual audit work. Therefore, the Audit Committee proposed to the Board that the Company shall continue to appoint Ernst & Young Hua Ming and Ernst & Young as the external auditors of the Company in 2014, to provide audit services and review services in accordance with the PRC Accounting Standards for Enterprises and the International Financial Reporting Standards; and that the Company shall continue to appoint Ernst & Young Hua Ming as the auditor for the internal control of the Company in 2014.

On 27 March 2014, the Audit Committee conducted a preliminary review on the 2013 Assessment Report on the Internal Control of the Company and Audit Report on the Internal Control of the Company, and is of the view that the internal control system of the Company is effective and performing well, such that the steady development of the Company is secured. For details of the Board's evaluation of our internal control and relevant information, please refer to "9.14 Internal Control" of this announcement.

### **9.7.3 Remuneration and Appraisal Committee**

The primary responsibilities of the Remuneration and Appraisal Committee of the Board are to develop and implement the performance appraisal system that is adapt to the changing market, the remuneration policy that is competitive, and the reward and punishment measures that are linked to the operation and performance of the Company, and make recommendations to the Board on the remuneration structure of the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy; to review the performance of the Directors and Senior Management members, carry out annual performance appraisals over them, and review and approve performance-based remuneration; and to monitor the implementation of the remuneration system of the Company.

Major accomplishments of the Remuneration and Appraisal Committee in 2013 included:

- reviewing the performance of the Directors and Senior Management members, and carrying out annual performance appraisals over them
- reviewing the remuneration of Directors and Senior Management and recommending to the Board in this regard
- supervising the implementation of the remuneration system of the Company
- reviewing the implementation of the share incentive scheme

During the reporting period, the Remuneration and Appraisal Committee held one meeting, and on 27 March 2013 considered and passed the *Resolution on Considering Report of the Remuneration and Appraisal Committee of the Board of Directors on the Performance of Duties in 2012, Resolution on Considering Achievement of Performance Targets in 2012 and the Plan of Annual Performance Based Remuneration Policy for Senior Management, Resolution on Considering the Pre-distribution Plan of Senior Management Loyalty Award in 2012, Proposal on Considering the Total Remuneration of the Directors of the Company for 2012 and Proposal on Considering the Total Remuneration of the Senior Management of the Company for 2012*. All members of the Remuneration and Appraisal Committee attended this meeting.

During the reporting period, the Remuneration and Appraisal Committee supervised over the implementation of the remuneration policies. It was of the opinion that the Company duly implemented the remuneration policies established by the Board, and that the information about the remuneration of all Directors, Supervisors and Senior Management disclosed in the 2013 Annual Report was true, accurate and complete, and complied with the relevant requirements of the CSRC and the Hong Kong Stock Exchange.

Moreover, the Remuneration and Appraisal Committee reviewed the implementation of the share incentive scheme, with the opinion that the share incentive scheme has been in full compliance with the relevant regulations and implemented in strict accordance with the provisions of the scheme since the implementation in September 2006.

#### **9.7.4 Nomination Committee**

The primary responsibilities of the Nomination Committee are to review the structure, size and composition of the Board (including skills, knowledge, experience and diversity of the Board members), make recommendations on any proposed changes in the Board, if necessary, to complement the strategies of the Company; to study the selection criteria and procedures of the Directors and Senior Management and make recommendations to the Board; to ensure that the Board members possess relevant skills, experience and diversified views and perspectives required for the operation and development of the Company; to identify individuals suitably qualified to become the Directors and Senior Management members, and give the selection opinions and appointment suggestions; to assess the independence of the independent non-executive Directors; to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for directors, in particular the Chairman and the President; and to report its resolutions or recommendations to the Board.

To achieve diversity of the Board members, during the reporting period, the Board made amendments to *Terms of Reference of the Nomination Committee of the Board of Directors* and expressly stated that the Nomination Committee should select director candidates following objective standards, including but not limited to:

- considering a combination of factors, such as gender, age, cultural and educational background, as well as professional experience of director candidates
- considering the Company's business features and future development needs, etc

The Company shall provide the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may, if necessary, seek independent professional advice for the purpose of performing its duties performance at the Company's expense.

Major accomplishments of the Nomination Committee in 2013 included:

- drafting the Amendments to the Terms of Reference of the Nomination Committee of the Board to formulate policies on diversity of the Board
- nominating Mr. LIU Lefei as candidate for an executive Director of the 5th session of the Board
- nominating Mr. LIU Wei, Mr. CHEN Jun, Mr. YAN Jianlin as candidates for members of the Executive Committee of the Company
- reviewing and confirming the independence of the four independent non-executive Directors as at 31 December 2013

During the reporting period, the Nomination Committee held two meetings, details of which are as follows:

| Date of meeting | Resolutions Passed                                                                                                                                                                        |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 29 August 2013  | <i>Proposal on the Nomination of Executive Director of the 5th Session of the Board and Proposal on the Amendments to the Terms of Reference of the Nomination Committee of the Board</i> |
| 11 October 2013 | <i>Proposal on the Nomination of Members of the Executive Committee of the Company</i>                                                                                                    |

All members of the Nomination Committee had attended the above meetings.

During the reporting period, the Nomination Committee extensively searched for qualified candidates for nomination as executive Directors and Senior Management, reviewed those candidates and submitted its opinion to the Board for approval by the Board and/or the General Meeting of the Shareholders. The Nomination Committee selected and nominated the candidates for executive Directors according to the following criteria:

The candidates shall have an in-depth understanding and profound insight on domestic and international financial markets; be familiar with domestic and overseas securities businesses, have a strong business capacities on principal businesses of domestic securities industry and achieve expert level, and have the ability to lead the Company to develop various principal businesses and innovative businesses; the candidates shall have abundant operational and management experience in securities companies; the candidates shall have strong strategy analytical skills, leadership and execution power; the candidates shall satisfy the requirements as required in the *Measures for Regulation on the Qualification of Directors, Supervisors and Officers of Securities Companies* issued by the CSRC; the candidates shall have sufficient time and energy to fulfill the commitment; the candidates shall satisfy the relevant requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange; the candidates shall satisfy other requirements under the relevant laws, administrative regulations and other requirements as stipulated in the Articles of Association.

The Nomination Committee decided to propose Mr. LIU Lefei as the candidate for executive director of the 5th Session of the Board. The Nomination Committee was of the view that Mr. LIU Lefei had many years of experience in the securities and finance industry and had strong leadership and management capabilities, as well as made remarkable achievements in terms of equity investments. The joining of Mr. LIU Lefei will facilitate the Company to integrate the strategic landscape, accelerate innovative development as well as improve the returns on investment.

The Nomination Committee selected and nominated candidates for the Senior Management according to the following criteria:

The candidates shall be familiar with domestic and overseas securities business and have many years of working experience in the securities and financial industry; the candidates shall have an in-depth understanding and profound insight on various principal businesses of the Company and have made remarkable achievements on a particular principal business; the candidates shall have strong strategy analytical skills, leadership and execution power and business collaboration capabilities and have a global vision and satisfy the relevant requirements under the *Measures for Regulation on the Qualification of Directors, Supervisors and Officers of Securities Companies* issued by the CSRC; the candidates shall have sufficient time and energy to fulfill the commitment; the candidates shall satisfy other requirements under the relevant laws, administrative regulations and other requirements as stipulated in the Articles of Association.

The Nomination Committee decided to propose Mr. LIU Wei, Mr. CHEN Jun and Mr. YAN Jianlin as the candidates for member of the Executive Committee (being Senior Management officers), and was of the view that they had excellent performance in the areas of fixed income, investment banking respectively and had made significant contributions to the development of relevant businesses of the Company, and nominating them as members of the Executive Committee of the Company would facilitate the business expansion of the Company and improve the Company's competitiveness.

### 9.7.5 Risk Management Committee

The primary responsibilities of the Risk Management Committee of the Board are: to develop the overall risk management policy for the Board to review; to define strategic structures and resources for the risk management of the Company, and align them with the internal risk management policy of the Company; to define the threshold of major risks; and to supervise, examine and make recommendations to the Board on the relevant risk management policies.

During the reporting period, the Risk Management Committee held two meetings to review and consider reports in relation to various risk control, compliance management and internal control and governance, details of which are as follows:

| Date of the Meeting | Resolutions Passed                                                                                                                                                                                                                                          |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 March 2013       | <i>Proposal on the Review of the 2012 Self-Assessment Report on Internal Control of the Company, Proposal on the Review of the Audit Report on the Internal Control of the Company, Proposal on the Review of the 2012 Compliance Report of the Company</i> |
| 29 August 2013      | <i>Preliminary review of the 2013 Interim Compliance Report of the Company</i>                                                                                                                                                                              |

All members of Risk Management Committee had attended the above meeting.

### 9.7.6 Related Party Transactions Control Committee

The primary responsibilities of the Related Party Transactions Control Committee of the Board are: to establish and amend the related party/connected transactions management system of the Company, and monitor its implementation; to identify the list of related/connected parties of the Company, and report it timely to the Board and the Supervisory Committee; to classify the related party/connected transactions, and define their approval procedures and standards; to review any contemplated major related party/connected transactions of the Company with any related/connected parties, form a written opinion to the Board for review, and report the same to the Supervisory Committee; and to review the disclosure of any related party/connected transaction.

During the reporting period, the Related Party Transactions Control Committee held three meetings, and conducted preliminary review on relevant related party/connected transactions, details of which are as follows:

| Date of meeting   | Resolutions Passed                                                                                                                                                                                              |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 January 2013   | <i>Proposal on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of Domestic and Overseas Debt Financing Instruments</i>                                                 |
| 22 March 2013     | <i>Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2013</i>                                                                        |
| 26 September 2013 | <i>Proposal relating to the Renewal of the Framework Agreement in respect of Related Party/Connected Transactions to be Contemplated in the Ordinary Course between the Company and CITIC Group Corporation</i> |

All members of the Related Party Transactions Control Committee attended the above meetings.

During the reporting period, the primary measures of the Board implemented in respect of corporate governance are as follows:

- Corporate governance of the Company and related recommendations: amid global financial market and under the competitive situation among domestic investment banks in 2013, the Board and the respective specialized committees had a number of discussions over risks and their management, and required the management of the Company to increase its efforts in self-inspection to prevent various risks. The Board had carried out on-going assessment on the potential effects of the rapidly-changing external environment and amendments to rules and regulations of the PRC and the statutes of regulatory bodies on the business of the Company.
- Development of Directors and Senior Management: the Company has tailor-made training for new Directors and Senior Management when they joined the Company to equip them with the knowledge of the required duties and responsibilities of directors and senior management of a listed company to ensure an effective decision-making process in the Board and the specialized committees.
- Compliance management of laws and regulations: the Board amended the Articles of Association in accordance with the Corporate Governance Rules for Securities Companies issued by the CSRC (the Supervisory Committee also amended the “Rules of Procedure of the Supervisory Committee”, which is an annex to the Articles of Association); the Amendments to the Articles of Association had been considered and approved at the General Meeting of the Company and was approved by and filed with the Shenzhen Bureau of the CSRC and took effect on 6 March 2014.
- Policies on diversity of the Board members: during the reporting period, the Board amended the Terms of Reference of the Nomination Committee of the Board and supplemented the selection criteria of candidates for the Board to facilitate the diversity of the Board members.
- Corporate Governance Report: The Board has reviewed the Corporate Governance Report set out in this announcement prior to its publication, and the Board is of the view that the Corporate Governance Report complies with the relevant requirements of the Hong Kong Listing Rules.

## **9.8 Performance of Duties by Independent Non-executive Directors**

### **9.8.1 Regular Report of Works**

All independent non-executive Directors of the Company duly performed their duties during the compilation of the annual report, in accordance with the requirements of the CSRC and the provisions of the *Company’s Working Rules for Independent Directors during the compilation of the annual report*:

#### ***Compilation and Review of 2012 Annual Report***

On 13 March 2013, the independent non-executive Directors paid a visit to the Company and listened to the reports of the Management, the person in charge of finance and the auditors on the business operations, financial status and audit work of the Company in 2012. Three independent non-executive Directors of the Company, as members of the Audit Committee, had reviewed the *Report of Ernst & Young Regarding the Company’s Preliminary Audit Result of 2012*, and conducted preliminary reviews on the *Proposal of Amending the Accounting Policy of the Company*, *Proposal on the Renewal of Auditors* and *2012 Audit Work Report of the Company*.

On 27 March 2013, three independent non-executive Directors, as members of the Audit Committee, reviewed the *Working Summary of Ernst & Young*, and preliminarily reviewed the *2012 Annual Report of the Company*, *2012 Self-evaluation Report of Internal Control of the Company*, *Internal Control Audit Report of the Company*, *Summary Report of the Performance of Audit Committee*, and the *2013 Internal Audit Working Plan of the Company*.

#### ***Compilation and Review of 2013 Annual Report***

On 10 January 2014, the 1st Meeting of the Audit Committee of the 5th Session of the Board in 2014 considered and approved the *2013 Audit Plan of CITIC Securities*. Among all of the four members of the Audit Committee, three are independent non-executive Directors. They attended the meeting and delivered their opinions on the 2013 audit plan in both capacities, i.e. as members of the Audit Committee and as independent non-executive Directors.

Upon consideration and approval by the Audit Committee, the person in charge of financial affairs of the Company reported in writing to the independent Directors on the *2013 Audit Plan of the Company*.

On 12 March 2014, the independent non-executive Directors paid a visit to the Company and listened to the reports of the Management, the person in charge of finance and the auditors on the business operations, financial status and audit work of the Company in 2013. All independent non-executive Directors of the Company, as members of the Audit Committee, had reviewed the *Report of Ernst & Young Regarding the Company's Preliminary Audit Result of 2013*, and conducted preliminary reviews on the *Proposal of Amending the Significant Accounting Policies and Accounting Estimates of the Company*, *Proposal on the Renewal of Auditors*, *2013 Audit Work Report of the Company* and *2014 Audit Work Report of the Company*.

On 26 March 2014, all of the independent non-executive Directors, as members of the Audit Committee, reviewed the *Working Summary of Ernst & Young*, and preliminarily reviewed the *2013 Annual Report of the Company*, *2013 Self-evaluation Report of Internal Control of the Company*, *Internal Control Audit Report of the Company*, *Report of the Performance of Audit Committee in 2013*.

### **9.8.2 Consideration about Related Party/Connected Transactions**

On 21 January 2013, the independent non-executive Directors pre-examined and passed the *Proposal on the Review of Potential Related Party/ Connected Transactions Involved in Issuances of Onshore and Offshore Corporate Debt Financing Instruments*, and issued independent opinions on the possible related party/connected transactions of placement of onshore and offshore corporate debt financing instruments to related parties by the Company. During the reporting period, the Company did not issue any debt financing instruments to related/connected parties.

On 27 March 2013, the independent non-executive Directors delivered their independent opinions, respectively, on the *Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2013* and on the Company's related party/connected transactions in the ordinary course of business in 2012.

On 29 July 2013, the independent non-executive Directors of the Company conducted a special voting on the related party transaction that the Company proposed to lease some office space of Shenzhen CITIC Securities Tower to Qianhai Equity Exchange. The transaction was approved. On the same date, the resolution was filed with the Shanghai Stock Exchange for record.

On 11 September 2013, the independent non-executive Directors conducted a special voting on two related party/connected transactions that CITIC Securities Investment, a wholly-owned subsidiary of the Company, proposed to invest in Qingdao Xincheng Investment Partnership (青島信晨投資合夥企業) (Limited Partnership) which was managed by Beijing Chun Xin Capital Management Corporation Ltd. (北京淳信資本管理有限公司), which involved an amount of RMB50 million and that GoldStone Haorui, an indirectly wholly-owned subsidiary of the Company, proposed to invest RMB50 million to subscribe for the Zhongdian Shande Taizhou (中電善德泰州, renamed as "Taizhou CLP Hongtai Investment Centre (Limited Partnership)" "泰州中電弘泰投資中心(有限合夥)" equity investment fund. The two transactions were approved. On the same date, the resolution was filed with the Shanghai Stock Exchange for record.

On 26 September 2013, the independent non-executive Directors pre-examined and approved the *Proposal on Renewal of Related Party/Connected Transactions Framework Agreement with CITIC Group Corporation* and delivered independent opinions.

Pursuant to the resolution passed on 17th Meeting of the 5th Session of the Board, all independent non-executive Directors established the Independent Board Committee and convened a meeting at the conference room 18, 11/F, CITIC Securities Tower, Beijing on 11 October 2013. All independent non-executive Directors attended the meeting, and Mr. RAO Geping attended by telecommunication. The meeting listened to the report and recommendations issued by Somerley Limited, the Independent Financial Advisor appointed by the Board, in respect of the *Securities and Financial Products Transactions and Services Framework Agreement* that the Company proposed to execute with CITIC Group. All members of the Independent Board Committee agreed unanimously on the execution of the *Securities and Financial Products Transactions and Services Framework Agreement* and accepted the recommendations from Somerley, and issued positive recommendations to independent shareholders in the circular of the 2013 Third Extraordinary General Meeting.

### **9.8.3 Consideration about External Guarantees**

On 27 March 2013, the independent non-executive Directors of the Company gave specific explanations and delivered independent opinions on the aggregate and current guarantees of the Company in 2012 and the implementation of the Zheng Jian Fa [2003] No. 56 Document.

On 18 April 2013, the independent non-executive Directors conducted serious assessment and delivered independent opinion on the Company's provision of a counter-guarantee in favor of the guarantor with regards to the first tranche of issuance of overseas bonds to an indirect wholly-owned subsidiary, agreed and approved the Company's provision of the above counter-guarantee to the guarantor and put forward such resolution to the Board for further consideration and approval.

### **9.8.4 Other Performance of Duties**

On 27 March 2013, the independent non-executive Directors of the Company reviewed the 2012 annual profit distribution plan, amendments to accounting policies, renewal of auditors, and total remuneration of the Directors and Senior Management for 2012, and delivered independent opinions.

On 26 September 2013, the independent non-executive Directors of the Company delivered independent opinions on the transfer of the entire equity interests of Tianjin Jingzheng and Tianjin Shenzheng (both are wholly-owned subsidiaries of the Company) by the Company.

In addition, during the reporting period, the independent non-executive Directors of the Company reviewed the candidates for executive Director of the 5th Session of the Board and the candidates for members of the Executive Committee of the Company, and delivered independent opinions.

### **9.8.5 Establishment and Improvement of Working Rules for Independent Non-executive Directors and Performance of Duties by Independent Directors**

In order to improve the corporate governance structure, promote the regulated operations, safeguard the overall interests of the Company and protect the lawful rights and interests of all shareholders, particularly the minority shareholders, the *Working Rules for Independent Directors* of the Company came into force on 28 July 2008 after it was considered and adopted at the 28th Meeting of the 3rd Session of the Board. The contents of the rules include: qualifications of independent directors; nomination, election and replacement of independent directors; special powers of independent directors; independent opinions of independent directors; necessary conditions provided for independent directors; and working rules regarding the annual report.

During their term of office, all independent non-executive Directors complied with the laws, regulations and the Articles of Association, and had devoted sufficient time and energy to perform their duties; when making an independent judgment, the independent non-executive Directors were not affected by the substantial shareholders of the Company or any other entity or individual having an interest in the Company; and they endeavored to protect the interests of the Company and all minority shareholders.

The independent non-executive Directors actively participated in all the meetings of the Board. Among the members of the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Related Party Transactions Control Committee of the Board, the Company has appointed the requisite number of independent non-executive Directors as required by their respective rules, and the office of chairman of each of the Audit Committee, Remuneration and Appraisal Committee and Related Party Transactions Control Committee is assumed by a non-executive Director. All the chairmen of the committees convened the meetings according to the relevant rules of procedure.

The attendances of independent non-executive Directors at the meetings of the Board are reported in "9.4.4 Meetings of the Board and Attendance of Directors" of this announcement.

### **9.8.6 Objections of Independent Non-executive Directors to Relevant Resolutions**

During the reporting period, no independent non-executive Directors raised any objections to any resolution of the Board or of any specialized committee.

## 9.9 Supervisors and the Supervisory Committee

The Supervisory Committee is the supervisory body of the Company and is accountable to the General Meeting of Shareholders. According to the Company Law and the Articles of Association, the Supervisory Committee is responsible for overseeing the financial activities and internal control of the Company, and the legality and compliance of the Board, the Operating Management and its members in the performance of their responsibilities.

In 2013, the Supervisory Committee of the Company strictly complied with the provisions of the Company Law and the Articles of Association, lawfully and diligently performed its duties, observed the relevant procedures, attended all on-site meetings of the Board, made reports to the General Meeting of Shareholders and submitted its working report and relevant proposals. Based on the principle of being accountable to all Shareholders, the Supervisory Committee effectively supervised the legality and compliance of the Company's finance and the performance of duties by the Board and the Operating Management of the Company.

### 9.9.1 Meetings of the Supervisory Committee and Attendance of Supervisors during the Reporting Period

During the reporting period, the Supervisory Committee of the Company convened five meetings in total. Details of which are as follows:

During the 4th Meeting of the 5th Session of the Supervisory Committee of the Company held on 27 March 2013 at Conference Room 18, 11/F, CITIC Securities Tower, Beijing, the committee considered and approved unanimously the *2012 Work Report of the Supervisory Committee*, *Proposal on the Review of the 2012 Annual Report of the Company*, *Proposal on the Review of the 2012 Annual Profit Distribution Plan*, *Proposal on the Review of the Total Remuneration of the Supervisors of the Company for 2012*, *Resolution on the Changes in Accounting Policies*, *Resolution on the Re-engineering of the Internal Structure of the Company* and *Resolution on the Review of 2012 Social Responsibility Report*; and reviewed the *2012 Self-Assessment Report on Internal Control*, the *2012 Annual Internal Auditing Report* and the *2012 Annual Compliance Report of the Company*.

During the 5th Meeting of the 5th Session of the Supervisory Committee of the Company held on 25 April 2013 by means of teleconference, the committee considered and approved unanimously the *2013 First Quarterly Report of the Company*, and a written audit opinion was issued.

During the 6th Meeting of the 5th Session of the Supervisory Committee of the Company held on 29 August 2013 by means of teleconference, the committee considered and approved unanimously the *2013 Interim Report of the Company*, and a written audit opinion was issued; and reviewed the *2013 Interim Compliance Report of CITIC Securities Company Limited*.

During the 7th Meeting of the 5th Session of the Supervisory Committee of the Company held on 11 October 2013 by means of teleconference, the committee considered and approved unanimously the Proposal on the Amendments to the Rules of Procedure of the Supervisory Committee of the Company.

During the 8th Meeting of the 5th Session of the Supervisory Committee of the Company held on 30 October 2013 by means of teleconference, the committee considered and approved unanimously the *2013 Third Quarterly Report of the Company*, and a written audit opinion was issued.

Note: For details of the resolutions of the Supervisory Committee and the regular reports considered and approved by the Supervisory Committee mentioned above, please refer to the announcements published on the HKExnews website of the Hong Kong Stock Exchange on the dates of the meetings, and the announcements published on Shanghai Stock Exchange website, China Securities Journal, Shanghai Securities News and Securities Times on the following day.

During the reporting period, the attendances of supervisors at the meeting of the Supervisory Committee are as follows:

| Name of Supervisor                                            | Position                              | Attendance at scheduled supervisory meetings during the year | Actual attendance | Attendance at on-site meetings by other means | Attendance by proxy | Absence | Mode of attendance at on-site meetings |
|---------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------|-------------------|-----------------------------------------------|---------------------|---------|----------------------------------------|
| NI Jun                                                        | Chairman of the Supervisory Committee | 5                                                            | 5                 | —                                             | —                   | —       | On-site                                |
| GUO Zhao                                                      | Supervisor                            | 5                                                            | 5                 | —                                             | —                   | —       | On-site                                |
| HE Dexu                                                       | Supervisor                            | 5                                                            | 5                 | —                                             | —                   | —       | On-site                                |
| LEI Yong                                                      | Employee Representative Supervisor    | 5                                                            | 4                 | —                                             | 1                   | —       | By proxy                               |
| YANG Zhenyu                                                   | Employee Representative Supervisor    | 5                                                            | 5                 | —                                             | —                   | —       | On-site                                |
| Supervisory meetings held during the year                     |                                       |                                                              |                   |                                               |                     | 5       |                                        |
| Of which:                                                     |                                       |                                                              |                   |                                               |                     |         |                                        |
| Number of meetings held on-site                               |                                       |                                                              |                   |                                               |                     | 1       |                                        |
| Number of meetings held by teleconference                     |                                       |                                                              |                   |                                               |                     | 4       |                                        |
| Number of meetings held both on-site and via teleconferencing |                                       |                                                              |                   |                                               |                     | —       |                                        |

### 9.9.2 Participating in the Audit Project of the Company and Conducting On-site Inspections

To ensure the Supervisors perform their supervision and management duties, during the reporting period, the Company arranged for the Supervisors to participate in the on-site opinion exchange sessions of the audit projects of three securities business departments to listen to the audit exchange opinions and feedback from the audit project teams and the auditees and understand the operational compliance and risk control of the securities business departments at the site. The details are shown below:

| Date             | Supervisor name           | Securities business department name                                                      |
|------------------|---------------------------|------------------------------------------------------------------------------------------|
| 1 July 2013      | Ni Jun, He Dexu           | Securities business department of CITIC Wantong Securities at Liuquan Road, Zibo         |
| 18 July 2013     | Ni Jun                    | Securities business department of CITIC Securities at Jianshe Avenue, Wuhan              |
| 6 September 2013 | Ni Jun, He Dexu, Lei Yong | Securities business department of CITIC Securities (Zhejiang) at Chezhan Avenue, Wenzhou |

Through on-site inspections, the experiences of the Supervisors in performing their duties were further enriched, which effectively enhanced the capabilities of the Supervisory Committee of the Company to supervise and manage the operation and management activities of the Company.

### 9.9.3 Independent Opinion of the Supervisory Committee

During the reporting period, the Supervisors attended all on-site meetings of the Directors and general meetings. They supervised and inspected the compliance of the operation, major decision-making procedure, major business activities and the financial position of the Company. On the basis of the above, the following independent opinions in respect of the Company were given:

- (1) The Company operated in strict compliance with the Company Law, the Securities Law, the Articles of Association and the relevant rules and regulations of China, and the decision-making procedure of the Company was legal. The Company was able to continuously improve its internal control system, and none of the Directors and Senior Management was involved in any default or other acts that may harm the interest of the Company when performing the duties of the Company. The Supervisory Committee of the Company had no disagreement with any supervisory matters during the reporting period.

- (2) The financial position of the Company had been satisfactory. The financial statements for 2013 had been audited by Ernst & Young Hua Ming and Ernst & Young. Both accountants had issued their respective auditor's report with standard and unqualified opinions, and the financial statements gave a true and fair view on the financial condition and operating results of the Company.
- (3) During the reporting period, the Company issued bonds in the amount of US\$800 million and RMB20 billion, and 11 tranches of commercial papers (as at 31 December 2013, the balance of commercial papers issued by the Company totaled RMB12 billion). The proceeds were applied as working capital of the Company and in line with the disclosure made in the prospectuses.
- (4) Acquisitions or disposals of assets were made by the Company at reasonable prices, and no inside dealings were found, nor was there any act which may jeopardize the interests of part of the shareholders or cause any loss to the Company's assets.
- (5) The relevant related party/connected transactions were fair and were in compliance with laws and not prejudicial to the interests of the Company.
- (6) The Secretary to the Board is responsible for information disclosure as well as incoming calls, visits and enquiries from investors. The Company has appointed China Securities Journal, Shanghai Securities News and Securities Times as the designated newspapers for information disclosure, and the website of the Shanghai Stock Exchange at <http://www.sse.com.cn> and the HKExnews website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> as the designated websites for information disclosure. The Company had been in strict compliance with Information Disclosure Management System and the relevant laws and regulations and ensured the truth, accuracy, timeliness and completeness as to the information disclosed, and that all shareholders were given equal opportunities to be informed of the relevant information.

During the Reporting Period, the Information Disclosure Management System and the Registration System for Persons Informed of Inside Information came into effect to provide for additional requirements on information disclosure with an aim to improve the governance and quality of information disclosure and maintain the equality of information, so that the legitimate interests of investors are safeguarded. Meanwhile, the Information Disclosure Management System and the internal systems of the Company expressly provide for the reporting, circulation, audit, disclosure procedures of major events of the Company, and the operation of such systems was satisfactory.

- (7) The written audit opinions on the annual report prepared by the Board were as follows:

The preparation and approval procedures of the annual report were in compliance with the requirements under the applicable laws and regulations, the Articles of Association and the relevant internal management systems of the Company;

Contents and format of the annual report were in compliance with the relevant requirements of the CSRC and the stock exchange, and information disclosed therein reflected truly the operational, management and financial status of the Company for the year;

None of the persons involved in the preparation and approval of the annual report had committed any action in breach of confidentiality requirements in respect of the annual report.

- (8) The Supervisory Committee of the Company has reviewed the 2013 Annual Profit Distribution Plan of the Company and considered the 2013 Annual Profit Distribution formulated by the Board. The Plan was in compliance with the requirements of the relevant laws, regulations and regulatory documents and strictly performed the cash dividend decision-making procedure. The 2013 Annual Profit Distribution Plan of the Company had given full consideration to the Company's internal and external factors, current status, development plan, future capital requirements and were in the interest and long-term interest of the shareholders as a whole. Consent has been given to submit this plan to the General Meeting for consideration.
- (9) The Supervisory Committee of the Company had reviewed the 2013 Assessment Report on Internal Control, the 2013 Annual Internal Auditing Report, and the 2013 Annual Compliance Report of the Company, and it had no disagreement with the contents therein.

## 9.10 Appointment of Auditors and Other External Agents

### 9.10.1 Appointment of Accounting Firms

With the approval by the 2012 Annual General Meeting of Shareholders, the Company resolved to re-appoint Ernst & Young Hua Ming and Ernst & Young as the Company's external auditors for 2013 to be responsible for the provision of related audit services and review services in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively. The Board also renewed the appointment of Ernst & Young Hua Ming as the auditor for the internal control of the Company in 2013.

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Are there any changes in the accounting firms appointed:                      | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Information on the incumbent accounting firms:                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Name of the PRC accounting firm, signing accountants and duration of service: | Ernst & Young Hua Ming/7 years (Note: acted as the Company's supplementary auditor from 2000 to 2006)<br>Signing accountants: Li Huimin/2 years and Gan Ruiping/1 year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Name of the international accounting firm and duration of service:            | Ernst & Young/3 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Remuneration for the accounting firm:                                         | <p>In 2013, the Company paid RMB3.8 million as remuneration to Ernst &amp; Young Hua Ming Certified Public Accountants Co., Ltd. and Ernst &amp; Young for their audit services in respect of the 2012 annual financial report (including the international audit and the audit on the effectiveness of internal control, etc.), and RMB1.2 million for their review services in respect of the interim report.</p> <p>In accordance with the resolution passed at the 2012 Annual General Meeting, the audit fees payable to Ernst &amp; Young by the Company shall be no more than RMB4 million (including the international audit and the audit on the effectiveness of internal control, etc.) and the review fees shall be no more than RMB2 million for 2013. The remuneration will be paid in 2014.</p> |

The Directors are responsible for the preparation of the accounts and the auditors are responsible for the issuance of an opinion to the financial statements based on their audit.

At the forthcoming 2013 Annual General Meeting, the Board will submit a proposal on the renewal of the appointment of Ernst & Young as the external auditor of the Company and Ernst & Young Hua Ming as the auditor for the internal control of the Company in 2014, subject to the consideration and approval of the General Meeting.

### 9.10.2 Non-audit Work

During the reporting period, the Company has engaged Ernst & Young Hua Ming to provide capital verification services in relation to the CAMs launched by the Company, the relevant fees for capital verification were paid from the sales of CAMs.

## 9.11 Responsibilities of Directors for the Financial Statements

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the independent auditor's report of this announcement. Each responsibility statement shall be understood separately.

All Directors acknowledge and confirm that they have the responsibilities to compile the financial statements which can truly reflect the business results of the Company in each financial year. To the best knowledge of all Directors, there are no events or situations which may cause any material adverse impact on the ongoing operations of the Company.

## 9.12 Company Secretary

Ms. ZHENG Jing, Secretary to the Board, serves as the Company Secretary. The Company Secretary is accountable to the Board of Directors, and ensures that various meetings of the Board are convened according to the correct procedures; advises and recommends on issues related to corporate governance of the Company; and promotes the effective communication among members of the Board, and between the Directors, Shareholders and management of the Company.

The Company Secretary circulates the agenda on corporate governance to the Chairman, and provides sufficient explanation and information to the Board in a timely manner, especially the plans of annual Board meetings and meetings of the specialized committees thereunder; regularly provides Weekly Information and Monthly Management to the Board and the Supervisory Committee to keep the Board and the Supervisory Committee abreast of the latest development. The Company Secretary provides sufficient bases and recommendations on corporate governance, Board meeting procedures, non-executive Directors' involvement in the internal management meetings, and non-executive Directors' visits to the Company and other matters for the Board's review. The Directors are entitled to access to the Company Secretary for her opinion, recommendation and related services. During the reporting period, the Company Secretary duly performed her duties in ensuring that the respective meetings of the Board are properly convened; promoted the effective communication among members of the Board, and between the Directors, Shareholders and management of the Company; arranged for induction programs for the new Directors to ensure that they understand the responsibilities to be fulfilled.

During the reporting period, in order to better perform her duties and in accordance with the requirements of the Hong Kong Listing Rules, Ms. Zheng Jing received a total of 25 hours of professional training, so as to update her professional knowledge. These trainings include: trainings for company secretaries organized by the Hong Kong Institute of Chartered Secretaries, the webinar on the topics of "A + H Shares General Meeting Overview and A Review of the 2013 General Meeting Season" organized by Computershare Hong Kong Investor Services Limited, so as to gain the capital competitive advantages with efficient information disclosure; the insider dealing prevention training organized by the Company (with the lawyers from Beijing Jiayuan Law Firm and Linklaters as speakers); seminars of the independent non-executive Directors organized by Ernst & Young Hua Ming Certified Public Accountants Co., Ltd. In addition, Ms. Zheng Jing also attended 6.5 hours of information disclosures express system training for listed companies organized by the Shanghai Stock Exchange.

## 9.13 Investor Relations

### 9.13.1 Amendments to the Articles of Association

During the reporting period, the General Meeting of Shareholders of the Company made amendments to the Articles of Association twice.

On 20 June 2013, the 2012 General Meeting made amendment to the Articles of Association. After the approval of the Shenzhen Bureau of the CSRC on the amendment, the Company completed the formalities for the registration of change and filing with the industry and commerce authorities on 13 September 2013. The amendment to the Articles of Association only related to changing the number of Directors. Article 163 as amended reads "The Board composes 10 Directors, including one Chairman and one to two vice-chairmen. The internal Directors of the Company shall not exceed 1/2 of the Board". The amended Articles of Association was published on the HKExnews website of the Hong Kong Stock Exchange on 13 September 2013, and the website of the Shanghai Stock Exchange on the following day.

On 29 November 2013, the 2013 Third Extraordinary General Meeting made further amendment to the Articles of Association and the appendices have been further revised. The amendments were made in accordance with the relevant provisions of the Corporate Governance Rule for Securities Companies and the needs of establishing internal structure of the Company. Upon approval by and filing with the Shenzhen Bureau of the CSRC, the Company completed the formalities for the registration of change and filing with the industry and commerce authorities in respect of the change of the Articles of Association on 6 March 2014. The amended Articles of Association was published on the HKExnews website of the Hong Kong Stock Exchange on 6 March 2014, and the website of the Shanghai Stock Exchange on the following day.

### 9.13.2 Commencement of Investor Relations during the Reporting Period

Investor relations represent an integral part of the gradual, orderly and compliant development and operation of the Company, which the Board and the Executive Committee of the Company attach great importance to and spare no effort in.

In 2013, the Company upholds its principle to be open and fair in pursuit of an active and proactive management strategy in investor relations, and ensures the truthfulness, accuracy and completeness of the information disclosed, with an aim to improving our communication.

During the reporting period, the Company organized various exchange activities for investors and analysts in accordance with the regulatory requirements and the needs for business development including: four shareholders' general meetings were convened, with the presence of the Directors, Supervisors, Senior Management and heads of the relevant business divisions of the Company, to explain matters to be discussed at the meetings, introduce the latest development of the Company, and answer the Shareholders' inquiries, through which the Company was able to achieve satisfactory communication with the Shareholders. The 2012 annual results briefing and 2013 interim results briefing were held along with the publication of regular reports; roadshows were conducted in Hong Kong, US and Singapore to visit local investors and promote investors' in-depth knowledge of our operations and results; over 260 meetings in various forms were held between the operating management and the investor relations team of the Company and domestic and overseas institutional investors and analysts, thereby enhancing the investors' understanding of the investment values of the Company, advertising the advantage of the Company's business development and leading the market expectations effectively. In addition, our investor relations team maintained smooth and effective communication with analysts and investors, and timely exchanged their views on hot topics in the market. The Company also continuously optimized the function of the investor hotline, voicemail and our website to provide its investors with a convenient, quick, timely and comprehensive method to know about the development of the Company.

In 2013, the Company has successfully issued RMB-denominated corporate bonds, and raised an aggregate of RMB20 billion. In addition, after becoming the first domestic securities company with an international rating in 2012, the Company completed the issuance of offshore USD-denominated bonds in May 2013, raised US\$800 million in total and became the first domestic securities company issuing USD-denominated bonds overseas. The successful issuance of onshore and offshore bonds was a successful trail in actively utilizing global resources, and realizing the diversified and globalized corporate debt financing by the Company. It also effectively promoted the image of the Company in the capital market.

In 2013, the Company's investor relations and information disclosure gained market recognition. The Company was named Great China Top 100 by the Investor Relations Magazine, a reflection that our investor relations management was recognized by the market. The Company's 2012 Annual Report was granted the "Best Annual Report Award: Outstanding Corporate Governance Disclosure Award in 2013" by the Hong Kong Management Association and was the Bronze Winner of the 2013 International ARC Awards in the 27th Annual celebration of the World's Best Annual Reports. Meanwhile, the Company was recognized as an Outstanding Enterprise in respect of Annual Report Disclosure on "Management Discussion and Analysis" by the Shanghai Stock Exchange.

In 2014, the Company will continue to improve its investor relations service to a higher level and deepen its communication with investors to give the investors a better understanding of the Company, raise the awareness and recognition of the Company among investors and create a wider range of investor relations activities in order to improve the services delivered by the Company to investors and analysts.

## **9.14 Internal Control**

### **9.14.1 Statement of the Board Regarding the Responsibility of Internal Control**

In accordance with the requirements of the corporate internal control standards and system, it is the responsibility of the Board to establish sound and effective internal control, assess its effectiveness and truthfully disclose the assessment report on internal control. The Supervisory Committee oversees the establishment and implementation of internal control by the Board. The management is responsible for the daily operation of internal control. The internal control is aimed to provide reasonable assurance for the legal compliance of operation and management, safety of assets, true and complete financial report and relevant information, improvement of operational efficiency and effectiveness so as to facilitate the realization of development strategies.

Due to its inherent limitations, internal control can only provide reasonable assurance for the achievement of the above objectives. Moreover, the effectiveness of internal control may change with the changes in the internal and external environment and business operations of the Company. The Company has an inspection and supervision mechanism for its internal control. Once any defect is identified in internal control, the Company will immediately take actions to rectify the defect.

The Board assessed the Company's internal control in accordance with the Guidelines on Internal Control for Enterprises. It concluded that the Company's internal control was effective as at 31 December 2013 (benchmark date) and did not find any material or substantial defect on financial reporting and non-financial reporting in the Company's internal control.

The Board will further improve the Company's internal control environment and structure, so that internal control may provide a valuable basis for the overall decision-making of the Company. With the gradual improvement of national laws and regulations and the constant development of the businesses of the Company, the internal control system and mechanism will be further improved, thus promoting the further development of corporate governance.

#### **9.14.2 Basis of Internal Control in the Financial Report**

During the reporting period, the Company further established and improved internal control over financial reports in accordance with the Guidelines on Internal Control for Enterprises and its implementation guidance, the Guidance for the Internal Control of Securities Companies, the Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange and other relevant laws, rules and regulations, combining the specific situation of the Company.

According to the criteria for determining material defects, major defects and general defects as defined in the laws and regulations mentioned above, and in light of its scale, industry-specific features and risk level, the Company studied and defined the criteria suitable for the determination of defects in the internal control of the Company and kept it consistent with the criteria of the previous years.

"Material defect" refers to one defect or a combination of defects that may cause the enterprise to materially deviate from the objectives of internal control. "Major defect" refers to one defect or a combination of defects that leads to less severity and less severe economic consequences than a material defect, but may still cause the enterprise to deviate from the objectives of internal control. "General defect" refers to any defect other than a material defect or a major defect.

According to the criteria outlined above, and based on the findings of routine supervision and special supervision, it is concluded that the Company had a sound internal control system and mechanism during the reporting period. The Company has effectively implemented its internal control system and mechanism in its work, and no material and major defects were found in internal control over the financial report of the Company.

#### **9.14.3 Overall Building of the Internal Control System**

The Company has attached great importance to the development of the internal rules and regulations and the management systems since the Company was established. After the *Guidelines on Internal Control for Enterprises*, the *Guidance for the Internal Control of Securities Companies*, and the *Guidance for the Internal Control of Companies Listed* on Shanghai Stock Exchange were promulgated, the Company has further improved its internal control according to the relevant requirements, and made a consistent effort to improve internal control in every aspect of its business development.

In 2011, as a key company designated to carry out the trial in the Shenzhen Bureau of the CSRC administrative area, the Company, from the prospective of a listed company, had duly conducted trial of regulation on internal control and appointed an external consulting institution for assistance, and adopted the best practice and methodology on internal control from the external consulting institution. In 2012, the Company, from the prospective of a securities company, started and successfully completed an internal control campaign in accordance with the *Notice on Conducting Internal Control Activities among Securities Companies in Shenzhen Administrative Area*, and further improved its internal control system.

As of the end of the reporting period, the Company had established an internal control system in line with the business nature, scale and complexity, ensured the legality and compliance of the Company's operations and management, safety of assets, truthfulness and integrity of the financial reports and relevant information, and achieved significant results in the enhancement of business efficiency and effectiveness.

During the reporting period, the Company had effectively put in place an internal monitoring and control system, and the procedures and internal monitoring and control measures for processing and issuing price-sensitive information, and clearly defined the frequency of reviews on internal control and the standards adopted by directors to appraise the effectiveness of the internal monitoring and control system.

The Company had established, improved and implemented a set of management systems, including the Chinese wall, the registration of people with access to inside information and the registration of persons with access to insider information, according to the regulatory requirements. It effectively prevented the improper use and dissemination of sensitive information. Furthermore, the Company disclosed the relevant information in a true, accurate, complete and timely manner in strict compliance with the laws, regulations and the Articles of Association, and ensured that all investors have equal opportunities to promptly receive the Company's information.

#### **9.14.4 Disclosure of Appraisal Report on the Company's Internal Control**

As a company concurrently listed domestically and abroad, the Company has disclosed the *2013 Annual Report of CITIC Securities Company Limited on the appraisal of Internal Control* together with this announcement. Pursuant to the *Guidelines on Internal Control for Enterprises* and ancillary guidelines, the *Rules No.21 for Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public – General Rules of Annual Report on Internal Control Evaluation* and other relevant laws and regulations, the Company has conducted a self-appraisal on the effectiveness of internal control design and operation as at 31 December 2013, established and effectively implemented an internal control system for the business and matters included in the appraisal scope. The goal of the Company's internal control has been achieved without any material or major defect.

In addition, the Company disclosed the *Audit Report on the Internal Control of CITIC Securities Company Limited* (Ernst & Young Hua Ming(2014) Zhuan Zi No.60469435\_A05) issued by Ernst & Young Hua Ming during the same period, Ernst & Young Hua Ming has issued an opinion to the effectiveness of internal control in the financial report based on their audit, and considered that the Company has maintained effective internal control in the financial report in all material aspects as per the *Guidelines on Internal Control for Enterprises* and the relevant provisions as at 31 December 2013.

#### **9.14.5 Establishment and Implementation of the Registration and Administration System for Persons Informed of Inside Information**

In pursuit of a more comprehensive management system for information disclosures, upon consideration and approval by the Board, the Registration System for Persons Informed of Inside Information of the Company became effective from 29 September 2009. During the reporting period, the Company managed to achieve the due performance of inside information management and registration of persons informed of inside information in accordance with the requirements of the Registration System for Persons Informed of Inside Information. The Company also maintained the relevant documents for inspection by the Company itself and relevant regulatory bodies, including a true and complete list of persons informed of inside information in various processes such as reporting, circulation, preparation, audit and disclosure prior to dissemination of such inside information, and the substance and time of such information being known by such persons. During the reporting period, the Company was not aware of any non-compliance with the Registration System for Persons Informed of Inside Information.

In addition, the Company as a listed company set up the Registration System of Persons Informed of Undisclosed Information from the perspective of a securities company and established the mechanism and work flow for delivery of information of persons informed of undisclosed information for various departments/ business lines, specifying the main responsibilities of the management personnel of the compliance department and other departments/ business lines, administrators of various departments/ business lines and persons informed of undisclosed information pursuant to the requirements of the Notice Regarding Reinforcement of the Management of Persons Informed of Undisclosed Information by Securities Companies (Shen Zheng Ju Ji Gou Zi [2010] No. 126) issued by the Shenzhen Bureau of the CSRC. During the reporting period, in strict compliance with the Registration System of Persons Informed of Undisclosed Information, the Company launched its registration of persons informed of undisclosed information quarterly, issued the "Notice on Further Strengthening of Management of Persons Informed of Undisclosed Insider Information" and submitted timely the Registration Form of Persons Informed of Undisclosed Information to the Shenzhen Bureau of the CSRC.

#### **9.14.6 Implementation of the Company's Accountability System for Material Errors in Information Disclosure in Annual Report**

In order to further improve the Company's internal control system and reinforce the financial accountability system, the Board developed the Accountability System for Material Errors in Information Disclosure in the Annual Report of CITIC Securities Company Limited, and this system became effective on 29 March 2010.

During the reporting period, the system had been implemented satisfactorily, and there were no material accounting errors, supplemental of material omissions of information or correction of the preliminary announcement of results.

#### **9.14.7 Other Matters of Report**

##### ***Establishment of the Compliance Management System***

According to the regulatory requirements, the Company has established a comprehensive and multi-level organizational structure for compliance management. The compliance management is led by the Board, supervised by the Supervisory Committee and implemented by the Compliance Officer and the Compliance Department. The Operating Management, heads of each department/business line and the Compliance Supervisors of each department/business line perform their duties of compliance management within their own scope of authorities. The Company has established a well-developed compliance management system on the basis of the Articles of Association and the Interim Provisions for Compliance Management, covering compliance management duties including the management of employees' activities, inside information and non-public information, anti-money laundering, Chinese wall, compliance consulting and review, compliance inspection and monitoring, and compliance assessment and reporting, in accordance with the laws, regulations and regulatory requirements.

In April 2013, the Company promulgated and issued *Tentative Measures for Management of Subsidiaries, Associates and Joint Ventures*, explicitly stipulated the compliance management for subsidiaries, associates and joint ventures, and improved the compliance management system for subsidiaries, associates and joint ventures. In August 2013, in order to further protect the Company against both employees' ethical risks and company compliance risks, the Company promulgated and issued the *Notice on Further Enhancing the Management of Employees' Professional Activities*, further improved the compliance management system and enhanced the Company's ability in preventing and controlling compliance risks.

During the reporting period, the organizational system for compliance management operated effectively, and all compliance management policies were effectively implemented.

##### ***Internal Audit***

During the reporting period, in order to keep up with the Company's business development, the audit department continued to carry out its work by focusing on risks and mainly enhanced the audit on the headquarters, securities business offices, domestic and overseas subsidiaries and the high-risk businesses concerned by the regulatory authorities.

During the reporting period, the audit department completed routine audits, separation audits, follow-up audits and compulsory leaving audits on the general managers of the securities business offices in 45 projects, involving 9 departments/business lines at the headquarters, 29 securities branches and 3 subsidiaries (including 7 projects), details of which are as follows:

- 9 audited projects at the headquarters, including asset management department, routine audits on equity derivatives department, alternative investments department, trading department, corporate finance & development department, securities finance department and fixed income department, separation audits on former administrative head of the trading department and follow-up audits on shares sale and trading department;
- 29 audit projects in the securities business offices, including compulsory leaving audits on the general managers of 16 securities branches, separation leaving audits on the general managers of 5 securities branches, routine audits on 4 securities branches, and follow-up audits on 4 securities branches;
- 7 audit projects in 3 subsidiaries of the Company, including routine audits on the subsidiaries of CITIC Securities Investment, and CITIC Futures, specific audits on the IT of CSI, and routine audits on the subsidiaries of CSI that are engaged in brokerage, futures, asset management, investment banking and proprietary businesses.

Through the audits mentioned above, the audit department evaluated the soundness and effectiveness of internal control in the audited units, exposed the main risks, enhanced the awareness of risk prevention in all departments/ business lines, securities business departments and subsidiaries and further improved the risk management of the Company.

### ***Monitoring of Risk Control Indicators and Establishment of Supplementary Mechanism***

Since its establishment, the Company has attached great importance to the development of risk control mechanisms, and carried out the businesses in a regulated way. As a result, the Company has achieved stable and healthy development and maintained high quality for its assets. All financial and business risk control indicators conform to the requirements of the *Measures for Administration of Risk Control Indicators of Securities Companies* of the CSRC.

In accordance with the requirement of the Measures for Administration of Risk Control Indicators of Securities Companies, the Company has established a monitoring system for dynamic risk control indicators, and realized the real-time, dynamic monitoring and automatic alarming of risk control indicators.

The Company has established a net capital replenishment mechanism, which ensures that the risk control indicators (such as net capital) are consistently in conformity with the requirements of the securities regulatory authorities. As at 31 December 2013, the net capital reached RMB34,796 million, and all risk monitoring indicators were in line with the relevant regulatory requirements.

### ***Compliance of the Company's Accounts***

In 2013, the Company continued to strengthen the daily management of accounts, and has established a comprehensive system to regulate the relevant business processes of the new accounts innovation businesses in the industry, such as opening accounts remotely and opening A shares securities accounts for the residents of Hong Kong, Macau and Taiwan, and provided specific trainings for each branch to eliminate the non-standard accounts. In August 2013, according to the centralized arrangement of China Securities Depository and Clearing Corporation Limited, the Company underwent routine self-assessment on the account opening agency business, and no non-compliance was identified. In August 2013, based on the standards for identifying dormant accounts, the Company submitted an additional batch of eligible dormant accounts to China Securities Depository and Clearing Corporation Limited and stored them in a separate database of the Company.

As at 31 December 2013, the Company had 2,298,491 securities accounts held by the clients of the brokerage business. Of these accounts, 1,741,128 were eligible securities accounts, accounting for 75.75%; 556,637 were dormant securities accounts, accounting for 24.22%; and 726 were ineligible securities accounts, accounting for 0.03% of the total number of accounts. There were no securities accounts seized by judicial process, or securities accounts which have to be dealt with by reason of risks.

In addition, as at 31 December 2013, the Company had 1,549,794 capital accounts held by the clients of the brokerage business. Of these accounts, 996,481 were eligible capital accounts, accounting for 64.29%; 552,177 were dormant capital accounts, accounting for 35.63%; 1,109 were ineligible capital accounts, accounting for 0.07% of the total number of accounts. There were 27 ineligible capital accounts seized by judicial process, accounting for 0.0017% of the total number of accounts. There were no capital accounts which have to be dealt with by reason of risks.

The compliance of the accounts mentioned above has been disclosed in the *2013 Appraisal Report of CITIC Securities Company Limited on Internal Control*.

### ***Self-assessment on the Implementation of the Management Measures on Information Disclosure by the Board***

During the reporting period, the Company disclosed the relevant information in a truthful, accurate and complete manner in strict accordance with the laws, regulations, the Articles of Association and the *Management Measures on Information Disclosure*, and ensured the timeliness and fairness of information disclosure.

In 2013, the *Management Measures on Information Disclosure* and other relevant policies were effectively implemented. The Company further regulated information disclosure, and improved the management and quality of information disclosure. At the same time, the *Management Measures on Information Disclosure* and other internal policies of the Company are well-developed, containing clear provisions on the reporting, delivery, reviewing and disclosing procedures for major events. All these policies were effectively implemented.

#### ***Capital Movement between the Company and the Related Parties***

In accordance with the Notice of the CSRC on the Regulation of Several Issues Concerning the Capital Movement Between Listed Companies and their Related Parties and the External Guarantees Provided by Listed Companies (Zheng Jian Fa [2003] No. 56) and the Notice on Strengthening Information Disclosure Concerning Appropriation of Funds and Unlawful Provision of Guarantees by Listed Companies of Shenzhen Securities Regulatory Bureau (Shen Zheng Ju Fa Zi [2004] No. 338), Ernst & Young Hua Ming issued the Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties (Ernst & Young Hua Ming (2014) Zhuan Zi No. 60469435\_A06), stating that there was no appropriation of funds by the largest shareholder or other affiliated parties of the Company in 2013.

#### ***Guarantees for External Parties***

In accordance with the *Notice on the Regulation of Several Issues Concerning the Capital Movement Between Listed Companies and their Affiliated Parties and the External Guarantees Provided by Listed Companies* (Zheng Jian Fa [2003] No. 56), and based on their inquiries and investigations about the situations of the Company and the information disclosed by the Company, the independent non-executive Directors, Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway, Mr. RAO Geping and Mr. WEI Benhua, made the following statements and independent opinions regarding the aggregate and current-period external guarantees:

In 2013, the Company provided a counter guarantee in favour of the Bank of China in relation to the standby letter of credit issued by the Bank of China Macau Branch for the first tranche of offshore bonds issuance by the Company's indirect subsidiary CITIC Securities Finance 2013. The guarantee was provided to meet the needs of the first tranche of offshore bonds issuance by CITIC Securities Finance 2013, and not detrimental to the legitimate interests of the Company and its shareholders.

As at 31 December 2013, a wholly-owned subsidiary of the Company, CSI and its wholly-owned subsidiary, CLSA, each provided a guarantee to its subsidiary for the purpose of business development. Such guarantee was not detrimental to the legitimate interests of the Company and other shareholders.

Apart from the guarantees mentioned above, as at 31 December 2013, the Company had no other outstanding aggregate or current-period guarantees.

The Company had not provided any outstanding guarantees for the controlling shareholder or its subsidiary, or any unincorporated entity or individual.

***There is no overdue debts for the Company.***

***During the reporting period, there was no illegal or unlawful practice found on the part of the Company.***

## 10. Independent Auditor's Report and Notes to Financial Statements

### Contents

|                                                                                             | Pages   |
|---------------------------------------------------------------------------------------------|---------|
| INDEPENDENT AUDITORS' REPORT                                                                | 130     |
| AUDITED FINANCIAL STATEMENTS                                                                |         |
| Consolidated:                                                                               |         |
| Statement of profit or loss .....                                                           | 131     |
| Statement of comprehensive income.....                                                      | 132     |
| Statement of financial position.....                                                        | 133-134 |
| Statement of changes in equity.....                                                         | 135     |
| Statement of cash flows.....                                                                | 136-137 |
| Company:                                                                                    |         |
| Statement of financial position.....                                                        | 138-139 |
| NOTES TO THE FINANCIAL STATEMENTS                                                           |         |
| 1. Corporate Information .....                                                              | 140     |
| 2. Basis of Preparation .....                                                               | 140-141 |
| 3. Significant Accounting Policies.....                                                     | 141-151 |
| 4. Significant Accounting Judgements and Estimates .....                                    | 151-152 |
| 5. Taxation .....                                                                           | 152-153 |
| 6. Impact of Issued but not yet Effective International Financial Reporting Standards ..... | 153-154 |
| 7. Operating Segment Information .....                                                      | 154-155 |
| 8. Interest Income.....                                                                     | 155     |
| 9. Investment Income.....                                                                   | 155     |
| 10. Operating Expenses .....                                                                | 156     |
| 11. Directors' and Supervisors' Remuneration.....                                           | 157-158 |
| 12. Five Highest Paid Employees .....                                                       | 158-159 |
| 13. Impairment Losses .....                                                                 | 159     |
| 14. Income Tax Expense.....                                                                 | 159-160 |
| 15. Profit Attributable to Owners of the Parent .....                                       | 160     |
| 16. Dividends .....                                                                         | 160     |
| 17. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent .....          | 160     |
| 18. Property, Plant and Equipment .....                                                     | 161-162 |
| 19. Goodwill .....                                                                          | 163     |
| 20. Other Intangible Assets.....                                                            | 163-166 |
| 21. Investments in Subsidiaries .....                                                       | 166-172 |
| 22. Investments in Associates and Joint Ventures .....                                      | 172-175 |
| 23. Available-for-sale Financial Assets .....                                               | 175     |
| 24. Financial Assets Designated as at Fair Value through Profit or Loss.....                | 176     |
| 25. Refundable Deposits .....                                                               | 176     |
| 26. Deferred Income Tax Assets and Liabilities.....                                         | 176-178 |
| 27. Margin Accounts.....                                                                    | 178     |
| 28. Financial Assets Held for Trading .....                                                 | 179     |
| 29. Derivative Financial Instruments .....                                                  | 179     |
| 30. Reverse Repurchase Agreements.....                                                      | 180     |
| 31. Other Current Assets.....                                                               | 180     |
| 32. Cash Held on Behalf of Customers.....                                                   | 180     |
| 33. Cash and Bank Balances.....                                                             | 180     |
| 34. Accounts Payable.....                                                                   | 181     |
| 35. Financial Liabilities Held for Trading .....                                            | 181     |
| 36. Financial Liabilities Designated as at Fair Value through Profit or Loss.....           | 181     |
| 37. Repurchase Agreements.....                                                              | 181     |
| 38. Tax Payable.....                                                                        | 182     |
| 39. Short-term Loans .....                                                                  | 182     |
| 40. Short-term Financing Instrument Payables.....                                           | 182     |
| 41. Other Current Liabilities .....                                                         | 183     |
| 42. Bonds Payable.....                                                                      | 183     |
| 43. Long-term Loans.....                                                                    | 184     |
| 44. Other Non-current Liabilities.....                                                      | 184     |
| 45. Issued Share Capital.....                                                               | 184     |
| 46. Reserves .....                                                                          | 184-186 |
| 47. Cash and Cash Equivalents .....                                                         | 186     |
| 48. Transferred Financial Assets.....                                                       | 186-187 |
| 49. Commitments and Contingent Liabilities .....                                            | 187     |
| 50. Related Party Disclosures .....                                                         | 188-190 |
| 51. Fair Value and Fair Value Hierarchy.....                                                | 190-192 |
| 52. Financial Instrument Risk Management .....                                              | 193-201 |
| 53. Events after the Reporting Period.....                                                  | 202     |
| 54. Approval of the Consolidated Financial Statements.....                                  | 202     |

# **INDEPENDENT AUDITORS' REPORT**

## **To the shareholders of CITIC Securities Company Limited**

*(Established in the People's Republic of China with limited liability)*

We have audited the consolidated financial statements of CITIC Securities Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 131 to 202, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Directors' responsibility for the consolidated financial statements**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Certified Public Accountants  
Hong Kong  
27 March 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## Year ended 31 December 2013

(In RMB thousands, unless otherwise stated)

|                                                                                        | Notes | 2013              | 2012              |
|----------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| Revenue                                                                                |       |                   |                   |
| – Fee and commission income                                                            |       | 10,698,835        | 7,089,695         |
| – Interest income                                                                      | 8     | 4,089,746         | 2,172,183         |
| – Investment income                                                                    | 9     | 5,259,499         | 3,648,018         |
|                                                                                        |       | <u>20,048,080</u> | <u>12,909,896</u> |
| Other income                                                                           |       | 230,657           | 161,345           |
|                                                                                        |       | <u>20,278,737</u> | <u>13,071,241</u> |
| <b>Total revenue and other income</b>                                                  |       |                   |                   |
| Fee and commission expense                                                             | 10    | 1,060,676         | 800,805           |
| Finance costs                                                                          | 10    | 3,260,336         | 947,693           |
| Staff costs                                                                            | 10    | 5,076,588         | 3,785,608         |
| Depreciation                                                                           |       | 330,651           | 280,174           |
| Business tax and surcharges                                                            |       | 772,601           | 400,888           |
| Other operating expenses                                                               | 10    | 2,790,024         | 1,770,933         |
| Impairment losses                                                                      | 13    | 352,784           | 30,039            |
|                                                                                        |       | <u>13,643,660</u> | <u>8,016,140</u>  |
| <b>Total operating expenses</b>                                                        |       |                   |                   |
| <b>Operating profit</b>                                                                |       | 6,635,077         | 5,055,101         |
| Share of profits and losses of:                                                        |       |                   |                   |
| Associates                                                                             |       | 166,360           | 439,344           |
| Joint ventures                                                                         |       | 44,654            | (7,176)           |
|                                                                                        |       | <u>211,014</u>    | <u>432,168</u>    |
| <b>Profit before income tax</b>                                                        |       | 6,846,091         | 5,487,269         |
| Income tax expense                                                                     | 14    | 1,538,044         | 1,180,466         |
|                                                                                        |       | <u>5,308,047</u>  | <u>4,306,803</u>  |
| <b>Profit for the year</b>                                                             |       |                   |                   |
| Attributable to:                                                                       |       |                   |                   |
| Owners of the parent                                                                   |       | 5,243,917         | 4,237,418         |
| Non-controlling interests                                                              |       | 64,130            | 69,385            |
|                                                                                        |       | <u>5,308,047</u>  | <u>4,306,803</u>  |
| Earnings per share attributable to ordinary equity holders of the parent (in RMB yuan) |       |                   |                   |
| – Basic                                                                                | 17    | 0.48              | 0.38              |
| – Diluted                                                                              | 17    | 0.48              | 0.38              |

Details of the dividends paid and proposed are disclosed in note 16 to the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**Year ended 31 December 2013**

*(In RMB thousands, unless otherwise stated)*

|                                                                                                      | 2013             | 2012      |
|------------------------------------------------------------------------------------------------------|------------------|-----------|
| <b>Profit for the year</b>                                                                           | <b>5,308,047</b> | 4,306,803 |
| <b>Other comprehensive income</b>                                                                    |                  |           |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>        |                  |           |
| Available-for-sale financial assets:                                                                 |                  |           |
| Changes in fair value                                                                                | (505,520)        | 191,365   |
| Income tax effect on changes in fair value                                                           | 133,638          | (32,802)  |
| Reclassification adjustments for gains included in the consolidated statement of profit or loss, net | 170,632          | 251,296   |
|                                                                                                      | (201,250)        | 409,859   |
| Share of other comprehensive income of associates and joint ventures                                 | (5,417)          | 5,417     |
| Exchange differences on translation of foreign operations                                            | (440,199)        | (28,582)  |
| <b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>     | <b>—</b>         | <b>—</b>  |
| <b>Other comprehensive income for the year, net of tax</b>                                           | <b>(646,866)</b> | 386,694   |
| <b>Total comprehensive income for the year</b>                                                       | <b>4,661,181</b> | 4,693,497 |
| Attributable to:                                                                                     |                  |           |
| Owners of the parent                                                                                 | 4,619,079        | 4,624,149 |
| Non-controlling interests                                                                            | 42,102           | 69,348    |
|                                                                                                      | <b>4,661,181</b> | 4,693,497 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**31 December 2013**

(In RMB thousands, unless otherwise stated)

|                                                                          | Notes | 31 December<br>2013 | 2012               |
|--------------------------------------------------------------------------|-------|---------------------|--------------------|
| <b>Non-current assets</b>                                                |       |                     |                    |
| Property, plant and equipment                                            | 18    | 3,637,404           | 3,319,826          |
| Investment properties                                                    |       | 432,348             | 391,786            |
| Goodwill                                                                 | 19    | 10,047,495          | 500,900            |
| Other intangible assets                                                  | 20    | 1,915,891           | 160,950            |
| Investments in associates                                                | 22    | 3,484,220           | 9,027,265          |
| Investments in joint ventures                                            | 22    | 813,487             | 768,276            |
| Available-for-sale financial assets                                      | 23    | 12,887,140          | 11,985,629         |
| Financial assets designated as at fair value through profit or loss      | 24    | 122,208             | 272,835            |
| Refundable deposits                                                      | 25    | 1,024,683           | 818,533            |
| Deferred income tax assets                                               | 26    | 1,323,254           | 836,688            |
| Other non-current assets                                                 |       | 195,830             | 255,170            |
| <b>Total non-current assets</b>                                          |       | <b>35,883,960</b>   | <b>28,337,858</b>  |
| <b>Current assets</b>                                                    |       |                     |                    |
| Fee and commission receivables                                           |       | 440,259             | 48,387             |
| Margin accounts                                                          | 27    | 34,301,932          | 9,423,188          |
| Available-for-sale financial assets                                      | 23    | 22,817,342          | 25,892,481         |
| Financial assets held for trading                                        | 28    | 57,861,675          | 38,325,031         |
| Financial assets designated as at fair value through profit or loss      | 24    | 11,914,137          | 209,743            |
| Derivative financial assets                                              | 29    | 6,491,368           | 423,192            |
| Reverse repurchase agreements                                            | 30    | 22,091,992          | 793,623            |
| Other current assets                                                     | 31    | 11,741,639          | 5,366,768          |
| Cash held on behalf of customers                                         | 32    | 40,125,321          | 33,851,517         |
| Cash and bank balances                                                   | 33    | 27,684,624          | 25,835,767         |
| <b>Total current assets</b>                                              |       | <b>235,470,289</b>  | <b>140,169,697</b> |
| <b>Current liabilities</b>                                               |       |                     |                    |
| Accounts payable                                                         | 34    | 45,196,159          | 34,807,288         |
| Derivative financial liabilities                                         | 29    | 1,326,161           | 636,272            |
| Financial liabilities held for trading                                   | 35    | 2,842,095           | 14,303             |
| Financial liabilities designated as at fair value through profit or loss | 36    | 16,441,015          | 4,475              |
| Repurchase agreements                                                    | 37    | 55,704,255          | 22,043,614         |
| Due to banks and other financial institutions                            |       | 4,710,000           | 2,900,000          |
| Tax payable                                                              | 38    | 2,203,344           | 1,004,471          |
| Short-term loans                                                         | 39    | 2,525,220           | 790,564            |
| Short-term financing instrument payables                                 | 40    | 11,998,130          | 13,000,000         |
| Other current liabilities                                                | 41    | 9,761,219           | 4,533,863          |
| <b>Total current liabilities</b>                                         |       | <b>152,707,598</b>  | <b>79,734,850</b>  |
| <b>Net current assets</b>                                                |       | <b>82,762,691</b>   | <b>60,434,847</b>  |
| <b>Total assets less current liabilities</b>                             |       | <b>118,646,651</b>  | <b>88,772,705</b>  |

|                                             | Notes | 31 December<br>2013 | 2012       |
|---------------------------------------------|-------|---------------------|------------|
| <b>Non-current liabilities</b>              |       |                     |            |
| Bonds payable                               | 42    | 26,177,108          | 1,500,000  |
| Deferred income tax liabilities             | 26    | 872,286             | 323,176    |
| Long-term loans                             | 43    | 567,000             | —          |
| Other non-current liabilities               | 44    | 1,628,162           | 265,232    |
| <b>Total non-current liabilities</b>        |       | <b>29,244,556</b>   | 2,088,408  |
| <b>Net assets</b>                           |       | <b>89,402,095</b>   | 86,684,297 |
| <b>Equity</b>                               |       |                     |            |
| Equity attributable to owners of the parent |       |                     |            |
| Issued share capital                        | 45    | 11,016,908          | 11,016,908 |
| Reserves                                    | 46    | 51,039,446          | 50,228,214 |
| Retained profits                            |       | 25,632,131          | 25,219,882 |
|                                             |       | 87,688,485          | 86,465,004 |
| Non-controlling interests                   |       | 1,713,610           | 219,293    |
| <b>Total equity</b>                         |       | <b>89,402,095</b>   | 86,684,297 |

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Chairman

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Executive Director and President

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## Year ended 31 December 2013

(In RMB thousands, unless otherwise stated)

|                                             | Attributable to owners of the parent |                 |                  |                 |                                |                                      |             |                  | Non-controlling interests | Total equity |
|---------------------------------------------|--------------------------------------|-----------------|------------------|-----------------|--------------------------------|--------------------------------------|-------------|------------------|---------------------------|--------------|
|                                             | Reserves                             |                 |                  |                 |                                |                                      | Total       |                  |                           |              |
|                                             | Issued share capital                 | Capital reserve | Surplus reserves | General reserve | Investment revaluation reserve | Foreign currency translation reserve |             | Retained profits |                           |              |
| At 1 January 2013                           | 11,016,908                           | 34,524,094      | 5,885,189        | 10,424,685      | (132,572)                      | (473,182)                            | 25,219,882  | 86,465,004       | 219,293                   | 86,684,297   |
| Profit for the year                         | —                                    | —               | —                | —               | —                              | —                                    | 5,243,917   | 5,243,917        | 64,130                    | 5,308,047    |
| Other comprehensive income for the year     | —                                    | (5,417)         | —                | —               | (201,468)                      | (422,350)                            | 4,397       | (624,838)        | (22,028)                  | (646,866)    |
| Total comprehensive income for the year     | —                                    | (5,417)         | —                | —               | (201,468)                      | (422,350)                            | 5,248,314   | 4,619,079        | 42,102                    | 4,661,181    |
| Dividend – 2012                             | —                                    | —               | —                | —               | —                              | —                                    | (3,305,073) | (3,305,073)      | —                         | (3,305,073)  |
| Appropriation to surplus reserves           | —                                    | —               | 553,953          | —               | —                              | —                                    | (553,953)   | —                | —                         | —            |
| Appropriation to general reserve            | —                                    | —               | —                | 977,039         | —                              | —                                    | (977,039)   | —                | —                         | —            |
| Capital increase/(decrease) by shareholders |                                      |                 |                  |                 |                                |                                      |             |                  |                           |              |
| – Capital contribution by shareholders      | —                                    | —               | —                | —               | —                              | —                                    | —           | —                | 1,757,260                 | 1,757,260    |
| – Others                                    | —                                    | (90,525)        | —                | —               | —                              | —                                    | —           | (90,525)         | (292,600)                 | (383,125)    |
| Dividends to non-controlling shareholders   | —                                    | —               | —                | —               | —                              | —                                    | —           | —                | (12,445)                  | (12,445)     |
| Others                                      | —                                    | —               | —                | —               | —                              | —                                    | —           | —                | —                         | —            |
| At 31 December 2013                         | 11,016,908                           | 34,428,152      | 6,439,142        | 11,401,724      | (334,040)                      | (895,532)                            | 25,632,131  | 87,688,485       | 1,713,610                 | 89,402,095   |

|                                             | Attributable to owners of the parent |                 |                  |                 |                                |                                      |                  |             | Non-controlling interests | Total equity |
|---------------------------------------------|--------------------------------------|-----------------|------------------|-----------------|--------------------------------|--------------------------------------|------------------|-------------|---------------------------|--------------|
|                                             | Reserves                             |                 |                  |                 |                                |                                      | Retained Profits | Total       |                           |              |
|                                             | Issued share capital                 | Capital reserve | Surplus reserves | General reserve | Investment revaluation reserve | Foreign currency translation reserve |                  |             |                           |              |
| At 1 January 2012                           | 11,016,908                           | 34,527,836      | 5,464,621        | 9,718,593       | (542,468)                      | (444,600)                            | 26,846,395       | 86,587,285  | 402,918                   | 86,990,203   |
| Profit for the year                         | —                                    | —               | —                | —               | —                              | —                                    | 4,237,418        | 4,237,418   | 69,385                    | 4,306,803    |
| Other comprehensive income for the year     | —                                    | 5,417           | —                | —               | 409,896                        | (28,582)                             | —                | 386,731     | (37)                      | 386,694      |
| Total comprehensive income for the year     | —                                    | 5,417           | —                | —               | 409,896                        | (28,582)                             | 4,237,418        | 4,624,149   | 69,348                    | 4,693,497    |
| Dividend – 2011                             | —                                    | —               | —                | —               | —                              | —                                    | (4,737,271)      | (4,737,271) | —                         | (4,737,271)  |
| Appropriation to surplus reserves           | —                                    | —               | 420,568          | —               | —                              | —                                    | (420,568)        | —           | —                         | —            |
| Appropriation to general reserve            | —                                    | —               | —                | 706,092         | —                              | —                                    | (706,092)        | —           | —                         | —            |
| Capital increase/(decrease) by shareholders | —                                    | —               | —                | —               | —                              | —                                    | —                | —           | —                         | —            |
| – Capital contribution by shareholders      | —                                    | —               | —                | —               | —                              | —                                    | —                | —           | (167,480)                 | (167,480)    |
| – Others                                    | —                                    | (9,159)         | —                | —               | —                              | —                                    | —                | (9,159)     | (12,921)                  | (22,080)     |
| Dividends to non-controlling shareholders   | —                                    | —               | —                | —               | —                              | —                                    | —                | —           | (72,572)                  | (72,572)     |
| Others                                      | —                                    | —               | —                | —               | —                              | —                                    | —                | —           | —                         | —            |
| At 31 December 2012                         | 11,016,908                           | 34,524,094      | 5,885,189        | 10,424,685      | (132,572)                      | (473,182)                            | 25,219,882       | 86,465,004  | 219,293                   | 86,684,297   |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## Year ended 31 December 2013

(In RMB thousands, unless otherwise stated)

|                                                                                      | 2013                | 2012         |
|--------------------------------------------------------------------------------------|---------------------|--------------|
| <b>Cash flows from operating activities</b>                                          |                     |              |
| Profit before income tax                                                             | <b>6,846,091</b>    | 5,487,269    |
| Adjustments for:                                                                     |                     |              |
| Financing interest expense                                                           | <b>1,324,763</b>    | 232,890      |
| Share of profits and losses of associates and joint ventures                         | <b>(211,014)</b>    | (432,168)    |
| Dividend income and interest income from available-for-sale financial assets         | <b>(1,170,138)</b>  | (939,206)    |
| Net gain on disposal of available-for-sale financial assets                          | <b>(1,604,044)</b>  | (707,201)    |
| Net gain on disposal of property, plant and equipment and other assets               | <b>(112,567)</b>    | (82,823)     |
| Fair value loss/(gain) on financial instruments at fair value through profit or loss | <b>565,374</b>      | (416,774)    |
| Depreciation                                                                         | <b>343,606</b>      | 291,391      |
| Amortisation                                                                         | <b>230,601</b>      | 133,335      |
| Impairment on available-for-sale financial assets                                    | <b>349,917</b>      | 33,922       |
| Impairment on other assets                                                           | <b>2,867</b>        | (3,883)      |
|                                                                                      | <b>6,565,456</b>    | 3,596,752    |
| <b>Net decrease/(increase) in operating assets</b>                                   |                     |              |
| Financial assets held for trading                                                    | <b>(21,027,676)</b> | (18,279,029) |
| Cash held on behalf of customers                                                     | <b>(4,104,253)</b>  | 1,908,721    |
| Other assets                                                                         | <b>(34,470,852)</b> | (11,610,687) |
|                                                                                      | <b>(59,602,781)</b> | (27,980,995) |
| <b>Net increase/(decrease) in operating liabilities</b>                              |                     |              |
| Accounts payable                                                                     | <b>3,925,036</b>    | (1,610,766)  |
| Repurchase agreements                                                                | <b>33,660,641</b>   | 7,810,921    |
| Other liabilities                                                                    | <b>(6,367,736)</b>  | 3,017,367    |
|                                                                                      | <b>31,217,941</b>   | 9,217,522    |
| <b>Net cash outflow from operating activities before tax</b>                         | <b>(21,819,384)</b> | (15,166,721) |
| Income tax paid                                                                      | <b>(894,439)</b>    | (2,027,246)  |
| <b>Net cash outflow from operating activities</b>                                    | <b>(22,713,823)</b> | (17,193,967) |

|                                                                                                            | Notes | 2013              | 2012              |
|------------------------------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| <b>Cash flows from investing activities</b>                                                                |       |                   |                   |
| Dividend income and interest income received from available-for-sale financial assets                      |       | 1,207,567         | 939,391           |
| Net cash flows from purchases, leases and sales of items of property, plant and equipment and other assets |       | (330,510)         | (506,170)         |
| Net cash flows from business combination                                                                   |       | (2,289,315)       | (17,988)          |
| Net cash flows from investments in associates and joint ventures                                           |       | (1,031,329)       | 120,840           |
| Net cash flows from disposal or purchase of available-for-sale financial assets                            |       | 5,044,521         | (48,895)          |
| Other net cash flows from investing activities                                                             |       | —                 | 256,676           |
| <b>Net cash inflow from investing activities</b>                                                           |       | <b>2,600,934</b>  | <b>743,854</b>    |
| <b>Cash flows from financing activities</b>                                                                |       |                   |                   |
| Cash inflows from financing activities                                                                     |       | 25,278,177        | 13,819,367        |
| Payment of debts                                                                                           |       | (888,763)         | —                 |
| Dividends and interest expense                                                                             |       | (4,018,383)       | (4,969,594)       |
| Other cash outflows from financing activities                                                              |       | (73,175)          | —                 |
| <b>Net cash inflow from financing activities</b>                                                           |       | <b>20,297,856</b> | <b>8,849,773</b>  |
| Net increase/(decrease) in cash and cash equivalents                                                       |       | 184,967           | (7,600,340)       |
| Cash and cash equivalents at the beginning of the year                                                     |       | 25,835,767        | 33,444,451        |
| Effect of exchange rate changes on cash and bank balances                                                  |       | (351,822)         | (8,344)           |
| <b>Cash and cash equivalents at the end of the year</b>                                                    | 47    | <b>25,668,912</b> | <b>25,835,767</b> |
| Cash and bank balances                                                                                     | 33    | 27,684,624        | 25,835,767        |
| Less: Restricted funds                                                                                     | 33    | 2,015,712         | —                 |
| <b>Cash and cash equivalents</b>                                                                           |       | <b>25,668,912</b> | <b>25,835,767</b> |

# STATEMENT OF FINANCIAL POSITION

**31 December 2013**

(In RMB thousands, unless otherwise stated)

|                                                 | Notes | 31 December<br>2013 | 2012              |
|-------------------------------------------------|-------|---------------------|-------------------|
| <b>Non-current assets</b>                       |       |                     |                   |
| Property, plant and equipment                   | 18    | 3,007,501           | 3,118,746         |
| Investment properties                           |       | 432,348             | 391,786           |
| Other intangible assets                         | 20    | 130,512             | 106,257           |
| Investments in subsidiaries                     | 21    | 22,663,040          | 18,066,759        |
| Investments in associates                       | 22    | 1,125,353           | 2,877,276         |
| Available-for-sale financial assets             | 23    | 3,783,146           | 4,302,490         |
| Refundable deposits                             | 25    | 1,234,961           | 1,783,536         |
| Deferred income tax assets                      | 26    | 929,773             | 788,948           |
| Other non-current assets                        |       | 87,749              | 122,831           |
| <b>Total non-current assets</b>                 |       | <b>33,394,383</b>   | <b>31,558,629</b> |
| <b>Current assets</b>                           |       |                     |                   |
| Fee and commission receivables                  |       | 71,738              | 48,387            |
| Margin accounts                                 | 27    | 22,183,838          | 5,990,043         |
| Available-for-sale financial assets             | 23    | 23,222,964          | 21,868,201        |
| Financial assets held for trading               | 28    | 51,214,298          | 35,178,305        |
| Derivative financial assets                     | 29    | 993,745             | 374,991           |
| Reverse repurchase agreements                   | 30    | 21,714,990          | 793,623           |
| Due from banks and other financial institutions |       | 1,660,000           | —                 |
| Other current assets                            | 31    | 5,487,626           | 893,481           |
| Cash held on behalf of customers                | 32    | 16,892,425          | 14,571,019        |
| Cash and bank balances                          | 33    | 16,097,643          | 18,924,821        |
| <b>Total current assets</b>                     |       | <b>159,539,267</b>  | <b>98,642,871</b> |
| <b>Current liabilities</b>                      |       |                     |                   |
| Accounts payable                                | 34    | 16,261,083          | 14,919,595        |
| Derivative financial liabilities                | 29    | 1,345,715           | 610,136           |
| Financial liabilities held for trading          | 35    | 1,855,352           | —                 |
| Repurchase agreements                           | 37    | 55,062,780          | 20,925,313        |
| Due to banks and other financial institutions   |       | 2,860,000           | 2,800,000         |
| Tax payable                                     | 38    | 1,368,056           | 728,015           |
| Short-term loans                                | 39    | 100,000             | —                 |
| Short-term financing instrument payables        | 40    | 11,998,130          | 13,000,000        |
| Other current liabilities                       | 41    | 8,936,846           | 2,880,344         |
| <b>Total current liabilities</b>                |       | <b>99,787,962</b>   | <b>55,863,403</b> |
| <b>Net current assets</b>                       |       | <b>59,751,305</b>   | <b>42,779,468</b> |
| <b>Total assets less current liabilities</b>    |       | <b>93,145,688</b>   | <b>74,338,097</b> |

|                                      |       | 31 December       |            |
|--------------------------------------|-------|-------------------|------------|
|                                      |       | 2013              | 2012       |
|                                      | Notes |                   |            |
| <b>Non-current liabilities</b>       |       |                   |            |
| Bonds payable                        | 42    | <b>21,453,448</b> | 1,500,000  |
| Deferred income tax liabilities      | 26    | <b>1,697</b>      | 245,215    |
| <b>Total non-current liabilities</b> |       | <b>21,455,145</b> | 1,745,215  |
| <b>Net assets</b>                    |       | <b>71,690,543</b> | 72,592,882 |
| <b>Equity</b>                        |       |                   |            |
| Issued share capital                 | 45    | <b>11,016,908</b> | 11,016,908 |
| Reserves                             | 46    | <b>48,661,980</b> | 48,295,444 |
| Retained profits                     |       | <b>12,011,655</b> | 13,280,530 |
| <b>Total equity</b>                  |       | <b>71,690,543</b> | 72,592,882 |

# NOTES TO FINANCIAL STATEMENTS

## 31 December 2013

(In RMB thousands, unless otherwise stated)

### 1. CORPORATE INFORMATION

CITIC Securities Company Limited (the Company) was established in Beijing, the People's Republic of China (the "PRC" or "Mainland China", which excludes for the purpose of the financial statements, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan) on 25 October 1995. Pursuant to approval by the China Securities Regulatory Commission (the "CSRC"), the Company was restructured as a joint stock limited company in 1999. The Company's common stock was listed on the PRC domestic A-share market in 2003. The registered office of the Company is located at North Tower, Excellence Times Plaza II, No. 8 Zhongxin San Road, Futian District, Shenzhen, Guangdong Province, PRC.

According to a resolution relating to the issue and listing of H Shares in Hong Kong passed in the first extraordinary general meeting of shareholders in 2011, along with the "Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities" (CSRC [2011] No.1366) issued by the CSRC, the Company conducted its initial public offering of overseas-listed foreign shares ("H shares") in September and October 2011. Under this offering, the Company totally offered 1,071,207,000 H shares (including over-allotment of 75,907,000 H shares) with a nominal value of RMB1.00 per share. As at 31 December 2011, the total share capital of the Company increased to RMB11,016,908,400. The capital increase has been verified by Ernst & Young Hua Ming according to the capital verification report of Ernst & Young Hua Ming Yan Zi (2011) 60469435\_A09.

The Company and its subsidiaries (hereinafter collectively referred to as the Group) were involved in the following principal activities:

- securities and futures brokerage
- securities investment fund distribution and introducing brokerage for futures companies
- agency sale of financial products
- securities underwriting and sponsorship
- provision of investment advisory and consultancy services
- proprietary securities investment
- asset management and fund management
- margin financing and securities lending services

On 22 October 2012, with the approval of the CSRC, CITIC Limited obtained the qualification to hold shares over 5% of the Company, the CSRC has no objection on the transfer of 2,236,890,620 shares of the Company (accounting for 20.30% of the total shares) to CITIC Limited. On 25 February 2013, the procedures for the transfer of shareholding were completed and the largest shareholder of the Company was changed from CITIC Group to CITIC Limited.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting periods commencing from 1 January 2013 together with the relevant transitional provisions, have been adopted by the Group in the preparation of these financial statements.

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and liabilities held for trading, financial assets and liabilities designated as at fair value through profit or loss and available-for-sale financial assets (unless the fair value cannot be reliably measured) that have been measured at fair value, as further explained in the respective accounting policies below. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

#### ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognises the carrying amount of any non-controlling interest;
- (c) derecognises the cumulative translation differences recorded in equity;
- (d) recognises the fair value of the consideration received;
- (e) recognises the fair value of any investment retained;
- (f) recognises any resulting surplus or deficit in profit or loss; and
- (g) reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated Statement of profit or loss and within equity in the consolidated statements of financial position separately from the equity attributable to owners of the parent. An acquisition of non-controlling interests is accounted for as an equity transaction.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### ***(1) Cash and cash equivalents***

Cash comprises cash on hand and demand deposits which are not restricted as to use.

Cash equivalents comprise short term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

#### ***(2) Foreign currency transactions and foreign currency translation***

The financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing functional currency exchange rates at the end of the reporting period. All differences are taken to the statement of profit or loss.

For the financial statements prepared in US dollars, foreign currencies other than the US dollar are translated into US dollars using the central parity rate published by the People's Bank of China or other authorities as at the end of the reporting period. For the financial statements prepared in RMB, foreign currencies are translated into RMB using the spot exchange rates published by the People's Bank of China or other authorities as at the end of the reporting period. The exchange differences resulting from foreign currency financial statement translation are recognised in other comprehensive income and accumulated in the foreign exchange translation reserve.

#### ***(3) Financial instruments***

Financial instruments are contracts which become one enterprise's financial assets, at the same time become other units' financial liabilities or equity instruments.

##### ***(a) Initial recognition and derecognition of financial instruments***

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised, which means to write off a financial asset or financial liability from the account and statement of financial position of the enterprise when:

- (i) The rights to receive cash flows from the assets have expired; or
- (ii) The Group has transferred its rights to receive cash flows from the asset; or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and (a) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

All regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

When the Group has made substantial modifications to a part of the contract terms of an existing financial liability, the relevant portion of the existing financial liability is derecognised, while the financial liability under modified terms is recognised as a new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognised in profit or loss.

If the Group repurchases a part of a financial liability, the Group shall allocate the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) for the part derecognised shall be recognised in profit or loss.

*(b) Classification and measurement of financial instruments*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities at fair value through profit or loss are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

Subsequent measurement of financial instruments depends on their classification as follows:

- (i) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include financial assets and financial liabilities held for trading, and financial assets and financial liabilities designated as at fair value through profit or loss.

A financial asset or financial liability is classified as held for trading if it is acquired for the purpose of sale or repurchase in the near term. Derivatives are also classified as held for trading except for the derivative that is a financial guarantee contract or a designated effective hedging instrument.

Such financial instruments are subsequently measured at fair value. Gains or losses arising from the difference between fair value and previous carrying amount are recognised in profit or loss as investment income or losses. Realised gains or losses upon disposal of held-for-trading financial assets are recognised as investment income or losses. Dividends and interest accrued during the holding period from financial assets measured at fair value through profit or loss are recognised as investment income.

Financial assets or financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the following criteria are satisfied:

- The designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial assets or financial liabilities or recognising the gains and losses on different bases;
- A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to key management personnel;
- Hybrid instruments containing one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear with little or no analysis that the embedded derivative(s) would not be separately recorded;
- Hybrid instruments containing embedded derivatives which need to be separated but cannot be separately measured on acquisition date or subsequent balance sheet date.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity, which the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method. If there are no significant differences between the contractual interest rates or coupon rates and effective interest rates, held-to-maturity investments are measured at amortised cost using the contractual interest rates or coupon rates.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. If there are no significant differences between the contractual interest rates and effective interest rates, loans and receivables are measured at amortised cost using the contractual interest rates. When loans and receivables are collected, differences between the amount received and the carrying amount are recognised as profit or loss in the statement of profit or loss.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are subsequently measured at fair value. When the fair value cannot be reliably measured, available-for-sale financial assets are carried at cost. When available-for-sale financial assets are disposed of, the difference between the consideration received plus cumulative gains or losses previously recorded in equity arising from changes of fair value and the carrying amount are recognised as investment income or losses.

(v) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities that are not classified or designated as financial liabilities at fair value through profit or loss. Other liabilities are subsequently measured at amortised cost using the effective interest rate method.

(vi) Reclassification of financial assets

When the Group changes the intention, the held-to-maturity investments are reclassified as available-for-sale financial assets. If the Group sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity, it shall reclassify any remaining held-to-maturity investments as available-for-sale financial assets, and shall not classify any financial assets as held to maturity during the current and the two subsequent financial years.

(c) *Fair value of financial instruments*

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of quoted financial assets and financial liabilities in active markets are based on current bid prices and ask prices, as appropriate. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group prefers observable inputs. Unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to assess.

Default Valuation Adjustments (DVA) are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that DVA stay the same before and after the transfer of the liability. DVA refer to risk that enterprises fail to perform the obligation, including but not limited to their own credit risk.

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level of fair value measurement depends on the lowest level of input that is of great significance to the entire fair value measurement.

(d) *Impairment of financial assets*

The Group assesses at each financial reporting date whether there is objective evidence that a financial asset is impaired and impairment provision shall be accrued. The objective evidence of impairment is a result of one or more events that occurred after the initial recognition of financial assets and has an impact on the estimated future cash flows of the financial assets that can be reliably measured.

(i) Financial assets carried at amortised cost

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The loss is recognised in the statement of profit or loss. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition), and the value of collaterals should be considered.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence of impairment, the impairment loss is recognised in the statement of profit or loss. The Group performs a collective assessment for all other financial assets that are not individually significant or for which impairment has not yet been identified by including the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account and recognised in the statement of profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed.

(ii) Available-for-sale financial assets

If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss recognised in other comprehensive income is reclassified from equity to the statement of profit or loss and is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. A significant or prolonged decline in the fair value of an equity instrument is an indicator of impairment in such investments where a decline in the fair value of equity instrument below its initial cost by 50% or more; or fair value below cost for one year or longer, upon which impairment loss is recognised. Impairment losses of available-for-sale equity instruments are not reversed through profit or loss. Increases of their fair value after the impairment are recognised directly in other comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the previously recognised impairment loss is reversed through the statement of profit or loss.

(iii) Financial assets carried at cost

If there is objective evidence that a financial asset is impaired, the difference between the carrying amount of a financial asset and the present value of the future cash flows discounted at the prevailing market rate of return for a similar financial asset, is recognised as an impairment loss through profit or loss. The impairment losses are not reversed once recognised.

(e) *Derivative financial instruments*

The Group uses derivatives, such as foreign currency contracts, interest rate swaps and contracts of stock index to hedge its foreign currency risk, interest rate risk and stock price risk, respectively. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including the discounted cash flow analysis and option pricing models, as appropriate. Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are applied to the Group’s over-the-counter derivatives to reflect the credit risk of the counterparties and the Group itself, respectively.

(f) *Convertible bond*

The Group determines whether the convertible bonds comprise both of liability and equity components on issuance according to clauses. The convertible bonds issued comprising both of liability and equity components shall present liability and equity separately at initial recognition. When presenting separately, the fair value of the liability component should be determined firstly as initially recognised amount, and then the equity component is initially recognised as the difference between the proceeds received from the convertible bonds as a whole and the amount of the liability component. Transaction costs are apportioned between the liability and equity components of the convertible bond based on the relatively fair value of the liability and equity components. The liability component is classified as liability and is subsequently measured at amortised cost until it is cancelled, reversed or redeemed. The equity component is classified as equity that is not measured subsequently.

(g) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(4) Allowance for doubtful accounts**

(a) *Individual significant accounts receivable that assess allowance on an individual basis*

The allowances for significant accounts receivables are assessed individually. Impairment loss is recognised in profit or loss when there is objective evidence that an account receivable is impaired.

**(b) Accounts receivable that assess allowance on a collective basis**

The Group categories accounts receivable into different portfolios with ageing as similar credit risk characteristic and collectively assesses them for impairment. Provision for accounts receivables and other receivables based on the aging analysis is recognised as follows:

- (i) If the age is less than or equal to 1 year, 0.5% of the balance is recognised as a provision;
- (ii) If the age is more than 1 year but less than or equal to 2 years, 10% of the balance is recognised as a provision;
- (iii) If the age is more than 2 years but less than or equal to 3 years, 20% of the balance is recognised as a provision;
- (iv) If the age is more than 3 years, 50% of the balance is recognised as a provision.

**(5) Margin financing and securities lending services**

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

**(6) Fiduciary wealth management**

The Group's fiduciary wealth management business comprises targeted asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

**(7) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group assesses whether it has power over an investee, the Group's voting rights or potential voting rights and other contractual arrangements are considered.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

**(8) Associates**

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statement of profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates.

The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates are stated at cost less any impairment losses.

**(9) Joint ventures**

Joint ventures are all entities over which the Group has joint control. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of joint ventures is included in the consolidated statement of profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures.

The results of joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in joint ventures are stated at cost less any impairment losses.

#### **(10) Investment properties**

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including land use rights and buildings that have been leased.

The Group's investment properties are accounted for using the cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are accounted for using the same measurement and depreciation methods as those for property, plant and equipment. The land use rights are accounted for using the same amortisation method as those for intangible assets.

#### **(11) Property, plant and equipment**

##### *(a) Recognition criteria for property, plant and equipment*

Property, plant and equipment comprise buildings, motor vehicles and electronic devices (including battery, display screen and NoDisk, etc.) that the Group expects to use for more than one year and other tangible assets that are expected to be used for more than one year and the unit costs of which are greater than RMB2,000.

##### *(b) Property, plant and equipment initially measured at cost*

The cost of an item of purchased property, plant and equipment comprises purchase price, tax and any costs directly attributable to bringing the asset to the condition necessary for its intended use and it includes transportation costs, installation and assembly costs, and professional service fees. The cost of a self-constructed asset comprises all costs incurred before the asset is ready for its intended use.

Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance expenditures are recognised in the Statement of profit or loss as incurred. Depreciation of property, plant and equipment is calculated on the straight-line basis.

The estimated useful life, the depreciation rate and the estimated residual value of each item of property, plant and equipment are as follows:

| Types of property, plant and equipment | Estimated useful life | Monthly depreciation rate | Estimated residual value |
|----------------------------------------|-----------------------|---------------------------|--------------------------|
| Properties and buildings               | 35 years              | 0.2262%                   | 5%                       |
| Electronic devices                     | 2-5 years             | 1.667%-4.167%             | —                        |
| Motor vehicles                         | 5 years               | 1.617%                    | 3%                       |
| Communication equipment                | 5 years               | 1.617%                    | 3%                       |
| Office equipment                       | 3 years               | 2.778%                    | —                        |
| Security equipment                     | 5 years               | 1.617%                    | 3%                       |
| Others                                 | 5 years               | 1.617%                    | 3%                       |

The years that property, plant and equipment were already in use were excluded when determining the estimated useful lives of these types of property, plant and equipment. The estimated useful life, the estimated residual value and the depreciation method of each type of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal of property, plant and equipment, the costs of disposal and taxes in connection with such disposal are considered in the determination of the estimated residual value.

##### *(c) Construction in progress*

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use.

## **(12) Intangible assets**

Intangible assets are recognised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, and measured initially at cost. The intangible assets acquired from business combination and their fair value can be measured reliably are recognised as intangible assets individually and measured at their fair value.

The useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Intangible assets with finite useful lives shall be amortised on a straight-line basis over the useful period. The useful lives and amortisation method of the intangible assets with finite useful lives shall be reviewed by the Group at least at each financial year end, and adjusted as appropriate. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life, or there is an active market for the asset, where residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

The land use rights acquired by the Group are generally determined as intangible assets, and amortised over the period that is confirmed by the land use permit; and the land use rights that are used for rental earning or capital appreciation are regarded as investment properties (amortisation is recorded into other operating costs); if the costs between the self-used land use rights and related buildings cannot be reliably separated, the land use rights shall be recognised as fixed assets. The software acquired by outsourcing shall be amortised over 5 years. The self-developed software, patents, non-patents, trade mark right, client relationship and other intangible assets shall be amortised over their useful lives.

Intangible assets with indefinite useful lives need to be assessed for impairment no matter if there is any impairment evidence. These assets need not to be amortized, and their useful lives shall be reviewed during every accounting period. If there is any evidence to support that the useful lives are definite, these intangible assets shall apply the policies of intangible assets with definite useful lives.

The internal research and development expenses are classified as research phase expense and development phase expense. Expenditure on research phase of an internal project shall be recognised as an expense when it is incurred. Development phase expense can be capitalised only an entity can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (b) its intention to complete the intangible asset and use or sell it.
- (c) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (d) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (e) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The development phase expenses that do not meet above conditions shall be recognised in profit or loss when incurred.

## **(13) Revenue**

Revenue from underwriting services is recognised when the outcome of the underwriting services provided can be reliably estimated and reasonably recognised. The revenue is usually carried over upon completion of the offering.

Revenue from the securities brokerage services is recognised on the date of the securities transaction.

Revenue from asset management services is recognised according to the provisions of the asset management contract.

Interest income from the Group's interest-earning financial assets and interest expense on the Group's financial liabilities are recognised as "Interest income" and "Interest expense" in the statement of profit or loss by using the effective interest method. Contractual interest rates will be applied if there are no significant differences between the effective interest rates and the contractual interest rates.

Dividend income is recognised when the Group's right to receive payment has been established.

Revenues from other businesses are recognised on the basis of when the contractual obligations are fulfilled and when the service fees and commissions are actually received.

#### **(14) Income tax**

Income tax comprises current tax and deferred income tax. Current tax is the amount of current income tax payable calculated based on current taxable income. Taxable income is calculated based on the adjustment to the current year pre-tax accounting profit according to the applicable tax laws.

For current income tax liabilities or current income tax assets generated from the current and prior periods, the expected income tax payable or the income tax deduction is calculated according to the applicable tax laws.

The Group measures deferred income tax using the statement of balance sheet liability method according to the temporary difference between the carrying amount of an asset or liability at the end of the reporting period and its tax base, and the temporary difference between the carrying amount of an item not recognised as an asset or liability at the end of the reporting period and its tax base.

All taxable temporary differences are recognised as deferred income tax liabilities, except:

- (a) The deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (a) The deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

#### **(15) Employee compensation**

Employee compensation refer to all forms of consideration and other related expenditure given or incurred by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the discounting effect of the benefits payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

In accordance with the applicable laws and regulations, Mainland China employees of the Group participate in various social insurance schemes like basic pension insurance, medical insurance, unemployment insurance and housing fund schemes administered by the local government authorities. Contributions to these schemes are recognised in the relatively allocated cost or in the Statement of profit or loss as incurred.

All eligible employees outside Mainland China participate in local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.

#### **(16) Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the Group receives grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. When fair value cannot be reliably measured, they are recognised at nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognised as government grants related to assets. Judgements should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic condition, are recognised, as government grants related to assets, whereas the rest as government grants related to income.

Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognized as deferred income and released to profit or loss during the period when the expense incurs. Government grants that are to compensate the incurred expenses or losses are recognised into profit or loss directly. Government grants related to assets are recognised as deferred income, and released to profit or loss over the expected useful life of the relevant assets by equal annual instalments. Government grants measured at nominal amount are recorded into profit or loss directly.

#### **(17) Impairment**

The Group assesses impairment of assets other than investment properties, measured at fair value, deferred tax and financial assets as follows:

The Group assesses at each financial reporting date whether there is objective evidence that assets are impaired. Where there is objective evidence, the Group estimates the recoverable amount and assesses impairments provision. For goodwill acquired from business combination and intangible assets with indefinite useful life, no matter there is objective evidence of impairment or not, impairment should be assessed at each annual financial reporting date. Impairment for intangible assets not readily for use is also assessed annually.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The recognition of an asset group shall base on whether the main cash flow generated by the asset group is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group decreases the carrying amount to recoverable amount. The decreased amounts are recognised in profit or loss and corresponding provisions are made.

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, if there is indication of impairment, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognises relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on pro rata basis.

#### **(18) Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### **(19) Provisions and contingencies**

The obligation pertinent to contingencies shall be recognised as provisions when the following conditions are satisfied concurrently:

- (a) the obligation is a present obligation of the Group;
- (b) the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation;
- (c) the amount of the obligation can be reliably measured.

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration the risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at the end of the reporting period. If there is substantial evidence that the amount of provisions cannot actually reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

#### **(20) Profit distribution**

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory reserve, 10% for a general risk reserve, and according to the requirements of the CSRC, sets aside 10% for a transaction risk reserve. In addition, with the approval from the Annual General Meeting, the Company may set aside 5%-10% of after-tax profit for a discretionary reserve after setting aside the funds for the various statutory reserve funds. The remaining after-tax profit is distributed according to the resolution approved at the Annual General Meeting. If the aggregate balance of the statutory reserve funds has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

General risk reserve and transaction risk reserve sets aside by the Company are used to make up for any losses arising from securities transaction. The Company's reserve funds are used to make up for any losses of the Company or as additional capital of the Company. However, capital reserve cannot be used to make up for the Company's losses. When the statutory reserve funds are converted to capital, the balance of the statutory reserve funds cannot be less than 25% of the Company's registered capital.

### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require an adjustment to the carrying amounts of the assets or liabilities.

#### ***Designation of held-to-maturity investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments when the Group has the positive intention and ability to hold the investments to maturity. Accordingly, in evaluating whether a financial asset shall be classified as a held-to-maturity investment, significant management judgement is required. If the Group fails to correctly assess its intention and ability to hold the investments to maturity and the Group sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity, the Group is required to reclassify any remaining held-to-maturity investments as available-for-sale financial assets and cannot classify any financial assets as held to maturity during the current and two subsequent financial years.

### ***Impairment losses of available-for-sale financial assets and held-to-maturity investments***

In determining whether there is any objective evidence that impairment losses have occurred on available-for-sale financial assets and held-to-maturity investments, the Group assesses periodically whether there has been a significant or prolonged decline in the fair value of the investments below its cost, or whether other objective evidence of impairment exists based on the investee's financial conditions and business prospects, including industry environment, price volatility as well as operating and financing cash flows. This requires a significant level of management judgement which would affect the amount of impairment losses.

### ***Impairment of goodwill***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### ***Impairment of non-current assets other than financial assets and goodwill***

The Group assesses at each financial reporting date whether there is objective evidence that non-current financial assets other than financial assets and goodwill are impaired. Impairment occurred if the carrying amount of an asset or asset group exceeds its recoverable amount as recognized from impairment testing. When estimating the value in use, management should estimate the expected future cash flows and choose a suitable discount rate in order to calculate the present value of those cash flows.

### ***Income tax***

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant estimation of the tax treatments of certain transactions and also significant assessment of the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

### ***Fair value of financial instruments***

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

## **5. TAXATION**

According to the relevant tax policies of the PRC, the major types of taxes currently applicable to the Company are:

### ***(1) Income tax***

From 1 January 2008, the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the Regulations on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) became effective for the Company. Income tax computation and payment are governed by the Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by the Enterprises with Trans-regional Operations (《國家稅務總局關於印發<跨地區經營匯總納稅企業所得稅徵收管理辦法>的公告》) (Public Notice of the State Administration of Taxation [2012] No.57). The income tax rate applicable to the Company is 25%.

### ***(2) Business tax***

The Company's computation and payment of business taxes are governed by the Implementation Rules for the Interim Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) (Ministry of Finance Order [2011] No. 65), the Announcement of the State Administration of Taxation about Financial Business Tax Problems about Transfer of Goods (《國家稅務總局關於金融商品轉讓有關營業稅問題的公告》) (Guo Shui [2013] No.63), the Notice of the Ministry of Finance and the State Administration of Taxation on the Business Tax Policies for the Capital Markets (《財政部、國家稅務總局關於資本市場有關營業稅政策的通知》) (Cai Shui [2004] No.203) and other relevant policies. The business tax is calculated and paid at the tax rate of 5% of taxable business income.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Business Tax of the Securities Investor Protection Fund (《財政部、國家稅務總局關於證券投資者保護基金有關營業稅問題的通知》) (Cai Shui [2006] No. 172), securities companies are allowed to deduct their investor protection fund contributions from their taxable business income.

- (3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.
- (4) Urban maintenance and construction taxes, education surcharges and local education surcharges are paid at 7%, 3% and 2% of the payable payment of turnover taxes, respectively.

## 6. IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs and IASs that have been issued but are not yet effective, in these financial statements.

|                                                                                                         |                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| IAS 32 Amendments                                                                                       | <i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities<sup>1</sup></i>                       |
| IAS 36 Amendments                                                                                       | <i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets<sup>1</sup></i>                                    |
| IAS 39 Amendments                                                                                       | <i>Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting<sup>1</sup></i> |
| IFRS 9, IFRS 9 Amendments, IAS 39 Amendments and IFRS 7 Amendment                                       | <i>Financial Instruments and Financial Instruments: Disclosures<sup>2</sup></i>                                                      |
| IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments                                                        | <i>Investment Entities<sup>1</sup></i>                                                                                               |
| Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle (issued in December 2013) <sup>3</sup> |                                                                                                                                      |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Non-mandatory

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014

Further information about those changes that are expected to affect the Group is as follows:

### ***IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)***

IAS 32 Amendments provides additional application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. IFRS 7 Amendment - Financial Instruments: Disclosure is also amended to require disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, and master netting agreements, etc. on the entity's financial position.

### ***IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendments)***

IAS 36 Amendments restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit ("CGU") to periods in which an impairment loss has been recognised or reversed. In addition, the amendments require two additional disclosures when an impairment is recognised or reversed and recoverable amount is based on fair value less costs of disposal: (i) the level of the IFRS 13 "fair value hierarchy" within which the fair value measurement of the asset or cash-generating unit has been determined; (ii) for fair value measurements at Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used in the measurement of fair value, including the discount rates used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.

### ***IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)***

IAS 39 Amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendment covers novations: (i) that arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties; (iii) that did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

### ***IFRS 9, IFRS 9 Amendments, IAS 39 and IFRS 7 Financial Instruments and Financial Instruments: Disclosures (Amendments)***

IFRS 9 and IFRS 9 Amendments replace those parts of IAS 39 relating to the classification, measurement and de-recognition of financial assets and liabilities with key changes mainly related to the classification and measurement of financial assets and certain types of financial liabilities. In November 2013, the International Accounting Standards Board issued a revised version of IFRS 9, which introduce a revised hedge accounting model, allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss to be presented in other comprehensive income, and remove the 1 January 2015 mandatory effective date of IFRS 9. Together with the further amendments to IFRS 9, IAS 39 and IFRS 7 are also amended to require additional disclosures.

**IFRS 10, IFRS 12 and IAS 27 (Revised) Investment Entities (Amendments)**

IFRS 10, IFRS 12 and IAS 27 Amendments apply to a particular class of business that qualifies as investment entities. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

**Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle (issued in December 2013)**

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle were issued in December 2013. The annual improvements process was established to make non-urgent but necessary amendments to IFRSs. The amendments are effective from annual period beginning on or after 1 July 2014. No amendment was early adopted by the Group and no material changes to accounting policies were made in 2013.

**7. OPERATING SEGMENT INFORMATION**

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from the other operating segments. A summary of the operating segments is as follows:

- (a) the investment banking segment engages in placing and underwriting services, and financial advisory services;
- (b) the brokerage segment engages in securities and futures dealing and broking, agency sale of financial products;
- (c) the trading segment engages in the trading and market-making of equities, fixed income products and derivatives, margin financing and securities lending activities, and alternative investment business;
- (d) the asset management segment engages in asset management services, including the provision of management services to PE funds, pension funds, annuity plans and other asset management accounts; and
- (e) the others segment primarily engages in private equity investment, principal investment and other businesses.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of the Group's business units separately for the purpose of resource allocation and making other operating decisions. Segment performance is measured consistently with operating profit or loss in the consolidated financial statements.

However, income taxes are managed on the Company basis and are not allocated to operating segments.

| 2013                                                            | Investment<br>banking | Brokerage | Trading   | Asset<br>management | Others    | Total      |
|-----------------------------------------------------------------|-----------------------|-----------|-----------|---------------------|-----------|------------|
| Segment revenue and other income                                | 2,223,931             | 7,642,117 | 7,353,153 | 1,685,736           | 1,373,800 | 20,278,737 |
| – Fee and commission income                                     | 2,217,436             | 6,493,275 | 398,525   | 1,489,344           | 100,255   | 10,698,835 |
| – Interest income                                               | 287                   | 1,075,920 | 2,918,233 | 41,769              | 53,537    | 4,089,746  |
| – Investment income                                             | —                     | 174       | 4,065,581 | 146,545             | 1,047,199 | 5,259,499  |
| – Other income                                                  | 6,208                 | 72,748    | (29,186)  | 8,078               | 172,809   | 230,657    |
| Operating expenses                                              | 1,582,369             | 4,630,795 | 5,187,422 | 1,047,367           | 1,195,707 | 13,643,660 |
| Including: Finance costs                                        | —                     | 142,451   | 2,813,673 | 6,913               | 297,299   | 3,260,336  |
| Impairment losses                                               | —                     | 1,577     | 350,134   | —                   | 1,073     | 352,784    |
| Operating profit                                                | 641,562               | 3,011,322 | 2,165,731 | 638,369             | 178,093   | 6,635,077  |
| Share of profits and losses of<br>associates and joint ventures | —                     | —         | —         | —                   | 211,014   | 211,014    |
| Profit before income tax                                        | 641,562               | 3,011,322 | 2,165,731 | 638,369             | 389,107   | 6,846,091  |
| Income tax expense                                              | —                     | —         | —         | —                   | —         | 1,538,044  |
| Profit for the year                                             | 641,562               | 3,011,322 | 2,165,731 | 638,369             | 389,107   | 5,308,047  |
| Other segment information:                                      |                       |           |           |                     |           |            |
| Depreciation and amortisation                                   | 25,818                | 190,112   | 15,813    | 14,603              | 327,861   | 574,207    |
| Capital expenditure                                             | 63,283                | 150,165   | 23,789    | 22,191              | 73,540    | 332,968    |

| 2012                                                            | Investment<br>banking | Brokerage        | Trading          | Asset<br>management | Others           | Total            |
|-----------------------------------------------------------------|-----------------------|------------------|------------------|---------------------|------------------|------------------|
| Segment revenue and other income                                | 2,754,659             | 4,574,422        | 4,238,268        | 327,918             | 1,175,974        | 13,071,241       |
| – Fee and commission income                                     | 2,754,315             | 3,602,717        | 237,915          | 319,542             | 175,206          | 7,089,695        |
| – Interest income                                               | 393                   | 893,204          | 1,267,278        | 3,341               | 7,967            | 2,172,183        |
| – Investment income                                             | —                     | 461              | 2,711,835        | 4,964               | 930,758          | 3,648,018        |
| – Other income                                                  | (49)                  | 78,040           | 21,240           | 71                  | 62,043           | 161,345          |
| Operating expenses                                              | 1,632,138             | 3,373,948        | 2,377,867        | 264,695             | 367,492          | 8,016,140        |
| Including: Finance costs                                        | —                     | 152,877          | 781,931          | 1                   | 12,884           | 947,693          |
| Impairment losses                                               | —                     | (3,854)          | 27,637           | 6,284               | (28)             | 30,039           |
| Operating profit                                                | 1,122,521             | 1,200,474        | 1,860,401        | 63,223              | 808,482          | 5,055,101        |
| Share of profits and losses of<br>associates and joint ventures | —                     | —                | —                | —                   | 432,168          | 432,168          |
| Profit before income tax                                        | 1,122,521             | 1,200,474        | 1,860,401        | 63,223              | 1,240,650        | 5,487,269        |
| Income tax expense                                              | —                     | —                | —                | —                   | —                | 1,180,466        |
| Profit for the year                                             | <u>1,122,521</u>      | <u>1,200,474</u> | <u>1,860,401</u> | <u>63,223</u>       | <u>1,240,650</u> | <u>4,306,803</u> |
| Other segment information:                                      |                       |                  |                  |                     |                  |                  |
| Depreciation and amortisation                                   | 22,618                | 202,278          | 12,859           | 5,694               | 181,277          | 424,726          |
| Capital expenditure                                             | 103,025               | 171,260          | 59,176           | 19,984              | 161,922          | 515,367          |

## 8. INTEREST INCOME

|                                               | 2013                    | 2012             |
|-----------------------------------------------|-------------------------|------------------|
| Bank interest income                          | <b>1,610,783</b>        | 1,675,381        |
| Interest income on margin and other financing | <b>2,478,069</b>        | 493,385          |
| Others                                        | <b>894</b>              | 3,417            |
| Total                                         | <u><b>4,089,746</b></u> | <u>2,172,183</u> |

## 9. INVESTMENT INCOME

|                                                                                            | 2013                    | 2012             |
|--------------------------------------------------------------------------------------------|-------------------------|------------------|
| Net gains from disposal of available-for-sale financial assets                             | <b>1,604,044</b>        | 707,201          |
| Dividend income and interest income from available<br>-for-sale financial assets           | <b>1,170,138</b>        | 939,206          |
| Net gains from financial assets held for trading                                           | <b>1,134,961</b>        | 1,672,851        |
| Net gains from financial instruments designated as<br>at fair value through profit or loss | <b>137,605</b>          | 147,636          |
| Net losses from financial liabilities held for trading                                     | <b>(13,756)</b>         | (5,658)          |
| Others (i)                                                                                 | <b>1,226,507</b>        | 186,782          |
| Total                                                                                      | <u><b>5,259,499</b></u> | <u>3,648,018</u> |

(i) Others mainly include the profit from dealing with stock index futures earned by the Company.

## 10. OPERATING EXPENSES

|                             | 2013             | 2012           |
|-----------------------------|------------------|----------------|
| Fee and commission expense: |                  |                |
| – Commission expense        | 1,042,209        | 788,800        |
| – Others                    | 18,467           | 12,005         |
| Total                       | <u>1,060,676</u> | <u>800,805</u> |

|                                                 | 2013             | 2012           |
|-------------------------------------------------|------------------|----------------|
| <b>Finance costs:</b>                           |                  |                |
| – Accounts payable to clients                   | 142,451          | 152,877        |
| – Bond issuance                                 | 1,245,773        | 232,890        |
| – Due to banks and other financial institutions | 1,775,927        | 556,035        |
| – Others                                        | 96,185           | 5,891          |
| Total                                           | <u>3,260,336</u> | <u>947,693</u> |

An analysis of loans is as follows:

|                                      | 2013          | 2012         |
|--------------------------------------|---------------|--------------|
| <b>Finance costs on loans</b>        |               |              |
| – wholly repayable within five years | <u>78,990</u> | <u>5,147</u> |

|                                                                         | 2013             | 2012             |
|-------------------------------------------------------------------------|------------------|------------------|
| <b>Staff costs (including directors' and supervisors' remuneration)</b> |                  |                  |
| – Salaries and bonuses                                                  | 4,424,071        | 3,211,313        |
| – Staff benefits                                                        | 393,855          | 368,938          |
| – Contributions to defined contribution schemes                         | 258,662          | 205,357          |
| Total                                                                   | <u>5,076,588</u> | <u>3,785,608</u> |

Note: Retirement benefits are included, and the nature is shown as below:

The full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these retirement plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or jurisdictions outside Mainland China.

|                                                                                  | 2013             | 2012             |
|----------------------------------------------------------------------------------|------------------|------------------|
| <b>Other operating expenses:</b>                                                 |                  |                  |
| – Minimum lease payments under operating leases in respect of land and buildings | 370,034          | 263,301          |
| – Consulting fees                                                                | 356,011          | 266,655          |
| – Electronic device operating costs                                              | 299,258          | 113,111          |
| – Business travel expenses                                                       | 192,583          | 138,562          |
| – Postal and communication expenses                                              | 176,295          | 128,953          |
| – Miscellaneous office expenses                                                  | 157,704          | 133,276          |
| – Business entertainment expenses                                                | 143,738          | 111,136          |
| – Amortisation of intangible assets                                              | 134,135          | 38,162           |
| – Funds distribution and administration expenses                                 | 119,203          | 9,082            |
| – Amortisation of long-term prepaid expenses                                     | 94,954           | 93,727           |
| – Auditors' remuneration                                                         | 13,905           | 8,623            |
| – Others                                                                         | 732,204          | 466,345          |
| Total                                                                            | <u>2,790,024</u> | <u>1,770,933</u> |

## 11. DIRECTORS' AND SUPERVISORS' REMUNERATION

Details of the directors' and supervisors' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, are as follows:

| Name                 | Position                                                             | 2013                           |                              |             | Total remuneration before tax<br>(4)=(1)+(2)+(3) |
|----------------------|----------------------------------------------------------------------|--------------------------------|------------------------------|-------------|--------------------------------------------------|
|                      |                                                                      | Salaries and allowances<br>(1) | Discretionary bonuses<br>(2) | Fees<br>(3) |                                                  |
| Wang Dongming        | Chairman, Executive Director, Member of the Executive Committee      | 2,198                          | 3,636                        | —           | 5,834                                            |
| Cheng Boming         | Executive Director, President, Member of the Executive Committee     | 1,767                          | 4,000                        | —           | 5,767                                            |
| Yin Ke               | Vice Chairman, Executive Director, Member of the Executive Committee | 2,911                          | 7,081                        | —           | 9,992                                            |
| Liu Lefei            | Executive Director                                                   | —                              | —                            | —           | —                                                |
| Ju Weimin            | Non-executive Director                                               | —                              | —                            | 100         | 100                                              |
| Fang Jun             | Non-executive Director                                               | —                              | —                            | —           | —                                                |
| Wu Xiaoqiu           | Independent Non-executive Director                                   | —                              | —                            | 162         | 162                                              |
| Lee Kong Wai, Conway | Independent Non-executive Director                                   | —                              | —                            | 162         | 162                                              |
| Rao Geping           | Independent Non-executive Director                                   | —                              | —                            | 159         | 159                                              |
| Wei Benhua           | Independent Non-executive Director                                   | —                              | —                            | 162         | 162                                              |
| Ni Jun               | Chairman of the Supervisory Committee                                | 1,164                          | 1,000                        | —           | 2,164                                            |
| Guo Zhao             | Supervisor                                                           | —                              | —                            | 100         | 100                                              |
| He Dexu              | Supervisor                                                           | —                              | —                            | 100         | 100                                              |
| Lei Yong             | Supervisor, Managing Director of Compliance Department               | 1,073                          | 1,400                        | —           | 2,473                                            |
| Yang Zhenyu          | Supervisor, Head of General Administration Department                | 849                            | 650                          | —           | 1,499                                            |
|                      |                                                                      | <u>9,962</u>                   | <u>17,767</u>                | <u>945</u>  | <u>28,674</u>                                    |

During the year, the Group's Executive Director Mr. Liu Lefei and Non-executive Director Mr. Fang Jun waived the remuneration arrangements. During the year, there was no emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

| Name                 | Position                                                                                                 | 2012                           |                              |             |                                                  |
|----------------------|----------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------|-------------|--------------------------------------------------|
|                      |                                                                                                          | Salaries and allowances<br>(1) | Discretionary bonuses<br>(2) | Fees<br>(3) | Total remuneration before tax<br>(4)=(1)+(2)+(3) |
| Wang Dongming        | Chairman, Executive Director, Member of the Executive Committee, Acting on behalf of Compliance Director | 2,414                          | 1,065                        | —           | 3,479                                            |
| Cheng Boming         | Executive Director, President, Member of the Executive Committee                                         | 1,782                          | 1,044                        | —           | 2,826                                            |
| Yin Ke               | Vice Chairman, Executive Director, Member of the Executive Committee                                     | 3,002                          | 5,027                        | —           | 8,029                                            |
| Ju Weimin            | Non-executive Director                                                                                   | —                              | —                            | 90          | 90                                               |
| Fang Jun             | Non-executive Director                                                                                   | —                              | —                            | —           | —                                                |
| Wu Xiaoqiu           | Independent Non-executive Director                                                                       | —                              | —                            | 75          | 75                                               |
| Lee Kong Wai, Conway | Independent Non-executive Director                                                                       | —                              | —                            | 135         | 135                                              |
| Rao Geping           | Independent Non-executive Director                                                                       | —                              | —                            | 135         | 135                                              |
| Wei Benhua           | Independent Non-executive Director                                                                       | —                              | —                            | 25          | 25                                               |
| Zhang Jijing         | Former Non-executive Director                                                                            | —                              | —                            | 40          | 40                                               |
| Zhang Youjun         | Former Non-executive Director                                                                            | —                              | —                            | —           | —                                                |
| Yang Hualiang        | Former Non-executive Director                                                                            | —                              | —                            | —           | —                                                |
| Liu Lefei            | Former Non-executive Director                                                                            | —                              | —                            | —           | —                                                |
| Da Xinya             | Former Non-executive Director                                                                            | 617                            | 507                          | —           | 1,124                                            |
| Feng Zuxin           | Former Independent Non-executive Director                                                                | —                              | —                            | 60          | 60                                               |
| Li Jian              | Former Independent Non-executive Director                                                                | —                              | —                            | 60          | 60                                               |
| Ni Jun               | Chairman of the Supervisory Committee                                                                    | 1,251                          | 1,014                        | —           | 2,265                                            |
| Guo Zhao             | Supervisor                                                                                               | —                              | —                            | 90          | 90                                               |
| He Dexu              | Supervisor                                                                                               | —                              | —                            | 90          | 90                                               |
| Lei Yong             | Supervisor, Managing Director of Brokerage Business Development and Management Committee                 | 1,094                          | 1,007                        | —           | 2,101                                            |
| Yang Zhenyu          | Supervisor, Head of General Administration Department                                                    | 907                            | 993                          | —           | 1,900                                            |
|                      |                                                                                                          | 11,067                         | 10,657                       | 800         | 22,524                                           |

During the year, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration and no emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

## 12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2012: Nil) director, details of whose remuneration are set out in note 11 above. Details of the remuneration of the remaining four (2012: five) non-director and non-supervisor highest paid employees for the year are as follows:

|                          | 2013   | 2012   |
|--------------------------|--------|--------|
| Salaries and allowances  | 4,926  | 5,984  |
| Discretionary bonuses    | 31,375 | 47,717 |
| Termination compensation | —      | —      |
| Total                    | 36,301 | 53,701 |

The number of these individuals whose remuneration fell within the following bands is set out below:

|                                | Number of employees |      |
|--------------------------------|---------------------|------|
|                                | 2013                | 2012 |
| RMB7,500,001 to RMB8,000,000   | 1                   | —    |
| RMB8,000,001 to RMB8,500,000   | 1                   | —    |
| RMB9,000,001 to RMB9,500,000   | —                   | 1    |
| RMB9,500,001 to RMB10,000,000  | —                   | 1    |
| RMB10,000,001 to RMB10,500,000 | 2                   | —    |
| RMB10,500,001 to RMB11,000,000 | —                   | 1    |
| RMB11,000,001 to RMB11,500,000 | —                   | 1    |
| RMB12,000,001 to RMB12,500,000 | —                   | 1    |
| Total                          | 4                   | 5    |

During the year, no emoluments were paid by the Group to any of these non-director and non-supervisor individuals as an inducement to join or upon joining the Group.

### 13. IMPAIRMENT LOSSES

|                                                            | 2013    | 2012    |
|------------------------------------------------------------|---------|---------|
| Impairment loss on available-for-sale financial assets (i) | 349,917 | 33,922  |
| Impairment loss on bad debt                                | 2,385   | (3,883) |
| Impairment loss on margin accounts                         | 238     | —       |
| Others                                                     | 244     | —       |
| Total                                                      | 352,784 | 30,039  |

- (i) The Group considers that there was a significant or prolonged decline in the market value of certain listed securities investments during the year, and accordingly an impairment loss of RMB350 million (2012: RMB34 million) has been recognised in the statement of profit or loss for the year.

### 14. INCOME TAX EXPENSE

#### (a) Income tax

|                             | 2013      | 2012      |
|-----------------------------|-----------|-----------|
| Current income tax expense  | 1,838,101 | 570,656   |
| – Mainland China            | 1,726,600 | 568,121   |
| – Hong Kong                 | 111,501   | 2,535     |
| Deferred income tax expense | (300,057) | 609,810   |
| Total                       | 1,538,044 | 1,180,466 |

**(b) Reconciliation between income tax and accounting profit**

The PRC income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in Mainland China during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

|                                                                            | 2013             | 2012      |
|----------------------------------------------------------------------------|------------------|-----------|
| Profit before income tax                                                   | <b>6,846,091</b> | 5,487,269 |
| Tax at the PRC statutory income tax rate                                   | <b>1,711,523</b> | 1,371,817 |
| Effects of different applicable rates of tax prevailing in various regions | <b>(37,666)</b>  | (20,082)  |
| Non-deductible expenses                                                    | <b>96,792</b>    | 42,266    |
| Non-taxable income                                                         | <b>(284,007)</b> | (220,381) |
| Adjustments in respect of current and deferred income tax of prior years   | <b>(32,561)</b>  | (10,805)  |
| Others                                                                     | <b>83,963</b>    | 17,651    |
| Tax expense at the Group's effective income tax rate                       | <b>1,538,044</b> | 1,180,466 |

**15. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT**

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a profit of approximately RMB2,909 million (2012: RMB3,131 million), which has been dealt with in the financial statements of the Company (note 46).

**16. DIVIDENDS**

|                                                    | 2013             | 2012      |
|----------------------------------------------------|------------------|-----------|
| Dividends on ordinary shares paid                  | <b>3,305,073</b> | 4,737,271 |
| Dividends on ordinary shares proposed for approval | <b>1,652,536</b> | 3,305,073 |

Dividends on ordinary shares proposed for approval were RMB0.15 yuan per share for the year ended 31 December 2013 (2012: RMB0.30 yuan per share).

Dividends proposed by the directors are not deducted from equity, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

**17. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculations of basic and diluted earnings per share are based on:

|                                                                | 2013              | 2012       |
|----------------------------------------------------------------|-------------------|------------|
| <b>Earnings:</b>                                               |                   |            |
| Profit attributable to ordinary equity holders of the parent   | <b>5,243,917</b>  | 4,237,418  |
| <b>Shares:</b>                                                 |                   |            |
| Weighted average number of ordinary shares in issue (thousand) | <b>11,016,908</b> | 11,016,908 |
| Basic and diluted earnings per share (RMB yuan)                | <b>0.48</b>       | 0.38       |

Earnings per share was calculated based on the calculation method prescribed in the announcement of CSRC (2010) No. 2 - Rules on the preparation and submission of information disclosed by companies that offer securities to the public (No.9): Calculation and disclosure of return on equity and earnings per share (2010 Revision) and IAS 33 Earnings per Share.

Basic earnings per share was calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue.

There were no dilutive events during the year ended 31 December 2013 (2012: None).

## 18. PROPERTY, PLANT AND EQUIPMENT

### Group

|                                         | Properties and buildings | Communication equipment | Office equipment | Motor vehicles | Security equipment | Electronic devices | Others | Subtotal  | Construction in progress | Total     |
|-----------------------------------------|--------------------------|-------------------------|------------------|----------------|--------------------|--------------------|--------|-----------|--------------------------|-----------|
| <b>31 December 2013</b>                 |                          |                         |                  |                |                    |                    |        |           |                          |           |
| <b>Cost</b>                             |                          |                         |                  |                |                    |                    |        |           |                          |           |
| At 31 December 2012 and 1 January 2013  | 2,324,753                | 5,502                   | 155,016          | 58,666         | 5,382              | 839,362            | 46,673 | 3,435,354 | 768,675                  | 4,204,029 |
| Additions                               | 298,137                  | 68,439                  | 60,582           | 17,400         | 83                 | 1,131,991          | 29,604 | 1,606,236 | 185,088                  | 1,791,324 |
| Decreases                               | 136,885                  | 8,166                   | 4,309            | 6,518          | 70                 | 101,358            | 1,550  | 258,856   | 50,057                   | 308,913   |
| At 31 December 2013                     | 2,486,005                | 65,775                  | 211,289          | 69,548         | 5,395              | 1,869,995          | 74,727 | 4,782,734 | 903,706                  | 5,686,440 |
| <b>Accumulated depreciation</b>         |                          |                         |                  |                |                    |                    |        |           |                          |           |
| At 31 December 2012 and 1 January 2013  | 181,902                  | 2,725                   | 83,751           | 38,424         | 3,505              | 539,771            | 34,125 | 884,203   | —                        | 884,203   |
| Additions                               | 184,072                  | 25,356                  | 76,417           | 20,010         | 769                | 984,895            | 31,647 | 1,323,166 | —                        | 1,323,166 |
| Decreases                               | 40,325                   | 7,928                   | 3,871            | 5,538          | 67                 | 99,314             | 1,290  | 158,333   | —                        | 158,333   |
| At 31 December 2013                     | 325,649                  | 20,153                  | 156,297          | 52,896         | 4,207              | 1,425,352          | 64,482 | 2,049,036 | —                        | 2,049,036 |
| <b>Provisions for assets impairment</b> |                          |                         |                  |                |                    |                    |        |           |                          |           |
| At 31 December 2012 and 1 January 2013  | —                        | —                       | —                | —              | —                  | —                  | —      | —         | —                        | —         |
| Additions                               | —                        | 56                      | —                | —              | —                  | 563                | —      | 619       | —                        | 619       |
| Decreases                               | —                        | 56                      | —                | —              | —                  | 563                | —      | 619       | —                        | 619       |
| At 31 December 2013                     | —                        | —                       | —                | —              | —                  | —                  | —      | —         | —                        | —         |
| <b>Net carrying amount</b>              |                          |                         |                  |                |                    |                    |        |           |                          |           |
| At 31 December 2013                     | 2,160,356                | 45,622                  | 54,992           | 16,652         | 1,188              | 444,643            | 10,245 | 2,733,698 | 903,706                  | 3,637,404 |
| At 31 December 2012                     | 2,142,851                | 2,777                   | 71,265           | 20,242         | 1,877              | 299,591            | 12,548 | 2,551,151 | 768,675                  | 3,319,826 |

### Group

|                                        | Properties and buildings | Communication equipment | Office equipment | Motor vehicles | Security equipment | Electronic devices | Others | Subtotal  | Construction in progress | Total     |
|----------------------------------------|--------------------------|-------------------------|------------------|----------------|--------------------|--------------------|--------|-----------|--------------------------|-----------|
| <b>31 December 2012</b>                |                          |                         |                  |                |                    |                    |        |           |                          |           |
| <b>Cost</b>                            |                          |                         |                  |                |                    |                    |        |           |                          |           |
| At 31 December 2011 and 1 January 2012 | 2,276,176                | 4,510                   | 141,363          | 71,633         | 5,281              | 756,782            | 36,589 | 3,292,334 | 691,921                  | 3,984,255 |
| Additions                              | 137,641                  | 1,170                   | 14,834           | 3,720          | 184                | 114,156            | 10,084 | 281,789   | 230,677                  | 512,466   |
| Decreases                              | 89,064                   | 178                     | 1,181            | 16,687         | 83                 | 31,576             | —      | 138,769   | 153,923                  | 292,692   |
| At 31 December 2012                    | 2,324,753                | 5,502                   | 155,016          | 58,666         | 5,382              | 839,362            | 46,673 | 3,435,354 | 768,675                  | 4,204,029 |
| <b>Accumulated depreciation</b>        |                          |                         |                  |                |                    |                    |        |           |                          |           |
| At 31 December 2011 and 1 January 2012 | 124,108                  | 2,144                   | 45,765           | 36,482         | 2,705              | 405,277            | 29,327 | 645,808   | —                        | 645,808   |
| Additions                              | 59,016                   | 753                     | 38,811           | 10,934         | 876                | 164,989            | 4,806  | 280,185   | —                        | 280,185   |
| Decreases                              | 1,222                    | 172                     | 825              | 8,992          | 76                 | 30,495             | 8      | 41,790    | —                        | 41,790    |
| At 31 December 2012                    | 181,902                  | 2,725                   | 83,751           | 38,424         | 3,505              | 539,771            | 34,125 | 884,203   | —                        | 884,203   |
| <b>Net carrying amount</b>             |                          |                         |                  |                |                    |                    |        |           |                          |           |
| At 31 December 2012                    | 2,142,851                | 2,777                   | 71,265           | 20,242         | 1,877              | 299,591            | 12,548 | 2,551,151 | 768,675                  | 3,319,826 |
| At 31 December 2011                    | 2,152,068                | 2,366                   | 95,598           | 35,151         | 2,576              | 351,505            | 7,262  | 2,646,526 | 691,921                  | 3,338,447 |

**Company**

|                                           | Properties and<br>buildings | Communication<br>equipment | Office<br>equipment | Motor<br>vehicles | Security<br>equipment | Electronic<br>devices | Others | Subtotal  | Construction<br>in progress | Total     |
|-------------------------------------------|-----------------------------|----------------------------|---------------------|-------------------|-----------------------|-----------------------|--------|-----------|-----------------------------|-----------|
| <b>31 December 2013</b>                   |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| <b>Cost</b>                               |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| At 31 December 2012 and<br>1 January 2013 | 2,165,879                   | 2,308                      | 93,251              | 39,220            | 2,078                 | 464,037               | 281    | 2,767,054 | 768,254                     | 3,535,308 |
| Additions                                 | 72,092                      | 8                          | 6,160               | 637               | 37                    | 57,811                | 141    | 136,886   | 106,985                     | 243,871   |
| Decreases                                 | 116,156                     | 842                        | 733                 | 5,407             | —                     | 23,958                | —      | 147,096   | 49,832                      | 196,928   |
| At 31 December 2013                       | 2,121,815                   | 1,474                      | 98,678              | 34,450            | 2,115                 | 497,890               | 422    | 2,756,844 | 825,407                     | 3,582,251 |
| <b>Accumulated depreciation</b>           |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| At 31 December 2012 and<br>1 January 2013 | 105,186                     | 1,336                      | 41,348              | 25,379            | 1,384                 | 241,658               | 271    | 416,562   | —                           | 416,562   |
| Additions                                 | 56,466                      | 260                        | 27,692              | 5,109             | 273                   | 116,910               | 18     | 206,728   | —                           | 206,728   |
| Decreases                                 | 18,816                      | 817                        | 643                 | 4,481             | —                     | 23,783                | —      | 48,540    | —                           | 48,540    |
| At 31 December 2013                       | 142,836                     | 779                        | 68,397              | 26,007            | 1,657                 | 334,785               | 289    | 574,750   | —                           | 574,750   |
| <b>Net carrying amount</b>                |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| At 31 December 2013                       | 1,978,979                   | 695                        | 30,281              | 8,443             | 458                   | 163,105               | 133    | 2,182,094 | 825,407                     | 3,007,501 |
| At 31 December 2012                       | 2,060,693                   | 972                        | 51,903              | 13,841            | 694                   | 222,379               | 10     | 2,350,492 | 768,254                     | 3,118,746 |

**Company**

|                                           | Properties and<br>buildings | Communication<br>equipment | Office<br>equipment | Motor<br>vehicles | Security<br>equipment | Electronic<br>devices | Others | Subtotal  | Construction<br>in progress | Total     |
|-------------------------------------------|-----------------------------|----------------------------|---------------------|-------------------|-----------------------|-----------------------|--------|-----------|-----------------------------|-----------|
| <b>31 December 2012</b>                   |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| <b>Cost</b>                               |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| At 31 December 2011 and<br>1 January 2012 | 2,117,301                   | 2,270                      | 88,360              | 38,596            | 2,099                 | 410,129               | 281    | 2,659,036 | 690,458                     | 3,349,494 |
| Additions                                 | 137,641                     | 117                        | 5,581               | 1,559             | 20                    | 78,594                | —      | 223,512   | 228,676                     | 452,188   |
| Decreases                                 | 89,063                      | 79                         | 690                 | 935               | 41                    | 24,686                | —      | 115,494   | 150,880                     | 266,374   |
| At 31 December 2012                       | 2,165,879                   | 2,308                      | 93,251              | 39,220            | 2,078                 | 464,037               | 281    | 2,767,054 | 768,254                     | 3,535,308 |
| <b>Accumulated depreciation</b>           |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| At 31 December 2011 and<br>1 January 2012 | 51,199                      | 1,153                      | 14,231              | 19,865            | 1,117                 | 160,412               | 271    | 248,248   | —                           | 248,248   |
| Additions                                 | 55,209                      | 260                        | 27,623              | 6,421             | 307                   | 105,243               | —      | 195,063   | —                           | 195,063   |
| Decreases                                 | 1,222                       | 77                         | 506                 | 907               | 40                    | 23,997                | —      | 26,749    | —                           | 26,749    |
| At 31 December 2012                       | 105,186                     | 1,336                      | 41,348              | 25,379            | 1,384                 | 241,658               | 271    | 416,562   | —                           | 416,562   |
| <b>Net carrying amount</b>                |                             |                            |                     |                   |                       |                       |        |           |                             |           |
| At 31 December 2012                       | 2,060,693                   | 972                        | 51,903              | 13,841            | 694                   | 222,379               | 10     | 2,350,492 | 768,254                     | 3,118,746 |
| At 31 December 2011                       | 2,066,102                   | 1,117                      | 74,129              | 18,731            | 982                   | 249,717               | 10     | 2,410,788 | 690,458                     | 3,101,246 |

## 19. GOODWILL

### Group

|                                                                                    | 31 December<br>2013 | 2012    |
|------------------------------------------------------------------------------------|---------------------|---------|
| Carrying amount at the beginning of the year:                                      |                     |         |
| Cost                                                                               | 500,900             | 500,880 |
| Accumulated impairment                                                             | —                   | —       |
| Net carrying amount                                                                | 500,900             | 500,880 |
| Movements during the year:                                                         |                     |         |
| Net carrying amount at the beginning of the year                                   | 500,900             | 500,880 |
| Change in shareholders' equity in subsidiaries and effect of exchange rate changes | 9,546,595           | 20      |
| Impairment                                                                         | —                   | —       |
| Net carrying amount at the end of the year                                         | 10,047,495          | 500,900 |
| Carrying amount at the end of the year:                                            |                     |         |
| Cost                                                                               | 10,047,495          | 500,900 |
| Accumulated impairment                                                             | —                   | —       |
| Net carrying amount                                                                | 10,047,495          | 500,900 |

During the year, the goodwill acquired in the business combination by the Group was RMB9,546.60 million. The combination date was close to the year end, no indication of impairment was noted, and therefore no provision for impairment loss was made.

## 20. OTHER INTANGIBLE ASSETS

### Group

|                                           | Seats on<br>stock<br>exchanges | Software<br>development | Customer<br>relationships | Trademarks | Land-<br>use rights | Total     |
|-------------------------------------------|--------------------------------|-------------------------|---------------------------|------------|---------------------|-----------|
| <b>31 December 2013</b>                   |                                |                         |                           |            |                     |           |
| <b>Cost</b>                               |                                |                         |                           |            |                     |           |
| At 31 December 2012 and<br>1 January 2013 | 86,870                         | 266,803                 | —                         | —          | 11,386              | 365,059   |
| Additions                                 | 37,511                         | 616,955                 | 1,044,285                 | 262,616    | —                   | 1,961,367 |
| Decreases                                 | 1,509                          | 7,459                   | 13,750                    | 3,458      | —                   | 26,176    |
| At 31 December 2013                       | 122,872                        | 876,299                 | 1,030,535                 | 259,158    | 11,386              | 2,300,250 |
| <b>Accumulated amortization</b>           |                                |                         |                           |            |                     |           |
| At 31 December 2012 and<br>1 January 2013 | 77,781                         | 121,639                 | —                         | —          | 3,145               | 202,565   |
| Additions                                 | 14,451                         | 123,926                 | 43,057                    | —          | 334                 | 181,768   |
| Decreases                                 | 546                            | 854                     | 118                       | —          | —                   | 1,518     |
| At 31 December 2013                       | 91,686                         | 244,711                 | 42,939                    | —          | 3,479               | 382,815   |
| <b>Provisions for assets impairment</b>   |                                |                         |                           |            |                     |           |
| At 31 December 2012 and<br>1 January 2013 | 1,544                          | —                       | —                         | —          | —                   | 1,544     |
| Additions                                 | —                              | —                       | —                         | —          | —                   | —         |
| Decreases                                 | —                              | —                       | —                         | —          | —                   | —         |
| At 31 December 2013                       | 1,544                          | —                       | —                         | —          | —                   | 1,544     |
| <b>Net carrying amount</b>                |                                |                         |                           |            |                     |           |
| At 31 December 2013                       | 29,642                         | 631,588                 | 987,596                   | 259,158    | 7,907               | 1,915,891 |
| At 31 December 2012                       | 7,545                          | 145,164                 | —                         | —          | 8,241               | 160,950   |

Part of the software development, customer relationships and trademarks were recognised upon business combination amounting to RMB1,817.30 million in total on acquisition date, of which the fair values were determined using replacement cost method, multi-period excess earnings method, and relief from royalty method.

**Group**

|                                           | Seats on<br>stock<br>exchanges | Software<br>development | Land-<br>use rights | Total   |
|-------------------------------------------|--------------------------------|-------------------------|---------------------|---------|
| <b>31 December 2012</b>                   |                                |                         |                     |         |
| <b>Cost</b>                               |                                |                         |                     |         |
| At 31 December 2011 and<br>1 January 2012 | 87,266                         | 204,611                 | 11,386              | 303,263 |
| Additions                                 | 600                            | 62,523                  | —                   | 63,123  |
| Decreases                                 | 996                            | 331                     | —                   | 1,327   |
| At 31 December 2012                       | 86,870                         | 266,803                 | 11,386              | 365,059 |
| <b>Accumulated amortization</b>           |                                |                         |                     |         |
| At 31 December 2011 and<br>1 January 2012 | 76,331                         | 83,819                  | 2,811               | 162,961 |
| Additions                                 | 1,450                          | 37,828                  | 334                 | 39,612  |
| Decreases                                 | —                              | 8                       | —                   | 8       |
| At 31 December 2012                       | 77,781                         | 121,639                 | 3,145               | 202,565 |
| <b>Provisions for assets impairment</b>   |                                |                         |                     |         |
| At 31 December 2011 and<br>1 January 2012 | 1,544                          | —                       | —                   | 1,544   |
| Additions                                 | —                              | —                       | —                   | —       |
| Decreases                                 | —                              | —                       | —                   | —       |
| At 31 December 2012                       | 1,544                          | —                       | —                   | 1,544   |
| <b>Net carrying amount</b>                |                                |                         |                     |         |
| At 31 December 2012                       | 7,545                          | 145,164                 | 8,241               | 160,950 |
| At 31 December 2011                       | 9,391                          | 120,792                 | 8,575               | 138,758 |

**Company**

|                                           | Seats on<br>stock<br>exchanges | Software<br>development | Total   |
|-------------------------------------------|--------------------------------|-------------------------|---------|
| <b>31 December 2013</b>                   |                                |                         |         |
| <b>Cost</b>                               |                                |                         |         |
| At 31 December 2012 and<br>1 January 2013 | 47,825                         | 182,750                 | 230,575 |
| Additions                                 | —                              | 57,047                  | 57,047  |
| Decreases                                 | —                              | 15                      | 15      |
| At 31 December 2013                       | 47,825                         | 239,782                 | 287,607 |
| <b>Accumulated amortization</b>           |                                |                         |         |
| At 31 December 2012 and<br>1 January 2013 | 42,665                         | 81,653                  | 124,318 |
| Additions                                 | 1,417                          | 31,375                  | 32,792  |
| Decreases                                 | —                              | 15                      | 15      |
| At 31 December 2013                       | 44,082                         | 113,013                 | 157,095 |
| <b>Provisions for assets impairment</b>   |                                |                         |         |
| At 31 December 2012 and<br>1 January 2013 | —                              | —                       | —       |
| Additions                                 | —                              | —                       | —       |
| Decreases                                 | —                              | —                       | —       |
| At 31 December 2013                       | —                              | —                       | —       |
| <b>Net carrying amount</b>                |                                |                         |         |
| At 31 December 2013                       | 3,743                          | 126,769                 | 130,512 |
| At 31 December 2012                       | 5,160                          | 101,097                 | 106,257 |

*Company*

|                                           | Seats on<br>stock<br>exchanges | Software<br>development | Total   |
|-------------------------------------------|--------------------------------|-------------------------|---------|
| <b>31 December 2012</b>                   |                                |                         |         |
| <b>Cost</b>                               |                                |                         |         |
| At 31 December 2011 and<br>1 January 2012 | 47,822                         | 133,617                 | 181,439 |
| Additions                                 | 3                              | 49,464                  | 49,467  |
| Decreases                                 | —                              | 331                     | 331     |
| At 31 December 2012                       | 47,825                         | 182,750                 | 230,575 |
| <b>Accumulated amortization</b>           |                                |                         |         |
| At 31 December 2011 and<br>1 January 2012 | 41,231                         | 58,119                  | 99,350  |
| Additions                                 | 1,434                          | 23,542                  | 24,976  |
| Decreases                                 | —                              | 8                       | 8       |
| At 31 December 2012                       | 42,665                         | 81,653                  | 124,318 |
| <b>Provisions for assets impairment</b>   |                                |                         |         |
| At 31 December 2011 and<br>1 January 2012 | —                              | —                       | —       |
| Additions                                 | —                              | —                       | —       |
| Decreases                                 | —                              | —                       | —       |
| At 31 December 2012                       | —                              | —                       | —       |
| <b>Net carrying amount</b>                |                                |                         |         |
| At 31 December 2012                       | 5,160                          | 101,097                 | 106,257 |
| At 31 December 2011                       | 6,591                          | 75,498                  | 82,089  |

## 21. INVESTMENTS IN SUBSIDIARIES

*Company*

|                          | 31 December<br>2013 | 2012       |
|--------------------------|---------------------|------------|
| Unlisted shares, at cost | 22,663,040          | 18,066,759 |

Particulars of the Company's principal subsidiaries are as follows:

**(a) Principal subsidiaries acquired through establishment or investment**

| Name of subsidiaries                                                                        | Place of incorporation/ registration and operations | Registered share capital | Principal activities                                                        | Amount invested by the Company | Attributable equity interest<br>Direct | Indirect |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------------|----------------------------------------|----------|
| GoldStone Investment Co., Ltd.<br>(金石投資有限公司)                                                | Mainland China                                      | RMB7.2 billion           | Direct investment, investment advisory, management                          | RMB5.9 billion                 | 100%                                   | —        |
| Qingdao GoldStone Storm Investment Consulting Company Limited<br>(青島金石暴風投資諮詢有限公司)           | Mainland China                                      | RMB50.1 million          | Investment management, advisory service                                     | RMB50.1 million                | —                                      | 100%     |
| Shanghai CITIC GoldStone Equity Investment Management Company Limited<br>(上海中信金石股權投資管理有限公司) | Mainland China                                      | RMB15 million            | Equity investment, advisory service                                         | RMB15 million                  | —                                      | 100%     |
| CITIC Buyout Fund Management Company Limited<br>(中信並購基金管理有限公司)                              | Mainland China                                      | RMB100 million           | Investment management, advisory service                                     | RMB100 million                 | —                                      | 100%     |
| CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership)<br>(中信並購投資基金(深圳)合夥企業(有限合夥))   | Mainland China                                      | Not applicable           | Investment, advisory service                                                | RMB225.16 million              | —                                      | 24.42%   |
| Shanghai Mintai Industrial Development Company Limited<br>(上海旻泰實業發展有限公司)                    | Mainland China                                      | RMB680 million           | Investment management, advisory service                                     | RMB680 million                 | —                                      | 100%     |
| Qingdao GoldStone Runhui Investment Management Company Limited<br>(青島金石潤滙投資管理有限公司)          | Mainland China                                      | RMB10.1 million          | Investment management, advisory service, investment with self-owned capital | RMB10.1 million                | —                                      | 100%     |
| Qingdao GoldStone Haorui Investment Management Company Limited<br>(青島金石灝納投資管理有限公司)          | Mainland China                                      | RMB305 million           | Investment management, advisory service, investment with self-owned capital | RMB305 million                 | —                                      | 100%     |
| Jinjin Investment (Tianjin) Co. Ltd<br>(金津投資(天津)有限公司)                                       | Mainland China                                      | RMB100 million           | Investment                                                                  | RMB100 million                 | —                                      | 100%     |
| CITIC GoldStone Fund Management Company Limited<br>(中信金石基金管理有限公司)                           | Mainland China                                      | RMB100 million           | Investment                                                                  | RMB100 million                 | —                                      | 100%     |
| CITIC Securities Qingdao Training Centre<br>(青島中信證券培訓中心)                                    | Mainland China                                      | RMB1 million             | Business training                                                           | RMB1 million                   | 40%                                    | 60%      |

| Name of subsidiaries                                                                                                  | Place of incorporation/<br>registration and operations | Registered share capital | Principal activities                                                     | Amount invested by the Company | Attributable equity interest<br>Direct | Indirect       |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------|--------------------------------------------------------------------------|--------------------------------|----------------------------------------|----------------|
| CITIC Securities Investment Ltd<br>(中信證券投資有限公司)                                                                       | Mainland China                                         | RMB3.0 billion           | Financial product investment, securities investment, investment advisory | RMB3.0 billion                 | 100%                                   | —              |
| Tianjin Jingzheng Property Service Company Limited<br>(天津京證物業服務有限公司)                                                  | Mainland China                                         | RMB0.1 million           | Property service                                                         | RMB0.1 million                 | 100%                                   | —              |
| Tianjin Shenzheng Property Service Company Limited<br>(天津深證物業服務有限公司)                                                  | Mainland China                                         | RMB0.1 million           | Property service                                                         | RMB0.1 million                 | 100%                                   | —              |
| Zhongzheng Asset Management (Shenzhen) Company Limited<br>(中證資本管理(深圳)有限公司)                                            | Mainland China                                         | RMB200 million           | Risk Management service                                                  | RMB200 million                 | —                                      | 100%           |
| Qingdao Jindingxin Petty Loan Co. LTD<br>(青島金鼎信小額貸款股份有限公司)                                                            | Mainland China                                         | RMB300 million           | Petty loan                                                               | RMB300 million                 | —                                      | 100%           |
| CITIC Securities Financial Wealth Series Rank No. 1 Collective Asset Management Plan<br>(中信證券融富系列分級1號集合資產管理計劃)        | Not applicable                                         | Not applicable           | Not applicable                                                           | RMB47.01 million               | Not applicable                         | Not applicable |
| CITIC Securities Information and Quantitative Service (Shenzhen) Limited Liability Company<br>(中信證券信息與量化服務(深圳)有限責任公司) | Mainland China                                         | No capital injection     | Not in operation                                                         | No capital injection           | 100%                                   | —              |
| CITIC Securities International Company Limited<br>(中信證券國際有限公司)                                                        | Hong Kong                                              | Not applicable           | Holding, investment                                                      | HK\$6,516.05 million           | 100%                                   | —              |
| CITIC Securities Brokerage (HK) Limited<br>(中信證券經紀(香港)有限公司)                                                           | Hong Kong                                              | Not applicable           | Securities brokerage                                                     | HK\$250 million                | —                                      | 100%           |
| CITIC Securities Futures (HK) Limited<br>(中信證券期貨(香港)有限公司)                                                             | Hong Kong                                              | Not applicable           | Futures brokerage                                                        | HK\$50 million                 | —                                      | 100%           |
| CITIC Securities Corporate Finance (HK) Limited<br>(中信證券融資(香港)有限公司)                                                   | Hong Kong                                              | Not applicable           | Investment banking                                                       | HK\$380 million                | —                                      | 100%           |
| CITIC Securities International Asset Management Limited<br>(中信證券國際資產管理有限公司)                                           | BVI                                                    | Not applicable           | Asset management holding                                                 | US\$1                          | —                                      | 100%           |
| Dragon Stream Investments Limited                                                                                     | Hong Kong                                              | Not applicable           | Proprietary trading                                                      | HK\$10 million                 | —                                      | 100%           |
| CSI Capital Management Limited                                                                                        | BVI                                                    | Not applicable           | Proprietary trading                                                      | US\$50 million                 | —                                      | 100%           |
| CITIC Securities Equity Trading Company Limited                                                                       | Cayman Islands                                         | Not applicable           | Proprietary trading                                                      | US\$2 million                  | —                                      | 100%           |
| CITIC Securities International Partners, Ltd.                                                                         | Cayman Islands                                         | Not applicable           | Holding company                                                          | US\$18 million                 | —                                      | 72%            |

| Name of subsidiaries                                               | Place of incorporation/<br>registration and<br>operations | Registered<br>share capital | Principal activities                                                | Amount invested<br>by the Company | Attributable equity interest<br>Direct | Indirect |
|--------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------|---------------------------------------------------------------------|-----------------------------------|----------------------------------------|----------|
| CSIAM (CAC)<br>Investment Limited                                  | BVI                                                       | Not applicable              | Asset management holding                                            | US\$1                             | —                                      | 100%     |
| August Sky Holdings<br>Limited                                     | BVI                                                       | Not applicable              | Direct investment                                                   | US\$1                             | —                                      | 100%     |
| CSI REITs Investment<br>Management<br>Company Limited              | BVI                                                       | Not applicable              | Investment holding                                                  | US\$1                             | —                                      | 100%     |
| CSI Direct<br>Investments Limited                                  | BVI                                                       | Not applicable              | Investment holding                                                  | US\$1                             | —                                      | 100%     |
| CSI USA Securities<br>Holdings, Inc.                               | Delaware                                                  | Not applicable              | Holding company                                                     | US\$8.801 million                 | —                                      | 100%     |
| CITIC Securities Carbon<br>Trade and Investment<br>Company Limited | Great Britain                                             | Not applicable              | Carbon trade brokerage,<br>transactions and<br>management operation | GBP 0.25 million                  | —                                      | 100%     |
| CSI Nominee<br>Services Limited                                    | Hong Kong                                                 | Not applicable              | Not in operation                                                    | HK\$1                             | —                                      | 100%     |
| CSI Capital Advisors,<br>Limited                                   | Hong Kong                                                 | Not applicable              | Asset investment advisor<br>(not in operation)                      | HK\$0.2 million                   | —                                      | 100%     |
| GMMC Limited                                                       | Hong Kong                                                 | Not applicable              | Not in operation                                                    | HK\$1                             | —                                      | 100%     |
| CSI Finance Limited                                                | Hong Kong                                                 | Not applicable              | Not in operation                                                    | HK\$0.01 million                  | —                                      | 100%     |
| CITIC Securities Finance<br>2013 Co., Ltd                          | BVI                                                       | Not applicable              | Bond issuance                                                       | US\$1                             | —                                      | 100%     |
| CITICS GLOBAL<br>ABSOLUTE<br>RETURN FUND                           | Cayman Islands                                            | Not applicable              | Offshore portfolio hedge fund,<br>investment fund                   | US\$150 million                   | 100%                                   | —        |
| CITICS GLOBAL MULTI-<br>STRATEGY FUND                              | Cayman Islands                                            | Not applicable              | Offshore portfolio hedge fund,<br>investment fund                   | US\$150 million                   | 83.33%                                 | 16.67%   |

**(b) Principal subsidiaries acquired from business combination**

| Name of subsidiaries                                                                      | Place of incorporation/<br>registration and<br>operations | Registered<br>share capital | Principal activities                       | Amount invested<br>by the Company | Attributable equity interest<br>Direct | Indirect |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------|--------------------------------------------|-----------------------------------|----------------------------------------|----------|
| Shenzhen CITIC United<br>Venture Capital<br>Investment Co., Ltd.<br>(深圳市中信聯合創業投資<br>有限公司) | Mainland China                                            | RMB70 million               | Direct investment, investment<br>advisory  | RMB125.32 million                 | —                                      | 92.07%   |
| CITIC Wantong<br>Securities Co., Ltd.<br>(中信萬通證券有限<br>責任公司) (i)                           | Mainland China                                            | RMB800 million              | Securities business                        | RMB1,151.94 million               | 100%                                   | —        |
| CITIC (Zhejiang)<br>Securities Co., Ltd.<br>(中信證券(浙江)有限<br>責任公司)                          | Mainland China                                            | RMB885 million              | Securities business                        | —                                 | 100%                                   | —        |
| CITIC Futures Co., Ltd.<br>(中信期貨有限公司)                                                     | Mainland China                                            | RMB1.5 billion              | Futures brokerage, asset<br>management     | RMB1.5 billion                    | 100%                                   | —        |
| Jinshang (Tianjin)<br>Investment<br>Management Co. Ltd<br>(金尚(天津)投資管理<br>有限公司)            | Mainland China                                            | RMB12.5 million             | Investment management,<br>advisory service | RMB18.59 million                  | —                                      | 100%     |
| China Asset<br>Management Co., Ltd.<br>(華夏基金管理有限公司)                                       | Mainland China                                            | RMB238 million              | Fund investment                            | RMB2,075.15 million               | 59%                                    | —        |
| China Asset Management<br>(Hong Kong) Limited<br>(華夏基金(香港)有限公司)                           | Hong Kong                                                 | HK\$200 million             | Asset management                           | HK\$200 million                   | —                                      | 59%      |
| China AMC Capital<br>Management Limited<br>(華夏資本管理有限公司)                                   | Mainland China                                            | RMB50 million               | Asset management,<br>financial advisory    | RMB25.50 million                  | —                                      | (ii)     |
| CLSA B.V.(里昂證券)                                                                           | Netherlands                                               | Not applicable              | Investment, holding                        | US\$1,090.30 million              | —                                      | 100%     |

The Company's principal subsidiaries have been disclosed.

- (i) During the year, the Company acquired 4% of the shares of CITIC Wantong Securities Co., Ltd. After the acquisition, the Company's equity interest in CITIC Wantong Securities Co., Ltd. increased to 100%.
- (ii) China AMC held 51% equity interest of the entity, through which the Group held 30.09% equity interest indirectly.

**(c) Business Combination**

**(i) China AMC**

On 24 September 2013, the Group acquired 10% interest in China AMC from Wuxi Guolian Development Group Co. Ltd by paying a cash consideration of RMB1,600 million. After the acquisition, the Group's shareholding percentage in China AMC is 59%. The financial information of China AMC as at the date of acquisition was as follows:

|                                                                                                    | Fair value recognized<br>on acquisition<br>30 September 2013<br>(Unaudited) |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>Non-current assets</b>                                                                          |                                                                             |
| Property, plant and equipment                                                                      | 191,172                                                                     |
| Other intangible assets                                                                            | 11,396                                                                      |
| Investments in joint ventures                                                                      | 5,100                                                                       |
| Deferred income tax assets                                                                         | 153,194                                                                     |
| Other non-current assets                                                                           | 15,847                                                                      |
|                                                                                                    | <b>376,709</b>                                                              |
| <b>Current assets</b>                                                                              |                                                                             |
| Financial assets at fair value through profit or loss                                              | 51,587                                                                      |
| Available-for-sale financial assets                                                                | 859,694                                                                     |
| Cash and bank balances                                                                             | 2,366,289                                                                   |
| Other current assets                                                                               | 405,169                                                                     |
|                                                                                                    | <b>3,682,739</b>                                                            |
| <b>Non-current liabilities</b>                                                                     |                                                                             |
| Deferred income tax liabilities                                                                    | 72,164                                                                      |
| Other non-current liabilities                                                                      | 127,833                                                                     |
|                                                                                                    | <b>199,997</b>                                                              |
| <b>Current liabilities</b>                                                                         |                                                                             |
| Tax payable                                                                                        | 156,756                                                                     |
| Other current liabilities                                                                          | 516,292                                                                     |
|                                                                                                    | <b>673,048</b>                                                              |
| <b>Net Assets</b>                                                                                  | <b>3,186,403</b>                                                            |
| <b>Goodwill on acquisition</b>                                                                     | <b>7,418,587</b>                                                            |
| <b>Satisfied by cash</b>                                                                           | <b>1,600,000</b>                                                            |
| <b>Fair Value of the equity interest held by the Group immediately before the acquisition date</b> | <b>7,709,222</b>                                                            |

Loss recognised as a result of remeasuring to fair value the equity interest in China AMC held by the Group before the business combination is RMB11.53 million.

The revenue and profit of China AMC since the acquisition date included in the consolidated statement of profit or loss for the reporting period is RMB819 million and RMB258 million respectively.

(ii) CLSA

On 31 July 2013, the Group acquired 100% interest in CLSA with a consideration of USD1.09 billion, which was equivalent to RMB6.74 billion. The financial information of CLSA as at the date of acquisition was as follows:

|                                                                  | Fair value recognized<br>on acquisition<br>31 July 2013 |
|------------------------------------------------------------------|---------------------------------------------------------|
| <b>Non-current assets</b>                                        |                                                         |
| Property, plant and equipment                                    | 269,117                                                 |
| Other intangible assets                                          | 69,324                                                  |
| Investments in associates                                        | 888,050                                                 |
| Investments in joint ventures                                    | 44,293                                                  |
| Available-for-sale financial assets                              | 17,821                                                  |
| Deferred income tax assets                                       | 162,803                                                 |
| Other non-current assets                                         | 107,116                                                 |
|                                                                  | <b>1,558,524</b>                                        |
| <b>Current assets</b>                                            |                                                         |
| Financial assets at fair value through profit or loss            | 10,533,523                                              |
| Derivative financial assets                                      | 4,613,614                                               |
| Cash and bank balances                                           | 3,533,638                                               |
| Other current assets                                             | 20,801,897                                              |
|                                                                  | <b>39,482,672</b>                                       |
| <b>Assets of disposal group classified as held for sale</b>      | <b>289,434</b>                                          |
| <b>Non-current liabilities</b>                                   |                                                         |
| Deferred income tax liabilities                                  | 689,852                                                 |
| Other non-current liabilities                                    | 25,174                                                  |
|                                                                  | <b>715,026</b>                                          |
| <b>Current liabilities</b>                                       |                                                         |
| Financial liabilities at fair value through profit or loss       | 14,786,130                                              |
| Derivative financial liabilities                                 | 9,473                                                   |
| Tax payable                                                      | 195,355                                                 |
| Short-term loans                                                 | 2,003,952                                               |
| Other current liabilities                                        | 20,673,561                                              |
|                                                                  | <b>37,668,471</b>                                       |
| <b>Liabilities of disposal group classified as held for sale</b> | <b>142,023</b>                                          |
| <b>Net Assets</b>                                                | <b>2,805,110</b>                                        |
| <b>Intangible assets allocated from total consideration</b>      | <b>1,817,303</b>                                        |
| <b>Goodwill on acquisition</b>                                   | <b>2,114,794</b>                                        |
| <b>Satisfied by cash</b>                                         | <b>6,737,207</b>                                        |

The revenue and profit of CLSA since the acquisition date included in the consolidated statement of profit or loss for the reporting period is RMB1,413 million and RMB128 million respectively.

(d) *Net cash flow from acquisition of subsidiaries*

|                                                                    | 2013       | 2012   |
|--------------------------------------------------------------------|------------|--------|
| Total consideration                                                | 6,265,024  | 18,590 |
| Cash and cash equivalents paid                                     | 6,265,024  | 18,590 |
| Less: Cash and cash equivalents in the subsidiaries acquisition of | 3,975,709  | 602    |
| Net cash inflow/(outflow) from acquisition of subsidiaries         | 2,289,315  | 17,988 |
| Net assets inflow/(outflow) from acquisition of subsidiaries       | 5,991,513  | 22,602 |
| Current assets                                                     | 43,454,845 | 602    |
| Non-current assets                                                 | 1,935,233  | 42,000 |
| Current liabilities                                                | 38,483,541 | 20,000 |
| Non-current liabilities                                            | 915,024    | —      |

(e) *Details of the Group's subsidiaries that have material non-controlling interests are set out below:*

|                                                                         | China AMC<br>31 December 2013 |
|-------------------------------------------------------------------------|-------------------------------|
| Percentage of equity interest held by non-controlling interests         | 41%                           |
| Dividends paid to non-controlling interests                             | 109,427                       |
| Accumulated balances of non-controlling interest at the reporting dates | 1,424,484                     |
| Profit for the year allocated to non-controlling interests              | 106,700                       |

The following tables illustrate the summarized financial information of the above subsidiaries:

|                                                | China AMC<br>From the<br>acquisition date to<br>31 December 2013 |
|------------------------------------------------|------------------------------------------------------------------|
| Revenue                                        | 819,459                                                          |
| Profit for the year from continuing operations | 257,805                                                          |
| Total comprehensive income for the year        | 246,407                                                          |
| Net cash flows from operating activities       | 169,730                                                          |
| Net cash flows from investing activities       | 451,981                                                          |
| Net cash flows used in financing activities    | —                                                                |
| Net increase in cash and cash equivalents      | 620,586                                                          |

|                         | 31 December 2013 |
|-------------------------|------------------|
| Current assets          | 3,936,672        |
| Non-current assets      | 391,939          |
| Current liabilities     | 686,588          |
| Non-current liabilities | 209,214          |

(f) As at 31 December 2013, there were not any significant restrictions on the ability to access or use the assets and settle the liabilities of the subsidiaries of the Group (2012: Nil).

## 22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

|                | Group<br>31 December<br>2013 | 2012             | Company<br>31 December<br>2013 | 2012             |
|----------------|------------------------------|------------------|--------------------------------|------------------|
| Associates     | 3,484,220                    | 9,027,265        | 1,125,353                      | 2,877,276        |
| Joint ventures | 813,487                      | 768,276          | —                              | —                |
|                | <u>4,297,707</u>             | <u>9,795,541</u> | <u>1,125,353</u>               | <u>2,877,276</u> |

(a) *Particulars of the Group's principal associates and joint ventures are as follows*

| Name                                                                                                             | Place of incorporation/ registration | Registered share capital | Principal activities                                                                                   | Percentage of equity interest | Percentage of voting rights |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
| <b>Associates:</b>                                                                                               |                                      |                          |                                                                                                        |                               |                             |
| Shenzhen Nanbo Display Device Science Company Limited<br>(深圳南玻顯示器件科技有限公司)                                        | Mainland China                       | RMB143 million           | Production and operation of new display devices, etc., goods and technology import and export business | 46.75%                        | 46.75%                      |
| CITIC Private Equity Funds Management Co., Ltd.<br>(中信產業投資基金管理有限公司)                                              | Mainland China                       | RMB1.8 billion           | Investment fund management                                                                             | 35%                           | 35%                         |
| Fudo Capital L.P. II                                                                                             | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 6.13%                         | (i)                         |
| Beijing Agricultural Investment Fund (Limited Partnership)<br>(北京農業產業投資基金(有限合夥))                                 | Mainland China                       | RMB620 million           | Investment                                                                                             | 32.26%                        | 32.26%                      |
| Fortune CLSA Securities Ltd<br>(財富里昂證券有限責任公司)                                                                    | Mainland China                       | RMB500,000,001           | Investment banking                                                                                     | 33.33%                        | 33.33%                      |
| Aria Investment Partners III,L.P.                                                                                | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 13.92%                        | (i)                         |
| Qianhai Equity Exchange Center (Shenzhen) Company Limited<br>(前海股權交易中心(深圳)有限公司)                                  | Mainland China                       | RMB555 million           | Equity Trading                                                                                         | 27.03%                        | 27.03%                      |
| CITIC PE(Hong Kong) Limited                                                                                      | Hong Kong                            | Not applicable           | Investment holding                                                                                     | 35%                           | Not applicable              |
| Clean Resources Asia Growth Fund L.P.                                                                            | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 17.63%                        | (i)                         |
| Sunrise Capital L.P. II                                                                                          | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 28.85%                        | Not applicable              |
| Beijing GoldStone Agricultural Investment Fund Management Center (Limited Partnership)<br>(北京金石農業投資基金管理中心(有限合夥)) | Mainland China                       | RMB30 million            | Fund management                                                                                        | 33%                           | 33%                         |
| Aria Investment Partners II,L.P.                                                                                 | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 5.36%                         | (i)                         |
| World Deluxe Enterprise Limited                                                                                  | BVI                                  | Not applicable           | Investment holding                                                                                     | 40%                           | Not applicable              |
| Aria Investment Partners IV,L.P.                                                                                 | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 37.62%                        | Not applicable              |
| Sunrise Capital L.P.                                                                                             | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 8.19%                         | (i)                         |
| MezzAsia Capital L.P.                                                                                            | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 22.61%                        | Not applicable              |
| Fudo Capital L.P.                                                                                                | Cayman Islands                       | Not applicable           | Direct investment fund                                                                                 | 5.81%                         | (i)                         |
| <b>Joint ventures:</b>                                                                                           |                                      |                          |                                                                                                        |                               |                             |
| CITIC Securities Alpha Leaders Fund Limited                                                                      | Cayman Islands                       | US\$33,862               | Investment fund                                                                                        | (ii)                          | (ii)                        |
| CSI China A-Share QFII Fund Ltd                                                                                  | Cayman Islands                       | Not applicable           | Private equity                                                                                         | (ii)                          | (ii)                        |
| CSI RMB Fund Ltd.                                                                                                | Cayman Islands                       | Not applicable           | Investment fund                                                                                        | (ii)                          | (ii)                        |
| Guosheng-CLSA (Shanghai)Equity Investment Management Co., Ltd<br>(國盛里昂(上海)股權投資管理有限公司)                            | Mainland China                       | RMB100 million           | Fund management                                                                                        | 50%                           | 50%                         |
| China AMC Capital Management Limited                                                                             | Cayman Islands                       | US\$1million             | Asset management                                                                                       | 50%                           | 50%                         |
| CITIC Standard and Poor's Information Service (Beijing) Co., Ltd.<br>(中信標普指數信息服務(北京)有限公司)                        | Mainland China                       | RMB8.03 million          | Financial services                                                                                     | 50%                           | 50%                         |

- (i) The Group holds non-voting fund shares, also functions as the fund manager, therefore the Group has a significant influence over the fund.
- (ii) The Group's equity interests in these entities are non-voting fund shares. The Group has joint control over these entities with other parties through contractual arrangements.

**(b) The following table illustrates the summarised financial information of the Group's material associates**

CITIC Private Equity Funds Management Co., Ltd., as a major associate of the Group, is primarily engaged in investment fund management, and is accounted for using the equity method. The financial information was as follows:

|                                           | 31 December<br>2013 | 2012      |
|-------------------------------------------|---------------------|-----------|
| Current assets                            | 2,235,422           | 2,026,530 |
| Non-current assets                        | 1,443,836           | 2,252,089 |
| Current liabilities                       | 697,354             | 373,030   |
| Non-current liabilities                   | 144,001             | 318,777   |
| Revenue                                   | (433,263)           | 689,765   |
| Profit or loss from continuing operations | (660,987)           | 276,562   |
| Total comprehensive income                | (660,987)           | 276,562   |

Shenzhen Nanbo Display Device Science Company Limited, as a major associate of the Group, is primarily engaged in production and operation of new display devices, etc., goods and technology import and export business, and is accounted for using the equity method. The financial information was as follows:

|                                           | 31 December 2013 |
|-------------------------------------------|------------------|
| Current assets                            | 269,079          |
| Non-current assets                        | 1,099,535        |
| Current liabilities                       | 488,365          |
| Non-current liabilities                   | 132,799          |
| Revenue                                   | 883,402          |
| Profit or loss from continuing operations | 200,129          |
| Total comprehensive income                | 200,129          |

**(c) The following table illustrates the summarised financial information of the Group's material joint ventures**

CITIC Securities Alpha Leader Fund, as a major joint venture of the Group, is primarily engaged in private equity fund, and is accounted for using the equity method. The financial information was as follows:

|                                                                                   | 31 December<br>2013 | 2012     |
|-----------------------------------------------------------------------------------|---------------------|----------|
| Current assets                                                                    | 560,893             | 873,207  |
| Current liabilities                                                               | 21,426              | 130,464  |
| Current financial liabilities (excluding trade and other payables and provisions) | 20,284              | 118,596  |
| Revenue                                                                           | 65,712              | 41,350   |
| Interest income                                                                   | 67                  | 392      |
| Interest expense                                                                  | 421                 | 43       |
| Income tax expense                                                                | 63                  | —        |
| Profit or loss from continuing operations                                         | 32,676              | (12,010) |
| Total comprehensive income                                                        | 32,676              | (12,010) |
| Cash and cash equivalents                                                         | 325,905             | 454,038  |

- (d) The following table illustrates the aggregate financial information of the Group's immaterial associates and joint ventures that are not individually material.

|                                           | 31 December<br>2013 | 2012    |
|-------------------------------------------|---------------------|---------|
| Profit or loss from continuing operations | 1,022,772           | 721,003 |
| Other comprehensive income                | (63)                | 12,160  |
| Total comprehensive income                | 1,022,709           | 733,163 |

- (e) As at 31 December 2013, there was no commitment to the joint ventures (31 December 2012: Nil).
- (f) There were not any significant restrictions on the ability of the Group's associates and joint ventures to transfer funds to the Group in form of cash dividends or to repay corporate loans or advances made by the Group (2012:Nil).

## 23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

### Non-current

|                                       | Group<br>31 December |            | Company<br>31 December |           |
|---------------------------------------|----------------------|------------|------------------------|-----------|
|                                       | 2013                 | 2012       | 2013                   | 2012      |
| At fair value:                        |                      |            |                        |           |
| Equity investments                    | 2,533,833            | 3,299,264  | 2,533,833              | 3,033,177 |
| At cost:                              |                      |            |                        |           |
| Equity investments                    | 10,514,648           | 8,852,696  | 1,401,042              | 1,421,042 |
|                                       | 13,048,481           | 12,151,960 | 3,934,875              | 4,454,219 |
| Less: Allowance for impairment losses | 161,341              | 166,331    | 151,729                | 151,729   |
| Total                                 | 12,887,140           | 11,985,629 | 3,783,146              | 4,302,490 |
| Analysed into:                        |                      |            |                        |           |
| Listed                                | 2,533,833            | 3,299,264  | 2,533,833              | 3,033,177 |
| Unlisted                              | 10,353,307           | 8,686,365  | 1,249,313              | 1,269,313 |
|                                       | 12,887,140           | 11,985,629 | 3,783,146              | 4,302,490 |

### Current

|                                       | Group<br>31 December |            | Company<br>31 December |            |
|---------------------------------------|----------------------|------------|------------------------|------------|
|                                       | 2013                 | 2012       | 2013                   | 2012       |
| At fair value:                        |                      |            |                        |            |
| Debt securities                       | 6,450,844            | 12,556,957 | 13,500,099             | 13,845,139 |
| Equity investments (i)                | 8,497,677            | 9,803,086  | 5,305,143              | 7,994,922  |
| Others                                | 8,664,685            | 3,632,801  | 4,693,137              | 60,082     |
|                                       | 23,613,206           | 25,992,844 | 23,498,379             | 21,900,143 |
| Less: Allowance for impairment losses | 795,864              | 100,363    | 275,415                | 31,942     |
| Total                                 | 22,817,342           | 25,892,481 | 23,222,964             | 21,868,201 |
| Analysed into:                        |                      |            |                        |            |
| Listed                                | 13,820,393           | 21,372,295 | 10,928,815             | 19,222,701 |
| Unlisted                              | 8,996,949            | 4,520,186  | 12,294,149             | 2,645,500  |
|                                       | 22,817,342           | 25,892,481 | 23,222,964             | 21,868,201 |

- (i) Includes RMB 3 million securities lent out under securities lending arrangements as at 31 December 2013 (31 December 2012: RMB115 million).

## 24. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

### Group

|                    | 31 December<br>2013 | 2012    |
|--------------------|---------------------|---------|
| Non-current        |                     |         |
| Equity investments | <b>122,208</b>      | 272,835 |
| Analysed into:     |                     |         |
| Listed             | —                   | 272,835 |
| Unlisted           | <b>122,208</b>      | —       |
|                    | <b>122,208</b>      | 272,835 |
| Current            |                     |         |
| Equity investments | <b>7,084,225</b>    | 209,743 |
| Others             | <b>4,829,912</b>    | —       |
|                    | <b>11,914,137</b>   | 209,743 |
| Analysed into:     |                     |         |
| Listed             | <b>7,102,494</b>    | 91,435  |
| Unlisted           | <b>4,811,643</b>    | 118,308 |
|                    | <b>11,914,137</b>   | 209,743 |

## 25. REFUNDABLE DEPOSITS

|                   | Group<br>31 December<br>2013 | 2012    | Company<br>31 December<br>2013 | 2012      |
|-------------------|------------------------------|---------|--------------------------------|-----------|
| Margin trading    | <b>262,987</b>               | 693,696 | <b>176,723</b>                 | 362,834   |
| Performance bonds | <b>296</b>                   | 40      | <b>383,069</b>                 | 1,312,744 |
| Credit deposits   | <b>761,400</b>               | 124,797 | <b>675,169</b>                 | 107,958   |
| Total             | <b>1,024,683</b>             | 818,533 | <b>1,234,961</b>               | 1,783,536 |

## 26. DEFERRED INCOME TAX ASSETS AND LIABILITIES

### Group

| Deferred income tax assets:                              | Depreciation<br>allowance | Change in fair<br>value of<br>financial<br>assets held<br>for trading | Change in<br>fair value<br>of available-<br>for-sale<br>financial assets | Allowance for<br>impairment<br>losses on<br>available-<br>for-sale<br>financial assets | Change in<br>fair value<br>of derivatives | Accrued<br>staff costs | Others         | Total            |
|----------------------------------------------------------|---------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------|------------------------|----------------|------------------|
| At 1 January 2013                                        | —                         | —                                                                     | 127,224                                                                  | 7,985                                                                                  | 262,359                                   | 432,289                | 6,831          | 836,688          |
| Credited/(debited) to the Statement<br>of profit or loss | (3,800)                   | 112,319                                                               | —                                                                        | 60,597                                                                                 | (181,371)                                 | 20,431                 | 18,803         | 26,979           |
| Credited/(debited) to<br>other comprehensive income      | 72                        | —                                                                     | 147,598                                                                  | 11                                                                                     | —                                         | (1,014)                | (895)          | 145,772          |
| Other additions                                          | 16,552                    | —                                                                     | —                                                                        | 84,430                                                                                 | —                                         | 91,509                 | 121,324        | 313,815          |
| At 31 December 2013                                      | <b>12,824</b>             | <b>112,319</b>                                                        | <b>274,822</b>                                                           | <b>153,023</b>                                                                         | <b>80,988</b>                             | <b>543,215</b>         | <b>146,063</b> | <b>1,323,254</b> |

| Deferred income tax assets:                           | Depreciation allowance | Change in fair value of financial assets held for trading | Change in fair value of available-for-sale financial assets | Allowance for impairment losses on available-for-sale financial assets | Change in fair value of derivatives | Accrued staff costs | Others | Total     |
|-------------------------------------------------------|------------------------|-----------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------|---------------------|--------|-----------|
| At 1 January 2012                                     | —                      | 54,781                                                    | 271,876                                                     | 377,659                                                                | 52                                  | 632,976             | 7,023  | 1,344,367 |
| Credited/(debited) to the Statement of profit or loss | —                      | (54,781)                                                  | —                                                           | (369,674)                                                              | 262,307                             | (200,687)           | (192)  | (363,027) |
| Debited to other comprehensive income                 | —                      | —                                                         | (144,652)                                                   | —                                                                      | —                                   | —                   | —      | (144,652) |
| At 31 December 2012                                   | —                      | —                                                         | 127,224                                                     | 7,985                                                                  | 262,359                             | 432,289             | 6,831  | 836,688   |

### Group

| Deferred income tax liabilities:                       | Amortisation allowance | Change in fair value of financial assets held for trading | Change in fair value of available-for-sale financial assets | Change in fair value of derivatives | Change in fair value of financial liabilities held for trading | Others | Total     |
|--------------------------------------------------------|------------------------|-----------------------------------------------------------|-------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------|--------|-----------|
| At 1 January 2013                                      | —                      | 245,271                                                   | 76,393                                                      | 694                                 | —                                                              | 818    | 323,176   |
| Debited /(credited) to the Statement of profit or loss | (29,042)               | (245,053)                                                 | —                                                           | (540)                               | 1,697                                                          | (140)  | (273,078) |
| Debited/(credited) to other comprehensive income       | —                      | —                                                         | 69,265                                                      | —                                   | —                                                              | (2)    | 69,263    |
| Other additions                                        | 657,305                | —                                                         | 72,164                                                      | —                                   | —                                                              | 23,456 | 752,925   |
| At 31 December 2013                                    | 628,263                | 218                                                       | 217,822                                                     | 154                                 | 1,697                                                          | 24,132 | 872,286   |

| Deferred income tax liabilities:           | Amortisation allowance | Change in fair value of financial assets held for trading | Change in fair value of available-for-sale financial assets | Change in fair value of derivatives | Change in fair value of financial liabilities held for trading | Others | Total    |
|--------------------------------------------|------------------------|-----------------------------------------------------------|-------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------|--------|----------|
| At 1 January 2012                          | —                      | —                                                         | 104,478                                                     | —                                   | —                                                              | —      | 104,478  |
| Debited to the Statement of profit or loss | —                      | 245,271                                                   | —                                                           | 694                                 | —                                                              | 818    | 246,783  |
| Credited to other comprehensive income     | —                      | —                                                         | (28,085)                                                    | —                                   | —                                                              | —      | (28,085) |
| At 31 December 2012                        | —                      | 245,271                                                   | 76,393                                                      | 694                                 | —                                                              | 818    | 323,176  |

### Company

| Deferred income tax assets:                           | Change in fair value of financial assets held for trading | Change in fair value of available-for-sale financial assets | Allowance for impairment losses on available-for-sale financial assets | Change in fair value of derivatives | Accrued staff costs | Others  | Total    |
|-------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------|---------------------|---------|----------|
| At 1 January 2013                                     | —                                                         | 128,160                                                     | 7,985                                                                  | 257,914                             | 393,299             | 1,590   | 788,948  |
| Credited/(debited) to the Statement of profit or loss | 112,319                                                   | —                                                           | 60,869                                                                 | (176,784)                           | (38,463)            | (1,188) | (43,247) |
| Debited to other comprehensive income                 | —                                                         | 184,072                                                     | —                                                                      | —                                   | —                   | —       | 184,072  |
| At 31 December 2013                                   | 112,319                                                   | 312,232                                                     | 68,854                                                                 | 81,130                              | 354,836             | 402     | 929,773  |

| Deferred income tax assets:                           | Change in fair value of financial assets held for trading | Change in fair value of available-for-sale financial assets | Allowance for impairment losses on available-for-sale financial assets | Change in fair value of derivatives | Accrued staff costs | Others  | Total     |
|-------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------|---------------------|---------|-----------|
| At 1 January 2012                                     | 54,781                                                    | 269,351                                                     | 377,559                                                                | 52                                  | 588,025             | 5,213   | 1,294,981 |
| Credited/(debited) to the Statement of profit or loss | (54,781)                                                  | —                                                           | (369,574)                                                              | 257,862                             | (194,726)           | (3,623) | (364,842) |
| Debited to other comprehensive income                 | —                                                         | (141,191)                                                   | —                                                                      | —                                   | —                   | —       | (141,191) |
| At 31 December 2012                                   | —                                                         | 128,160                                                     | 7,985                                                                  | 257,914                             | 393,299             | 1,590   | 788,948   |

### Company

| Deferred income tax liabilities:                      | Change in fair value of financial assets held for trading | Change in fair value of available-for-sale financial assets | Change in fair value of derivatives | Change in fair value of financial liabilities held for trading | Others | Total     |
|-------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------|--------|-----------|
| At 1 January 2013                                     | 245,215                                                   | —                                                           | —                                   | —                                                              | —      | 245,215   |
| Debited/(credited) to the Statement of profit or loss | (245,215)                                                 | —                                                           | —                                   | 1,697                                                          | —      | (243,518) |
| At 31 December 2013                                   | —                                                         | —                                                           | —                                   | 1,697                                                          | —      | 1,697     |

| Deferred income tax liabilities:           | Change in fair value of financial assets held for trading | Change in fair value of available-for-sale financial assets | Change in fair value of derivatives | Change in fair value of financial liabilities held for trading | Others | Total   |
|--------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------|--------|---------|
| At 1 January 2012                          | —                                                         | —                                                           | —                                   | —                                                              | —      | —       |
| Debited to the Statement of profit or loss | 245,215                                                   | —                                                           | —                                   | —                                                              | —      | 245,215 |
| At 31 December 2012                        | 245,215                                                   | —                                                           | —                                   | —                                                              | —      | 245,215 |

## 27. MARGIN ACCOUNTS

|                 | Group<br>31 December<br>2013 | 2012             | Company<br>31 December<br>2013 | 2012             |
|-----------------|------------------------------|------------------|--------------------------------|------------------|
| Margin accounts | <u>34,301,932</u>            | <u>9,423,188</u> | <u>22,183,838</u>              | <u>5,990,043</u> |

Margin accounts are the funds the Group lends to the customers in margin financing and securities lending business. Impairment of RMB0.24 million was made as at 31 December 2013 (31 December 2012:Nil).

## 28. FINANCIAL ASSETS HELD FOR TRADING

|                        | Group<br>31 December |            | Company<br>31 December |            |
|------------------------|----------------------|------------|------------------------|------------|
|                        | 2013                 | 2012       | 2013                   | 2012       |
| Debt securities        | 46,339,931           | 24,572,542 | 41,826,929             | 22,879,988 |
| Equity investments (i) | 11,307,641           | 13,567,693 | 9,128,095              | 12,113,521 |
| Others                 | 214,103              | 184,796    | 259,274                | 184,796    |
| Total                  | 57,861,675           | 38,325,031 | 51,214,298             | 35,178,305 |
| Analysed into:         |                      |            |                        |            |
| Listed                 | 54,298,020           | 34,421,284 | 50,955,023             | 34,060,922 |
| Unlisted               | 3,563,655            | 3,903,747  | 259,275                | 1,117,383  |
|                        | 57,861,675           | 38,325,031 | 51,214,298             | 35,178,305 |

- (i) Includes RMB333 million of securities lent out under securities lending arrangements as at 31 December 2013 (31 December 2012: RMB136 million).

## 29. DERIVATIVE FINANCIAL INSTRUMENTS

### Group

|                          | 31 December 2013 |             | 31 December 2012 |             |
|--------------------------|------------------|-------------|------------------|-------------|
|                          | Assets           | Liabilities | Assets           | Liabilities |
| Interest rate derivative | 599,601          | 636,265     | 261,062          | 330,421     |
| Currency derivative      | 85,032           | 86,077      | 13,986           | 14,751      |
| Equity derivative        | 5,518,113        | 562,243     | 23,775           | 196,765     |
| Credit derivative        | 274,177          | 26,248      | 119,682          | 92,804      |
| Others                   | 14,445           | 15,328      | 4,687            | 1,531       |
| Total                    | 6,491,368        | 1,326,161   | 423,192          | 636,272     |

### Company

|                          | 31 December 2013 |             | 31 December 2012 |             |
|--------------------------|------------------|-------------|------------------|-------------|
|                          | Assets           | Liabilities | Assets           | Liabilities |
| Interest rate derivative | 658,739          | 697,811     | 260,624          | 330,289     |
| Equity derivative        | 106,027          | 625,699     | —                | 192,119     |
| Credit derivative        | 228,979          | 22,205      | 114,367          | 87,728      |
| Total                    | 993,745          | 1,345,715   | 374,991          | 610,136     |

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures were settled daily and the corresponding payments or receipts were included in "cash and bank balances" as at 31 December 2013. Accordingly, the amount of mark-to-market gain or loss of unexpired stock index futures contracts included in derivative financial instruments above was nil.

### 30. REVERSE REPURCHASE AGREEMENTS

|                              | Group<br>31 December<br>2013 | 2012    | Company<br>31 December<br>2013 | 2012    |
|------------------------------|------------------------------|---------|--------------------------------|---------|
| Analysed by collateral:      |                              |         |                                |         |
| Securities                   | 10,919,228                   | 685,810 | 10,689,228                     | 685,810 |
| Debts                        | 11,065,042                   | 103,193 | 11,025,042                     | 103,193 |
| Others                       | 107,722                      | 4,620   | 720                            | 4,620   |
| Total                        | 22,091,992                   | 793,623 | 21,714,990                     | 793,623 |
| Analysed by counterparty:    |                              |         |                                |         |
| Banks                        | 96,139                       | 103,193 | 96,139                         | 103,193 |
| Other financial institutions | 13,645,979                   | —       | 13,458,977                     | —       |
| Others                       | 8,349,874                    | 690,430 | 8,159,874                      | 690,430 |
| Total                        | 22,091,992                   | 793,623 | 21,714,990                     | 793,623 |

As part of the reverse repurchase agreements, the Group has received securities that it is allowed to repledge in the absence of default by their owners. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group has an obligation to return the collateral to its counterparties at the maturity of the contracts. As at 31 December 2013, the Group had received securities as collateral with a fair value of approximately RMB9,732.76 million on such terms (31 December 2012: RMB100.93 million). In addition, securities with a fair value as shown above have been repledged are RMB 4,483.08million (31 December 2012: RMB100.93 million).

### 31. OTHER CURRENT ASSETS

|                                | Group<br>31 December<br>2013 | 2012      | Company<br>31 December<br>2013 | 2012    |
|--------------------------------|------------------------------|-----------|--------------------------------|---------|
| Accounts due from clients      | 5,743,850                    | 360,084   | —                              | —       |
| Accounts due from broker       | 1,439,538                    | 309,121   | —                              | —       |
| Settlement deposits receivable | 646,994                      | 1,333     | 318,931                        | —       |
| Interest receivable            | 2,165,507                    | 705,315   | 1,962,870                      | 643,863 |
| Investment prepaid             | 763,852                      | 3,670,454 | 588,800                        | 150,000 |
| Deferred expenses              | 139,262                      | 51,589    | 7,935                          | 10,707  |
| Dividends receivable           | 21                           | 4         | —                              | —       |
| Others                         | 849,713                      | 273,289   | 2,610,699                      | 90,331  |
| Less: Impairment loss          | 7,098                        | 4,421     | 1,609                          | 1,420   |
| Total                          | 11,741,639                   | 5,366,768 | 5,487,626                      | 893,481 |

### 32. CASH HELD ON BEHALF OF CUSTOMERS

The Group and the Company maintain segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group and the Company have classified their clients' monies as cash held on behalf of customers under the current assets section of the statement of financial position and recognised the corresponding accounts payable to the respective clients on the grounds that they are liable for any loss or misappropriation of their clients' monies. In the PRC, cash held on behalf of customers for clients' transaction and settlement funds is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance. In the other country and area, cash held on behalf of customers is maintained by the authorised institutions.

### 33. CASH AND BANK BALANCES

|                   | Group<br>31 December<br>2013 | 2012       | Company<br>31 December<br>2013 | 2012       |
|-------------------|------------------------------|------------|--------------------------------|------------|
| Cash on hand      | 434                          | 313        | 76                             | 67         |
| Deposits in banks | 27,684,190                   | 25,835,454 | 16,097,567                     | 18,924,754 |
| Total             | 27,684,624                   | 25,835,767 | 16,097,643                     | 18,924,821 |

As at 31 December 2013, the Group had restricted funds of RMB2,015.71 million (31 December 2012: Nil).

### 34. ACCOUNTS PAYABLE

|                  | Group<br>31 December<br>2013 | 2012              | Company<br>31 December<br>2013 | 2012              |
|------------------|------------------------------|-------------------|--------------------------------|-------------------|
| Accounts payable | <u>45,196,159</u>            | <u>34,807,288</u> | <u>16,261,083</u>              | <u>14,919,595</u> |

Accounts payable represent the amounts received from and repayable to clients arising from the ordinary course of the Group's securities brokerage business. For more details, please refer to note 32 "cash held on behalf of customers".

### 35. FINANCIAL LIABILITIES HELD FOR TRADING

|                    | Group<br>31 December<br>2013 | 2012          | Company<br>31 December<br>2013 | 2012     |
|--------------------|------------------------------|---------------|--------------------------------|----------|
| Current            |                              |               |                                |          |
| Debt securities    | 1,872,030                    | 5,613         | 1,855,352                      | —        |
| Equity investments | <u>970,065</u>               | <u>8,690</u>  | <u>—</u>                       | <u>—</u> |
| Total              | <u>2,842,095</u>             | <u>14,303</u> | <u>1,855,352</u>               | <u>—</u> |

### 36. FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### Group

|                    | 31 December<br>2013 | 2012         |
|--------------------|---------------------|--------------|
| Current            |                     |              |
| Equity investments | 2,263               | 4,475        |
| Others             | <u>16,438,752</u>   | <u>—</u>     |
| Total              | <u>16,441,015</u>   | <u>4,475</u> |

### 37. REPURCHASE AGREEMENTS

|                              | Group<br>31 December<br>2013 | 2012              | Company<br>31 December<br>2013 | 2012              |
|------------------------------|------------------------------|-------------------|--------------------------------|-------------------|
| Analysed by collateral:      |                              |                   |                                |                   |
| Debts                        | 42,849,040                   | 20,846,684        | 42,837,565                     | 20,925,313        |
| Others                       | <u>12,855,215</u>            | <u>1,196,930</u>  | <u>12,225,215</u>              | <u>—</u>          |
| Total                        | <u>55,704,255</u>            | <u>22,043,614</u> | <u>55,062,780</u>              | <u>20,925,313</u> |
| Analysed by counterparty:    |                              |                   |                                |                   |
| Banks                        | 14,207,626                   | 10,663,889        | 14,007,626                     | 10,663,889        |
| Other financial institutions | 29,086,932                   | 5,754,959         | 28,656,932                     | 4,738,029         |
| Others                       | <u>12,409,697</u>            | <u>5,624,766</u>  | <u>12,398,222</u>              | <u>5,523,395</u>  |
| Total                        | <u>55,704,255</u>            | <u>22,043,614</u> | <u>55,062,780</u>              | <u>20,925,313</u> |

### 38. TAX PAYABLE

|              | Group<br>31 December<br>2013 | 2012             | Company<br>31 December<br>2013 | 2012           |
|--------------|------------------------------|------------------|--------------------------------|----------------|
| Income tax   | 1,349,589                    | 405,927          | 756,301                        | 196,400        |
| Business tax | 208,830                      | 59,874           | 155,849                        | 41,315         |
| Others       | 644,925                      | 538,670          | 455,906                        | 490,300        |
| Total        | <u>2,203,344</u>             | <u>1,004,471</u> | <u>1,368,056</u>               | <u>728,015</u> |

### 39. SHORT-TERM LOANS

|                          | Group<br>31 December<br>2013 | 2012           | Company<br>31 December<br>2013 | 2012     |
|--------------------------|------------------------------|----------------|--------------------------------|----------|
| Analysed by nature:      |                              |                |                                |          |
| Credit loans             | 2,194,329                    | 406,766        | 100,000                        | —        |
| Collateralised loans     | 330,891                      | 383,798        | —                              | —        |
| Total                    | <u>2,525,220</u>             | <u>790,564</u> | <u>100,000</u>                 | <u>—</u> |
| Analysed by term:        |                              |                |                                |          |
| Maturity within one year | <u>2,525,220</u>             | <u>790,564</u> | <u>100,000</u>                 | <u>—</u> |

As at 31 December 2013, the interest rates on the short-term loans were in range of 0.2%-7%.

### 40. SHORT-TERM FINANCING INSTRUMENT PAYABLES

The commercial papers issued by the Group and the Company are as follows:

|                           | 31 December<br>2013 | 2012              |
|---------------------------|---------------------|-------------------|
| Analysed by maturity:     |                     |                   |
| Maturity within one years | 11,998,130          | 13,000,000        |
|                           | <u>11,998,130</u>   | <u>13,000,000</u> |

| Name           | Issue date | Maturity date | Issue price       | Nominal<br>interest rate | 31 December<br>2013 | 31 December<br>2012 |
|----------------|------------|---------------|-------------------|--------------------------|---------------------|---------------------|
| 12 CITIC CP003 | 2012/10/17 | 2013/1/16     | 5,000,000         | 4.00%                    | —                   | 5,000,000           |
| 12 CITIC CP004 | 2012/11/21 | 2013/2/20     | 5,000,000         | 4.19%                    | —                   | 5,000,000           |
| 12 CITIC CP005 | 2012/12/13 | 2013/3/14     | 3,000,000         | 4.31%                    | —                   | 3,000,000           |
| 13 CITIC CP009 | 2013/10/17 | 2014/1/16     | 4,000,000         | 5.19%                    | 3,999,762           | —                   |
| 13 CITIC CP010 | 2013/11/11 | 2014/2/10     | 4,000,000         | 5.75%                    | 3,999,366           | —                   |
| 13 CITIC CP011 | 2013/12/4  | 2014/3/5      | 4,000,000         | 6.40%                    | 3,999,002           | —                   |
| Total          |            |               | <u>25,000,000</u> |                          | <u>11,998,130</u>   | <u>13,000,000</u>   |

As at 31 December 2013, short-term financing instrument payables were all outstanding commercial papers.

## 41. OTHER CURRENT LIABILITIES

|                                          | Group<br>31 December<br>2013 |  | 2012      | Company<br>31 December<br>2013 |  | 2012      |
|------------------------------------------|------------------------------|--|-----------|--------------------------------|--|-----------|
| Salaries, bonuses and allowances payable | <b>3,295,862</b>             |  | 2,313,600 | <b>1,468,431</b>               |  | 1,608,931 |
| Funds payable to securities holders      | <b>194,925</b>               |  | 191,224   | <b>181,634</b>                 |  | 177,870   |
| Funds payable to securities issuers      | <b>61,260</b>                |  | 175,297   | <b>61,086</b>                  |  | 175,118   |
| Accounts due to broker                   | <b>1,501,150</b>             |  | 209,585   | —                              |  | —         |
| Settlement deposits payable              | <b>2,370,612</b>             |  | 581,664   | <b>1,284,485</b>               |  | 397,072   |
| Fee and commissions payable              | <b>290,701</b>               |  | 80,998    | <b>73,043</b>                  |  | 57,872    |
| Interest payable                         | <b>890,888</b>               |  | 143,094   | <b>846,584</b>                 |  | 132,708   |
| Accrued liabilities                      | —                            |  | 4,944     | —                              |  | 4,944     |
| Dividends payable                        | <b>2,050</b>                 |  | 2,041     | <b>22</b>                      |  | 22        |
| Others                                   | <b>1,153,771</b>             |  | 831,416   | <b>5,021,561</b>               |  | 325,807   |
| Total                                    | <b>9,761,219</b>             |  | 4,533,863 | <b>8,936,846</b>               |  | 2,880,344 |

## 42. BONDS PAYABLE

|                            | Group<br>31 December<br>2013 |  | 2012      | Company<br>31 December<br>2013 |  | 2012      |
|----------------------------|------------------------------|--|-----------|--------------------------------|--|-----------|
| Analysed by maturity:      |                              |  |           |                                |  |           |
| Maturity within five years | <b>12,706,194</b>            |  | —         | <b>7,982,534</b>               |  | —         |
| Maturity over five years   | <b>13,470,914</b>            |  | 1,500,000 | <b>13,470,914</b>              |  | 1,500,000 |
|                            | <b>26,177,108</b>            |  | 1,500,000 | <b>21,453,448</b>              |  | 1,500,000 |

| Name            | Issue date | Issue price | Coupon rate | Value date | Maturity date | Circulation date | Issue amount              |
|-----------------|------------|-------------|-------------|------------|---------------|------------------|---------------------------|
| 06 CITICS Bond  | 5/29/2006  | RMB100      | 4.25%       | 5/31/2006  | 5/31/2021     | 8/18/2006        | 1,500,000 <sup>(1)</sup>  |
| CITIC SEC B1805 | 5/3/2013   | USD99.753   | 2.50%       | 5/3/2013   | 5/3/2018      | 5/6/2013         | 4,930,543 <sup>(2)</sup>  |
| 13 CITICS 01    | 6/7/2013   | RMB100      | 4.65%       | 6/7/2013   | 6/7/2018      | 6/28/2013        | 3,000,000 <sup>(3)</sup>  |
| 13 CITICS 02    | 6/7/2013   | RMB100      | 5.05%       | 6/7/2013   | 6/7/2023      | 6/28/2013        | 12,000,000 <sup>(4)</sup> |
| 13 CITICS 03    | 8/5/2013   | RMB100      | 5.00%       | 8/5/2013   | 8/5/2016      | 8/23/2013        | 5,000,000 <sup>(5)</sup>  |

- (1) Pursuant to the approval by the CSRC, the Company issued a 15-year bond amounting to RMB1.5 billion from 25 May to 2 June 2006 which was guaranteed by CITIC Group.
- (2) CITIC Securities Finance 2013 Co., Ltd issued a 5-year bond with a face value of USD0.8 billion (RMB4.94 billion) from 25 April to 3 May 2013 which was guaranteed by Bank of China (Macau Branch). The Company provides a counter-guarantee to Bank of China within the scope of guarantee.
- (3) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB3 billion from 7 June to 14 June 2013.
- (4) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12 billion from 7 June to 14 June 2013.
- (5) Pursuant to the approval by the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB5 billion from 5 August to 7 August 2013.

## 43. LONG-TERM LOANS

### Group

|                                                                            | 31 December<br>2013 | 2012 |
|----------------------------------------------------------------------------|---------------------|------|
| Collateralised loans                                                       | <b>567,000</b>      | —    |
| Analysed by maturity:                                                      |                     |      |
| Maturity within five years                                                 | <b>567,000</b>      | —    |
| As at 31 December 2013, the interest rate on the long-term loans was 6.4%. |                     |      |

## 44. OTHER NON-CURRENT LIABILITIES

### Group

|                                             | 31 December<br>2013 | 2012    |
|---------------------------------------------|---------------------|---------|
| Net assets attributable to limited partners | <b>1,487,334</b>    | 265,232 |
| Risk provision payables                     | <b>140,828</b>      | —       |
| Total                                       | <b>1,628,162</b>    | 265,232 |

## 45. ISSUED SHARE CAPITAL

Share capital of the Group and the Company is as follows:

|                                    | 31 December 2013                  |                   | 31 December 2012                  |               |
|------------------------------------|-----------------------------------|-------------------|-----------------------------------|---------------|
|                                    | Number<br>of shares<br>(Thousand) | Nominal Value     | Number<br>of shares<br>(Thousand) | Nominal Value |
| Registered, issued and fully paid: |                                   |                   |                                   |               |
| A shares of RMB1 each              | <b>9,838,580</b>                  | <b>9,838,580</b>  | 9,838,580                         | 9,838,580     |
| H shares of RMB1 each              | <b>1,178,328</b>                  | <b>1,178,328</b>  | 1,178,328                         | 1,178,328     |
|                                    | <b>11,016,908</b>                 | <b>11,016,908</b> | 11,016,908                        | 11,016,908    |

As at 31 December 2013, the number of shares of the Company in issue was 11,016,908,400 (31 December 2012: 11,016,908,400).

## 46. RESERVES

### Group

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

#### (a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

#### (b) Surplus reserves

##### (i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve and other non-discretionary surplus reserves, the Company may also appropriate its after-tax profit for the year as determined under PRC GAAP to its discretionary surplus reserve upon approval by the shareholders in a general meeting. Subject to the shareholders' approval, the discretionary surplus reserve may be used to offset accumulated losses, if any, and may be converted into capital of the Company.

(c) General reserve

Pursuant to the requirements of regulatory authorities such as the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its after-tax profit for the year for the general risk reserve and 10% for the transaction risk reserve. These reserves are used to offset accumulated losses of the Company and shall not be converted into dividends or share capital. Regulatory reserve represents reserves that are set up by subsidiaries and branches in certain countries or jurisdictions outside Mainland China in accordance with the regulatory requirements in their respective territories. Regulatory reserves are not available for distribution.

(d) Investment revaluation reserve

The investment revaluation reserve represents the fair value changes of available-for-sale financial assets.

(e) Foreign currency translation reserve

The foreign currency translation reserve is the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China.

(f) Distributable profits

The Company's distributable profits are based on the retained profits of the Company as determined under PRC GAAP and IFRSs, whichever is lower.

The movements in reserves and retained profits of the Company are set out below:

**Company**

|                                      | Reserves        |                  |                 |                                |            | Retained profits |
|--------------------------------------|-----------------|------------------|-----------------|--------------------------------|------------|------------------|
|                                      | Capital reserve | Surplus reserves | General reserve | Investment revaluation reserve | Sub-total  |                  |
| Balance as at 1 January 2013         | 34,369,462      | 5,061,676        | 9,202,630       | (338,324)                      | 48,295,444 | 13,280,530       |
| Profit for the year                  | —               | —                | —               | —                              | —          | 2,908,854        |
| Other comprehensive income           | 46,098          | —                | —               | (552,218)                      | (506,120)  | —                |
| Total comprehensive income           | 46,098          | —                | —               | (552,218)                      | (506,120)  | 2,908,854        |
| Dividend – 2012                      | —               | —                | —               | —                              | —          | (3,305,073)      |
| Appropriation to surplus reserves    | —               | 290,885          | —               | —                              | 290,885    | (290,885)        |
| Appropriation to general reserve     | —               | —                | 581,771         | —                              | 581,771    | (581,771)        |
| Capital contribution by shareholders | —               | —                | —               | —                              | —          | —                |
| Others                               | —               | —                | —               | —                              | —          | —                |
| Balance as at 31 December 2013       | 34,415,560      | 5,352,561        | 9,784,401       | (890,542)                      | 48,661,980 | 12,011,655       |

|                                      | Reserves        |                  |                 |                                |            | Retained profits |
|--------------------------------------|-----------------|------------------|-----------------|--------------------------------|------------|------------------|
|                                      | Capital reserve | Surplus reserves | General reserve | Investment revaluation reserve | Sub-total  |                  |
| Balance as at 1 January 2012         | 34,369,462      | 4,748,611        | 8,576,500       | (767,317)                      | 46,927,256 | 15,826,345       |
| Profit for the year                  | —               | —                | —               | —                              | —          | 3,130,651        |
| Other comprehensive income           | —               | —                | —               | 428,993                        | 428,993    | —                |
| Total comprehensive income           | —               | —                | —               | 428,993                        | 428,993    | 3,130,651        |
| Dividend – 2011                      | —               | —                | —               | —                              | —          | (4,737,271)      |
| Appropriation to surplus reserves    | —               | 313,065          | —               | —                              | 313,065    | (313,065)        |
| Appropriation to general reserve     | —               | —                | 626,130         | —                              | 626,130    | (626,130)        |
| Capital contribution by shareholders | —               | —                | —               | —                              | —          | —                |
| Others                               | —               | —                | —               | —                              | —          | —                |
| Balance as at 31 December 2012       | 34,369,462      | 5,061,676        | 9,202,630       | (338,324)                      | 48,295,444 | 13,280,530       |

## 47. CASH AND CASH EQUIVALENTS

|                   | 31 December 2013 | 2012       |
|-------------------|------------------|------------|
| Cash on hand      | 434              | 313        |
| Deposits in banks | 25,668,478       | 25,835,454 |
| Total             | 25,668,912       | 25,835,767 |

## 48. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or customers. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

### *Repurchase transactions*

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received.

### *Securities lending arrangements*

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. If the securities increase or decrease in value, the Group may in certain circumstances be required or require to pay additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition and their associated financial liabilities:

|                       | 31 December 2013                      |                                        | 31 December 2012                      |                                        |
|-----------------------|---------------------------------------|----------------------------------------|---------------------------------------|----------------------------------------|
|                       | Carrying amount of transferred assets | Carrying amount of related liabilities | Carrying amount of transferred assets | Carrying amount of related liabilities |
| Repurchase agreements | 17,980,309                            | 18,249,890                             | 8,199,630                             | 8,309,118                              |
| Securities lending    | 335,863                               | —                                      | 250,817                               | —                                      |
| Total                 | 18,316,172                            | 18,249,890                             | 8,450,447                             | 8,309,118                              |

## 49. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

|                                  | Group            |        | Company          |        |
|----------------------------------|------------------|--------|------------------|--------|
|                                  | 31 December 2013 | 2012   | 31 December 2013 | 2012   |
| Contracted, but not provided for | 55,950           | 30,880 | 52,322           | 28,043 |

The above-mentioned capital commitments are mainly in respect of the construction of properties and purchase of equipment of the Group and the Company.

### (b) Operating lease commitments

#### (i) Operating lease commitments-as a lessee

At the end of the reporting period, the Group and the Company leased certain office properties under operating lease arrangements, and the total future minimum lease payments of the Group and the Company under irrevocable operating lease arrangements are as follows:

|                                               | Group            |         | Company          |         |
|-----------------------------------------------|------------------|---------|------------------|---------|
|                                               | 31 December 2013 | 2012    | 31 December 2013 | 2012    |
| Within one year                               | 423,998          | 250,248 | 118,175          | 104,254 |
| After one year but not more than two years    | 311,956          | 213,375 | 92,582           | 93,451  |
| After two years but not more than three years | 201,627          | 156,822 | 71,133           | 74,912  |
| After three years                             | 378,363          | 372,123 | 229,649          | 227,785 |
| Total                                         | 1,315,944        | 992,568 | 511,539          | 500,402 |

#### (ii) Operating lease commitments-as a lessor

At the end of the reporting period, the Group and the Company did not have material lease commitments as a lessor.

### (c) Legal proceedings

From time to time in the ordinary course of business, the Group and the Company are subject to claims and are parties to legal and regulatory proceedings. As at 31 December 2013, the Group and the Company were not involved in any material legal, arbitration or administrative proceedings that if adversely determined, the Group and the Company expect would materially adversely affect their financial position or results of operations.

## 50. RELATED PARTY DISCLOSURES

### (1) Largest shareholder of the Company

| Name of the shareholder | Relationship        | Enterprise type  | Place of registration and operations | Legal representative | Principal activities                     | Registered share capital | Percentage of equity interest | Voting rights | Organisational code |
|-------------------------|---------------------|------------------|--------------------------------------|----------------------|------------------------------------------|--------------------------|-------------------------------|---------------|---------------------|
| CITIC Limited           | Largest shareholder | State-controlled | Beijing                              | Zhenming Chang       | Financial, industrial and other services | RMB 128 billion          | 20.30%                        | 20.30%        | 71783170-9          |

On 25 February 2013, the procedures for the transfer of 2,236,890,620 shares of the Company (accounting for 20.30% of the total shares) were completed, and the largest shareholder of the Company was changed from CITIC Group Corporation to CITIC Limited, as a result, the comparative information has been adjusted accordingly.

### (2) Subsidiaries

Details of the Company's subsidiaries are disclosed in note 21.

### (3) Associates and joint ventures

Details of the Company's associates and joint ventures are disclosed in note 22.

### (4) Related party transactions

#### (a) Shareholders with significant influence

Largest shareholder of the Company – CITIC Limited

#### Transactions during the year

|                                | 2013   | 2012 |
|--------------------------------|--------|------|
| Income from providing services | 10,000 | 74   |
| Interest expense               | 60     | 38   |
| Total                          | 10,060 | 112  |

#### (b) Subsidiaries

#### Transactions during the year

|                                 | 2013    | 2012    |
|---------------------------------|---------|---------|
| Interest income                 | 113,918 | 72,241  |
| Investment income               | 76,316  | 34,203  |
| Interest expense                | 22,420  | 90,468  |
| Lease fees received             | 13,236  | 10,978  |
| Expense from receiving services | 5,627   | 4,333   |
| Income from providing services  | 2,492   | 1,769   |
| Total                           | 234,009 | 213,992 |

**Balances at the end of the year**

|                                                 | 31 December |           |
|-------------------------------------------------|-------------|-----------|
|                                                 | 2013        | 2012      |
| Available-for-sale financial assets             | 7,672,814   | 1,864,955 |
| Due from banks and other financial institutions | 1,660,000   | —         |
| Deposits for investments - Stock index futures  | 496,565     | 2,576,793 |
| Refundable deposits                             | 382,850     | 1,312,714 |
| Derivative financial assets                     | 67,546      | 18,109    |
| Other current assets                            | 2,908,956   | 33,008    |
| Derivative financial liabilities                | 75,615      | 327       |
| Accounts payable                                | 42,722      | 68,010    |
| Due to banks and other financial institutions   | —           | 200,000   |
| Repurchase agreements                           | —           | 180,000   |
| Other current liabilities                       | 4,751,504   | 1,542     |
| Total                                           | 18,058,572  | 6,255,458 |

Significant balances and transactions between subsidiaries set out above have been eliminated in the consolidated financial statements.

*(c) Subsidiaries and joint ventures of the largest shareholder of the Company***Transactions during the year**

|                                | 2013    | 2012    |
|--------------------------------|---------|---------|
| Lease fees received            | 24,512  | 24,850  |
| Lease expenses paid            | 34,299  | 32,957  |
| Interest income                | 425,399 | 514,762 |
| Interest expense               | 5,410   | 6,645   |
| Income from providing services | 31,198  | 100,523 |
| Expense on receiving services  | 90,027  | 56,394  |
| Investment income              | 7,804   | 16,946  |
| Total                          | 618,649 | 753,077 |

**Balances at the end of the year**

|                                      | 31 December |            |
|--------------------------------------|-------------|------------|
|                                      | 2013        | 2012       |
| Other current assets                 | 754         | 642        |
| Other current liabilities            | 3,677       | 3,355      |
| Cash held on behalf of customers (i) | 3,461,084   | 5,124,615  |
| Cash and bank balances (i)           | 10,266,294  | 8,264,703  |
| Total                                | 13,731,809  | 13,393,315 |

(i) Represents bank deposits placed with subsidiary banks of the largest shareholder of the Company.

*(d) Parent company and its subsidiaries of the largest shareholder of the Company***Transactions during the year**

|                                 | 2013   | 2012    |
|---------------------------------|--------|---------|
| Income from providing services  | 44,343 | 121,284 |
| Expense from receiving services | 2,675  | 1,104   |
| Interest expense                | 21     | 16      |
| Total                           | 47,039 | 122,404 |

**Balances at the end of the year**

|                           | 31 December<br>2013 | 2012 |
|---------------------------|---------------------|------|
| Other current liabilities | 68                  | 333  |

**Guarantees between related parties**

During the period from 25 May 2006 to 2 June 2006, the Company issued a 15-year bond with an aggregate face value of RMB1.5 billion. The bond was guaranteed by CITIC Group Corporation. As at 31 December 2013, the total guarantees provided by CITIC Group Corporation amounted to RMB1.5 billion (31 December 2012: RMB1.5 billion).

*(e) Associates***Transactions during the year**

|                                | 2013  | 2012  |
|--------------------------------|-------|-------|
| Lease fees received            | 3,437 | —     |
| Income from providing services | 651   | 3,412 |
| Total                          | 4,088 | 3,412 |

**Balances at the end of the year**

|                           | 31 December<br>2013 | 2012 |
|---------------------------|---------------------|------|
| Other current liabilities | 833                 | —    |

**Available-for-sale financial assets transactions during the year**

|                                              | 2013 | 2012   |
|----------------------------------------------|------|--------|
| Available-for-sale financial assets transfer | —    | 50,350 |

*(f) As at 31 December 2013, the collective asset management plan managed by the Company held by the Company and its subsidiaries amounted to RMB405 million (31 December 2012: RMB250 million).**(g) Key management personnel*

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives.

The aggregate compensation for key management personnel during the reporting periods, other than those disclosed in note 11, is as follows:

|                                                 | 2013   | 2012   |
|-------------------------------------------------|--------|--------|
| Salary and other short term employment benefits | 33,927 | 14,147 |

**51. FAIR VALUE AND FAIR VALUE HIERARCHY**

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts, due from banks, accounts payable, repurchase agreements, loan, due to banks and other financial institutions and short-term financing instrument payables approximate to their carrying amounts largely due to the not long residual maturities of these instruments.

## ***Fair value hierarchy***

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

### ***(a) Financial instruments recorded at fair value***

| <b>31 December 2013</b>                                                  | <b>Level 1</b>    | <b>Level 2</b>    | <b>Level 3</b>   | <b>Total</b>       |
|--------------------------------------------------------------------------|-------------------|-------------------|------------------|--------------------|
| <b>Financial assets:</b>                                                 |                   |                   |                  |                    |
| Financial assets held for trading                                        | 20,688,112        | 36,674,613        | 498,950          | 57,861,675         |
| – Debt securities                                                        | 10,474,694        | 35,865,237        | —                | 46,339,931         |
| – Equity investments                                                     | 10,212,418        | 596,273           | 498,950          | 11,307,641         |
| – Others                                                                 | 1,000             | 213,103           | —                | 214,103            |
| Financial assets designated as at fair value through profit or loss      | 7,102,131         | 4,799,600         | 134,614          | 12,036,345         |
| Derivative financial assets                                              | 15,178            | 6,476,190         | —                | 6,491,368          |
| Available-for-sale financial assets                                      | 7,569,245         | 14,554,387        | 3,227,543        | 25,351,175         |
| – Debt securities                                                        | 536,877           | 5,913,967         | —                | 6,450,844          |
| – Equity investments                                                     | 6,960,566         | 47,537            | 3,227,543        | 10,235,646         |
| – Others                                                                 | 71,802            | 8,592,883         | —                | 8,664,685          |
| <b>Total</b>                                                             | <b>35,374,666</b> | <b>62,504,790</b> | <b>3,861,107</b> | <b>101,740,563</b> |
| <b>Financial liabilities:</b>                                            |                   |                   |                  |                    |
| Financial liabilities held for trading                                   | 973,740           | 1,868,355         | —                | 2,842,095          |
| Financial liabilities designated as at fair value through profit or loss | 2,263             | 16,415,500        | 23,252           | 16,441,015         |
| Derivative financial liabilities                                         | 13,325            | 1,312,836         | —                | 1,326,161          |
| <b>Total</b>                                                             | <b>989,328</b>    | <b>19,596,691</b> | <b>23,252</b>    | <b>20,609,271</b>  |

| <b>31 December 2012</b>                                                  | <b>Level 1</b>    | <b>Level 2</b>    | <b>Level 3</b>   | <b>Total</b>      |
|--------------------------------------------------------------------------|-------------------|-------------------|------------------|-------------------|
| <b>Financial assets:</b>                                                 |                   |                   |                  |                   |
| Financial assets held for trading                                        | 23,328,086        | 14,924,758        | 72,187           | 38,325,031        |
| – Debt securities                                                        | 10,361,955        | 14,210,587        | —                | 24,572,542        |
| – Equity investments                                                     | 12,966,131        | 529,375           | 72,187           | 13,567,693        |
| – Others                                                                 | —                 | 184,796           | —                | 184,796           |
| Financial assets designated as at fair value through profit or loss      | 95,910            | 272,835           | 113,833          | 482,578           |
| Derivative financial assets                                              | 1,356             | 421,836           | —                | 423,192           |
| Available-for-sale financial assets                                      | 10,536,708        | 14,943,747        | 3,811,653        | 29,292,108        |
| – Debt securities                                                        | 1,248,991         | 11,307,966        | —                | 12,556,957        |
| – Equity investments                                                     | 9,287,717         | 2,980             | 3,811,653        | 13,102,350        |
| – Others                                                                 | —                 | 3,632,801         | —                | 3,632,801         |
| <b>Total</b>                                                             | <b>33,962,060</b> | <b>30,563,176</b> | <b>3,997,673</b> | <b>68,522,909</b> |
| <b>Financial liabilities:</b>                                            |                   |                   |                  |                   |
| Financial liabilities held for trading                                   | 14,303            | —                 | —                | 14,303            |
| Financial liabilities designated as at fair value through profit or loss | 4,475             | —                 | —                | 4,475             |
| Derivative financial liabilities                                         | 4,900             | 631,372           | —                | 636,272           |
| <b>Total</b>                                                             | <b>23,678</b>     | <b>631,372</b>    | <b>—</b>         | <b>655,050</b>    |

**(b) Movements in level 3 financial instruments measured at fair value**

The following table shows a reconciliation of the opening and closing balances of level 3 financial assets and liabilities which are recorded at fair value:

|                                                                             | As at 1<br>January<br>2013 | Total gains<br>recorded<br>in profit<br>or loss | Total gains<br>recorded<br>in other<br>comprehensive<br>income | Additions | Decreases | Transfers<br>to level 1<br>from level 3 | As at 31<br>December<br>2013 |
|-----------------------------------------------------------------------------|----------------------------|-------------------------------------------------|----------------------------------------------------------------|-----------|-----------|-----------------------------------------|------------------------------|
| <b>Financial assets:</b>                                                    |                            |                                                 |                                                                |           |           |                                         |                              |
| Financial assets held for trading                                           | 72,187                     | 101,308                                         | —                                                              | 335,814   | 10,359    | —                                       | 498,950                      |
| – Equity investments                                                        | 72,187                     | 101,308                                         | —                                                              | 335,814   | 10,359    | —                                       | 498,950                      |
| Financial assets designated as at<br>fair value through profit or loss      | 113,833                    | (9,210)                                         | —                                                              | 90,706    | 60,715    | —                                       | 134,614                      |
| Available-for-sale financial assets                                         | 3,811,653                  | 68,502                                          | (224,105)                                                      | 224,882   | 244,400   | 408,989                                 | 3,227,543                    |
| – Equity investments                                                        | 3,811,653                  | 68,502                                          | (224,105)                                                      | 224,882   | 244,400   | 408,989                                 | 3,227,543                    |
| <b>Financial liabilities:</b>                                               |                            |                                                 |                                                                |           |           |                                         |                              |
| Financial liabilities designated as at<br>fair value through profit or loss | —                          | —                                               | (430)                                                          | 23,682    | —         | —                                       | 23,252                       |

|                                                                        | As at 1<br>January<br>2012 | Total<br>gains<br>recorded<br>in profit<br>or loss | Total gains<br>recorded<br>in other<br>comprehensive<br>income | Additions | Decreases | Transfers<br>to level 1<br>from level 3 | Transfers<br>to level 2<br>from level 3 | As at 31<br>December<br>2012 |
|------------------------------------------------------------------------|----------------------------|----------------------------------------------------|----------------------------------------------------------------|-----------|-----------|-----------------------------------------|-----------------------------------------|------------------------------|
| <b>Financial assets:</b>                                               |                            |                                                    |                                                                |           |           |                                         |                                         |                              |
| Financial assets held for trading                                      | 32,088                     | 607                                                | —                                                              | 71,580    | —         | 32,088                                  | —                                       | 72,187                       |
| – Equity investments                                                   | 32,088                     | 607                                                | —                                                              | 71,580    | —         | 32,088                                  | —                                       | 72,187                       |
| Financial assets designated as at<br>fair value through profit or loss | 298,885                    | 154,452                                            | —                                                              | 31,502    | 6,737     | 91,434                                  | 272,835                                 | 113,833                      |
| Available-for-sale financial assets                                    | 785,926                    | 307,893                                            | (336,109)                                                      | 3,638,912 | 222,147   | 362,822                                 | —                                       | 3,811,653                    |
| Equity investments                                                     | 785,926                    | 307,893                                            | (336,109)                                                      | 3,638,912 | 222,147   | 362,822                                 | —                                       | 3,811,653                    |

Gains on level 3 financial instruments included in the profit or loss for the year comprise:

|                                                   | Realised      | 2013<br>Unrealised | Total          | Realised       | 2012<br>Unrealised | Total          |
|---------------------------------------------------|---------------|--------------------|----------------|----------------|--------------------|----------------|
| Total gains in the profit<br>or loss for the year | <u>48,219</u> | <u>112,381</u>     | <u>160,600</u> | <u>314,709</u> | <u>148,243</u>     | <u>462,952</u> |

**(c) Transfers between Level 1 and Level 2**

During the year ended 31 December 2013, there were no transfers of fair value measurement between level 1 and level 2 (2012: nil).

**(d) Financial instruments not measured at fair value**

The tables below summarise the carrying amounts and fair values of bonds payable not presented at fair value on the date of financial reporting.

At the end of the reporting period, except for the bonds payable, the fair value of the Group's and the Company's other financial assets and liabilities not measured at fair value are not significantly different from their carrying amounts.

| Group         | Carrying amount<br>31 December<br>2013 | 2012             | Fair value<br>31 December<br>2013 | 2012             |
|---------------|----------------------------------------|------------------|-----------------------------------|------------------|
| Bonds payable | <u>26,177,108</u>                      | <u>1,500,000</u> | <u>25,201,106</u>                 | <u>1,441,769</u> |

| Company       | Carrying amount<br>31 December<br>2013 | 2012             | Fair value<br>31 December<br>2013 | 2012             |
|---------------|----------------------------------------|------------------|-----------------------------------|------------------|
| Bonds payable | <u>21,453,488</u>                      | <u>1,500,000</u> | <u>20,462,756</u>                 | <u>1,441,769</u> |

## 52. FINANCIAL INSTRUMENTS RISK MANAGEMENT

### *Overview*

In the opinion of the Company, effective risk management and internal control are critical to the Company's successful operation. The Company has established comprehensive risk management and internal control processes, through which the Company monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities.

The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's General Meeting of Shareholders, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association. The Board has strengthened the relevant internal control arrangements and improved the Company's control environment and internal control structures. Internal control and risk management have become an essential element in the Company's decision-making process.

### *Structure of Risk Management*

The major framework of the risk management of the Company consists of the Risk Management Committee under the Board, the related professional committees under the Executive Committee, the relevant departments, business lines responsible for internal control and business. The relatively comprehensive three-level risk management system enables a network of collective decision making between the respective committees, and close cooperation between internal control functions and business departments, business lines, and manages risks through review decision, execution and supervision.

#### *Level 1: Board of Directors*

The Risk Management Committee of the Board supervises the overall risk management of the Company with a view to controlling risks within an acceptable level and ensures smooth implementation of effective risk management schemes over risks related to our operation activities; prepares overall risk management policies for the Board's review; formulates strategic structure and resources to be allocated for risk management purposes and keeps them in line with the internal risk management policies; sets limits for major risk indicators; performs supervision and review on the risk management policies and makes recommendation to the Board.

#### *Level 2: Executive Committee (Operation Management)*

The Company has established the Assets and Liabilities Management Committee (formerly "Asset Allocation Committee"). Under the authority of the Board and Executive Committee of the Company, the committee performs decision-making and review on major issues and related systems involving application of proprietary capital. For the purpose of capital security, the committee optimizes the assets allocation and improves the efficiency of the capital application via a scientific, standardized and prudent approach under strict control and management over risk exposures.

The Company has established the Capital Commitment Committee. The committee performs final risk assessment and reviews under the authority of the Board and Executive Committee of the Company on capital commitment of the underwriting business. All corporate finance activities involving application of capital are subject to the approval by the Capital Commitment Committee to ensure an acceptable level of risk exposure of the corporate finance activities and security of capital.

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and Executive Committee of the Company, and is responsible for monitoring and managing the daily risk of the Company within its designated authority, and to decide and approve material matters related to risk management and relevant system. There is a risk management sub-working group under the Risk Management Committee, which is the main body responsible for daily monitoring and management of the financial risks over the securities investment business and facilitating executing decisions made by the Risk Management Committee. The risk management sub-working group comprises the credit risk management sub-working group which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management.

The Company has established the Product Committee. This committee performs planning, coordination, decision-making and review under the authority of the Board and Executive Committee on major matters such as design, sales and related systems of new products of the Company and to drive the development of new businesses and products. The committee manages the risks related to new products through pre-sale quality control and preparation of relevant post-sale risk handling measures. The committee has set up risk evaluation units to test the regulatory compliance of financial products sold by the Company as agent, examine potential fraud and reveal the financial risks of such products. The product sales panel under the committee is responsible for review on the marketability of such products.

At the division and business line level, the Company has segregated the roles and responsibilities of the front office, middle office and back office to ensure the establishment of a system of “checks and balances”.

Front-office business departments/business lines of the Company are the first line of defense of risk management. Such departments establish risk management systems for the respective businesses and perform supervision, assessment and reporting on the business risks to contain such risks within limits.

The Company has set up the Risk Management Department, which performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyzes and assesses the overall risks of the Company and each of its business line and recommends on optimized allocation of risk resources; assists the Risk Management Committee in the preparation of risk management indicators such as risk limits, as well as supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the Management, and regularly discloses the general risk portfolio of the Company and makes recommendations on risk management; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment and fulfillment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

The Audit Department has the overall responsibility for internal audit, organising comprehensive audit of all departments/business lines of the Company, monitoring the implementation of internal control systems, preventing various moral and policy risks, and assisting the Company with the investigation of emergency events.

The Company has established the Compliance Department, which organises the establishment and implementation of the basic compliance policy of the Company, provides compliance advice to management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the business departments/business lines and branches to assess, develop, modify and improve internal management policies, procedures and business processes based on changes in laws, regulations and guidelines; performs compliance pre-reviews on new internal management policies, important decisions, new products, new businesses and key business activities launched by the Company; and fulfills the regular and non-regular obligations of reporting to regulatory authorities.

The Company has also set up the Legal Department, which is responsible for the oversight of legal risks of the Company and relevant businesses.

**(a) Credit risk**

Credit risk is the risk in respect of loss arising from a borrower’s or counterparty’s inability to meet its obligations.

The credit risk of the Group mostly arises from three aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of customers, if the Group does not require the clients to pay sufficient margin deposits in advance according to the laws, the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or face financing gaps due to other factors on the settlement date, and accordingly resulting in losses; secondly, credit risk arising from the collateral trading businesses including margin financing and securities lending, stock repo, stock-pledged repo and deposit business such as equity swap business, which refers to the Group’s exposure to losses caused by clients’ failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of Group’s asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested.

The Company uses its information management systems to monitor its credit risk on a real time basis, keep track of the credit risk of the Company’s business products and its transaction counterparties, provide analyses and prewarning reports, and adjust its credit limits in a timely manner. The Company will also measure the credit risks of its major operations through stress test and sensitivity analysis.

In order to manage the credit risk arising from the brokerage business, securities brokerage business transactions in Mainland China are all required to be settled in full by security deposit, as a result of which the settlement risk associated with brokerage business has been largely controlled.

Credit risk arising from the businesses, such as margin financing and securities lending, stock repo, stock-pledged repo and equity swap, primarily includes clients’ provision of false information, failure to make full repayment on time, contractual breach of portfolio limits and compositions, violation of regulatory requirements, and provision of collateral encumbered with legal disputes. Credit risk arising from this type of businesses is mainly managed through customer education, credit reference checks, credit approval, daily mark to market, risk reminders to clients, forced liquidation of clients’ positions, judicial recourse and other means.

For credit products investment, in respect of trust investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recovery, and in respect of fixed income investments, the Company has established the counterparty credit approval policy, and developed certain investment restrictions based on the credit ratings.

For cross-border business, the Company has established a series of credit risk management framework and procedures which met the international standards, in order to provide support and assistance for the Company’s cross-border business.

- (i) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The maximum credit risk exposure of the Group and of the Company without taking account of any collateral and other credit enhancements is set out below:

**Group**

|                                     | 31 December        |                    |
|-------------------------------------|--------------------|--------------------|
|                                     | 2013               | 2012               |
| Available-for-sale financial assets | 16,493,752         | 14,952,000         |
| Refundable deposits                 | 1,024,683          | 818,533            |
| Margin accounts                     | 34,301,932         | 9,423,188          |
| Financial assets held for trading   | 48,455,620         | 24,732,339         |
| Derivative financial assets         | 6,491,368          | 423,192            |
| Reverse repurchase agreements       | 22,091,992         | 793,623            |
| Cash held on behalf of customers    | 40,125,321         | 33,851,517         |
| Bank balances                       | 27,684,190         | 25,835,454         |
| Others                              | 11,839,866         | 5,203,173          |
| Total maximum credit risk exposure  | <u>208,508,724</u> | <u>116,033,019</u> |

**Company**

|                                     | 31 December        |                   |
|-------------------------------------|--------------------|-------------------|
|                                     | 2013               | 2012              |
| Available-for-sale financial assets | 19,024,100         | 13,880,971        |
| Refundable deposits                 | 1,234,961          | 1,783,536         |
| Margin accounts                     | 22,183,838         | 5,990,043         |
| Financial assets held for trading   | 42,874,281         | 23,039,784        |
| Derivative financial assets         | 993,745            | 374,991           |
| Reverse repurchase agreements       | 21,714,990         | 793,623           |
| Cash held on behalf of customers    | 16,892,425         | 14,571,019        |
| Bank balances                       | 16,097,567         | 18,924,754        |
| Others                              | 7,202,153          | 921,887           |
| Total maximum credit risk exposure  | <u>148,218,060</u> | <u>80,280,608</u> |

(ii) **Risk concentrations**

The following tables set out the breakdown of the Group's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical area:

| 31 December 2013                    | By geographical area |                        | Total              |
|-------------------------------------|----------------------|------------------------|--------------------|
|                                     | Mainland China       | Outside Mainland China |                    |
| Available-for-sale financial assets | 15,290,515           | 1,203,237              | 16,493,752         |
| Refundable deposits                 | 1,009,457            | 15,226                 | 1,024,683          |
| Margin accounts                     | 33,112,204           | 1,189,728              | 34,301,932         |
| Financial assets held for trading   | 42,928,109           | 5,527,511              | 48,455,620         |
| Derivative financial assets         | 928,264              | 5,563,104              | 6,491,368          |
| Reverse repurchase agreements       | 22,091,992           | —                      | 22,091,992         |
| Cash held on behalf of customers    | 37,620,255           | 2,505,066              | 40,125,321         |
| Bank balances                       | 19,290,700           | 8,393,490              | 27,684,190         |
| Others                              | 3,473,698            | 8,366,168              | 11,839,866         |
| Total maximum credit risk exposure  | <u>175,745,194</u>   | <u>32,763,530</u>      | <u>208,508,724</u> |

| 31 December 2012                    | By geographical area |                        | Total       |
|-------------------------------------|----------------------|------------------------|-------------|
|                                     | Mainland China       | Outside Mainland China |             |
| Available-for-sale financial assets | 14,841,700           | 110,300                | 14,952,000  |
| Refundable deposits                 | 815,095              | 3,438                  | 818,533     |
| Margin accounts                     | 8,594,093            | 829,095                | 9,423,188   |
| Financial assets held for trading   | 23,039,784           | 1,692,555              | 24,732,339  |
| Derivative financial assets         | 340,646              | 82,546                 | 423,192     |
| Reverse repurchase agreements       | 793,623              | —                      | 793,623     |
| Cash held on behalf of customers    | 32,432,456           | 1,419,061              | 33,851,517  |
| Bank balances                       | 19,660,212           | 6,175,242              | 25,835,454  |
| Others                              | 2,577,373            | 2,625,800              | 5,203,173   |
| Total maximum credit risk exposure  | 103,094,982          | 12,938,037             | 116,033,019 |

**(b) Liquidity risk**

Liquidity risk is the risk arising from shortage of funds when fulfilling its obligations relating to financial liabilities. The Company has consistently adhered to a unified liquidity management and operation policy and continues to strengthen its liquidity management system. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and inter-bank market, the Company has a relative high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases, which enable the Company to maintain its overall liquidity at a relatively secured level.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on their contractual undiscounted payments, is as follows:

**Group**

|                                                                             | 31 December 2013                   |                              |                                |                      |                            |            |             |
|-----------------------------------------------------------------------------|------------------------------------|------------------------------|--------------------------------|----------------------|----------------------------|------------|-------------|
|                                                                             | Overdue/<br>repayable<br>on demand | Less<br>than three<br>months | Three<br>months to<br>one year | One to<br>five years | More<br>than five<br>years | Undated    | Total       |
| <b>Non-derivative financial liabilities:</b>                                |                                    |                              |                                |                      |                            |            |             |
| Accounts payable                                                            | 45,196,159                         | —                            | —                              | —                    | —                          | —          | 45,196,159  |
| Financial liabilities held for trading                                      | —                                  | 1,904,024                    | 1,068                          | 5,745                | 93,679                     | 970,066    | 2,974,582   |
| Financial liabilities designated as at<br>fair value through profit or loss | —                                  | —                            | —                              | —                    | —                          | 16,441,015 | 16,441,015  |
| Repurchase agreements                                                       | —                                  | 48,429,850                   | 7,728,723                      | —                    | —                          | —          | 56,158,573  |
| Due to banks and other financial institutions                               | —                                  | 3,872,169                    | 932,305                        | —                    | —                          | —          | 4,804,474   |
| Short-term loans                                                            | —                                  | 2,034,260                    | 529,650                        | —                    | —                          | —          | 2,563,910   |
| Short-term financing instrument payables                                    | —                                  | 12,174,825                   | —                              | —                    | —                          | —          | 12,174,825  |
| Bonds payable                                                               | —                                  | —                            | 1,181,188                      | 17,041,303           | 16,721,250                 | —          | 34,943,741  |
| Others                                                                      | 5,861,651                          | 328,799                      | 1,266                          | 665,910              | —                          | 432        | 6,858,058   |
| Total                                                                       | 51,057,810                         | 68,743,927                   | 10,374,200                     | 17,712,958           | 16,814,929                 | 17,411,513 | 182,115,337 |
| Cash flows from derivative financial liabilities<br>settled on a net basis  | 12,112                             | ( 399,886)                   | 46,738                         | 446,689              | 3,850                      | —          | 109,503     |
| Gross-settled derivative financial liabilities:                             |                                    |                              |                                |                      |                            |            |             |
| Contractual amounts receivable                                              | —                                  | ( 3,481,642)                 | —                              | —                    | —                          | —          | (3,481,642) |
| Contractual amounts payable                                                 | —                                  | 3,503,852                    | —                              | —                    | —                          | —          | 3,503,852   |
|                                                                             | —                                  | 22,210                       | —                              | —                    | —                          | —          | 22,210      |

## Group

|                                                                             | 31 December 2012                   |                              |                                |                      |                            |               | Total             |
|-----------------------------------------------------------------------------|------------------------------------|------------------------------|--------------------------------|----------------------|----------------------------|---------------|-------------------|
|                                                                             | Overdue/<br>repayable<br>on demand | Less<br>than three<br>months | Three<br>months to<br>one year | One to<br>five years | More<br>than five<br>years | Undated       |                   |
| <b>Non-derivative financial liabilities:</b>                                |                                    |                              |                                |                      |                            |               |                   |
| Accounts payable                                                            | 34,807,288                         | —                            | —                              | —                    | —                          | —             | 34,807,288        |
| Financial liabilities held for trading                                      | —                                  | —                            | —                              | —                    | —                          | 14,303        | 14,303            |
| Financial liabilities designated as at<br>fair value through profit or loss | —                                  | —                            | —                              | —                    | —                          | 4,475         | 4,475             |
| Repurchase agreements                                                       | —                                  | 20,393,342                   | 1,760,329                      | —                    | —                          | —             | 22,153,671        |
| Due to banks and other financial institutions                               | —                                  | 2,904,765                    | —                              | —                    | —                          | —             | 2,904,765         |
| Short-term loans                                                            | —                                  | 490,597                      | 323,000                        | —                    | —                          | —             | 813,597           |
| Short-term financing instrument payables                                    | —                                  | 13,134,331                   | —                              | —                    | —                          | —             | 13,134,331        |
| Bonds payable                                                               | —                                  | —                            | 63,750                         | 255,000              | 1,755,000                  | —             | 2,073,750         |
| Others                                                                      | 1,939,400                          | —                            | —                              | —                    | —                          | —             | 1,939,400         |
| <b>Total</b>                                                                | <b>36,746,688</b>                  | <b>36,923,035</b>            | <b>2,147,079</b>               | <b>255,000</b>       | <b>1,755,000</b>           | <b>18,778</b> | <b>77,845,580</b> |
| Cash flows from derivative financial<br>liabilities settled on a net basis  | —                                  | 23,722                       | 222,041                        | 325,999              | —                          | —             | 571,762           |
| Gross-settled derivative financial liabilities:                             |                                    |                              |                                |                      |                            |               |                   |
| Contractual amounts receivable                                              | —                                  | (18,524,538)                 | —                              | —                    | —                          | —             | (18,524,538)      |
| Contractual amounts payable                                                 | —                                  | 18,612,266                   | —                              | —                    | —                          | —             | 18,612,266        |
|                                                                             | —                                  | 87,728                       | —                              | —                    | —                          | —             | 87,728            |

## Company

|                                                                            | 31 December 2013                   |                              |                                |                      |                            |          | Total              |
|----------------------------------------------------------------------------|------------------------------------|------------------------------|--------------------------------|----------------------|----------------------------|----------|--------------------|
|                                                                            | Overdue/<br>repayable<br>on demand | Less<br>than three<br>months | Three<br>months to<br>one year | One to<br>five years | More<br>than five<br>years | Undated  |                    |
| <b>Non-derivative financial liabilities:</b>                               |                                    |                              |                                |                      |                            |          |                    |
| Accounts payable                                                           | 16,261,083                         | —                            | —                              | —                    | —                          | —        | 16,261,083         |
| Financial liabilities held for trading                                     | —                                  | 1,903,988                    | —                              | —                    | —                          | —        | 1,903,988          |
| Repurchase agreements                                                      | —                                  | 48,085,053                   | 7,412,667                      | —                    | —                          | —        | 55,497,720         |
| Due to banks and other financial institutions                              | —                                  | 2,905,359                    | —                              | —                    | —                          | —        | 2,905,359          |
| Short-term loans                                                           | —                                  | 103,150                      | —                              | —                    | —                          | —        | 103,150            |
| Short-term financing instrument payables                                   | —                                  | 12,174,825                   | —                              | —                    | —                          | —        | 12,174,825         |
| Bonds payable                                                              | —                                  | —                            | 1,059,250                      | 11,737,000           | 16,721,250                 | —        | 29,517,500         |
| Others                                                                     | 1,676,111                          | —                            | —                              | —                    | —                          | —        | 1,676,111          |
| <b>Total</b>                                                               | <b>17,937,194</b>                  | <b>65,172,375</b>            | <b>8,471,917</b>               | <b>11,737,000</b>    | <b>16,721,250</b>          | <b>—</b> | <b>120,039,736</b> |
| Cash flows from derivative financial<br>liabilities settled on a net basis | —                                  | (211,513)                    | (59,530)                       | 398,052              | —                          | —        | 127,009            |
| Gross-settled derivative financial liabilities:                            |                                    |                              |                                |                      |                            |          |                    |
| Contractual amounts receivable                                             | —                                  | (3,481,642)                  | —                              | —                    | —                          | —        | (3,481,642)        |
| Contractual amounts payable                                                | —                                  | 3,503,852                    | —                              | —                    | —                          | —        | 3,503,852          |
|                                                                            | —                                  | 22,210                       | —                              | —                    | —                          | —        | 22,210             |

Company

|                                                                         | 31 December 2012                   |                              |                                |                      |                            |         |              |
|-------------------------------------------------------------------------|------------------------------------|------------------------------|--------------------------------|----------------------|----------------------------|---------|--------------|
|                                                                         | Overdue/<br>repayable<br>on demand | Less<br>than three<br>months | Three<br>months to<br>one year | One to<br>five years | More<br>than five<br>years | Undated | Total        |
| <b>Non-derivative financial liabilities:</b>                            |                                    |                              |                                |                      |                            |         |              |
| Accounts payable                                                        | 14,919,595                         | —                            | —                              | —                    | —                          | —       | 14,919,595   |
| Repurchase agreements                                                   | —                                  | 20,472,024                   | 500,659                        | —                    | —                          | —       | 20,972,683   |
| Due to banks and other financial institutions                           | —                                  | 2,803,590                    | —                              | —                    | —                          | —       | 2,803,590    |
| Short-term financing instrument payables                                | —                                  | 13,134,331                   | —                              | —                    | —                          | —       | 13,134,331   |
| Bonds payable                                                           | —                                  | —                            | 63,750                         | 255,000              | 1,755,000                  | —       | 2,073,750    |
| Others                                                                  | 887,692                            | —                            | —                              | —                    | —                          | —       | 887,692      |
| Total                                                                   | 15,807,287                         | 36,409,945                   | 564,409                        | 255,000              | 1,755,000                  | —       | 54,791,641   |
| Cash flows from derivative financial liabilities settled on a net basis | —                                  | 6,071                        | 217,743                        | 321,617              | —                          | 436     | 545,867      |
| Gross-settled derivative financial liabilities:                         |                                    |                              |                                |                      |                            |         |              |
| Contractual amounts receivable                                          | —                                  | (18,524,538)                 | —                              | —                    | —                          | —       | (18,524,538) |
| Contractual amounts payable                                             | —                                  | 18,612,266                   | —                              | —                    | —                          | —       | 18,612,266   |
|                                                                         | —                                  | 87,728                       | —                              | —                    | —                          | —       | 87,728       |

**(c) Market risk**

Market risks represent potential losses due to movement in market prices of securities held. Securities held are derived from the proprietary investment, market-making business and other investment activities. Movement in securities holdings primarily arose from instructions received from the customers and the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk and foreign exchange rate risk. Equity price risk arises from fluctuation in the price and volatility of equities such as stocks, equity portfolio and stock index futures. Interest rate risk primarily arises from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads. Exchange rate risk represents exposures arises from changes in non-local currency rates.

The Company has established a top-down risk prevention measure, which is formed by the Risk Management Committee of the Board, Risk Management Committee of the Company and all business lines and internal control departments. Through allocating the overall risk of the Company to different business departments/business lines, and through monitoring by the internal control department, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within acceptable level.

The Company assesses, monitors and manages its overall market risks through a risk management department, which is independent of the business departments/business lines, and its assessments and testings are reported to the respective business departments/business lines, operation management of the Company and the Risk Management Committee. In implementing market risk management, the front-office business departments/business lines, with direct responsibility for risk management and as the frontline risk management team, dynamically manage the market risks arising from its securities holdings, and actively take measures to reduce or hedge against such risks when the exposures are high. The relevant monitoring personnel from the Risk Management Department will continuously cooperate and communicate directly with the respective business departments/business lines with regard to information on risk exposures, and discuss the status of risk portfolios and the losses in extreme situations.

The Risk Management Department estimates possible losses arising from market risks through series of measurements, including possible losses under normal volatility and extreme market conditions. Under normal volatilities, the Risk Management Department measures the possible losses of the Company in the short term via VaR and sensitivity analysis. In extreme situations, the department measures the possible losses of the Company via stress test. The risk report sets out the market risk portfolio and its changes in each of the business departments/business lines. The report will be delivered on a daily, weekly, monthly or quarterly basis to the responsible officers and operation management of the business departments/business lines of the Company.

VaR represents the potential losses due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company upon occurrence of a single or multiple scenarios. These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an integral part of the market risk management. Through stress tests, the Company could focus on the possible losses to the Company, analyse its risk return and compare its risk resistant capacities, and evaluates whether the overall market risk portfolio of the Company is within its expected limits.

The Company sets limits for its respective business departments/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn relevant management officers in advance and discuss with the respective business management officers. According to the opinion reached through discussions, the business departments/ business lines will mitigate the exposures to a level within the limits, or the respective business departments/business lines may apply for a temporary or permanent upgrade in the limits, subject to approval by the relevant committees.

The Company continues to modify the risk limits system, and is building up a more comprehensive system with different levels of risk limit indicators for the Company, its respective business departments/business lines and investment accounts, with a view to formulating substantive rules or guidelines for its risk management system.

In respect of foreign assets, in order to ensure the availability of fund required for foreign business expansion, the Company implemented centralised management toward its exchange risk. The Company keeps track of the risk by closely monitoring the value of the assets in the account daily. It monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test, and to manage exchange risk exposure through method such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

(i) *VaR*

The Group adopts Value at Risk (“VaR”) as the risk evaluation tool for measuring the market risk of the entire securities investment portfolio which comprises various financial instruments. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

The calculation is based on the historical data of the Group’s VaR (confidence level of 95% and a holding period of one trading day).

The Group and Company’s VaR analysis by risk categories is summarised as follows:

|                                               | Group            | Company          |         |              |         |
|-----------------------------------------------|------------------|------------------|---------|--------------|---------|
|                                               | 31 December 2013 | 31 December 2013 | Average | 2013 Highest | Lowest  |
| Price-sensitive financial instruments         | 175,575          | 129,156          | 196,046 | 318,428      | 102,043 |
| Interest rate-sensitive financial instruments | 32,542           | 31,584           | 32,407  | 71,953       | 9,067   |
| Exchange rate-sensitive financial instruments | 9,243            | 6,625            | 7,785   | 12,368       | 5,032   |
| Total portfolio VaR                           | 181,734          | 141,439          | 204,316 | 332,548      | 117,906 |

|                                               | Group            | Company          |         |              |         |
|-----------------------------------------------|------------------|------------------|---------|--------------|---------|
|                                               | 31 December 2012 | 31 December 2012 | Average | 2012 Highest | Lowest  |
| Price-sensitive financial instruments         | 303,621          | 287,227          | 238,556 | 536,178      | 125,045 |
| Interest rate-sensitive financial instruments | 10,059           | 8,308            | 26,471  | 63,021       | 7,737   |
| Exchange rate-sensitive financial instruments | 11,743           | 6,544            | 5,015   | 12,932       | 543     |
| Total portfolio VaR                           | 310,021          | 288,734          | 239,927 | 551,729      | 127,421 |

(ii) *Interest rate risk*

The Group's interest rate risk is the risk of fluctuation in the fair value of one or more financial instruments arising from adverse movements in interest rates. The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

The Group uses interest rate sensitivity analysis as the principal tool to monitor interest rate risk. The use of interest rate sensitivity analysis assumes all other variables remain constant, but changes in the fair value of financial instruments held at the end of the measurement period may impact the Group's total income and shareholders' equity when interest rates fluctuate reasonably and possibly. Assuming a parallel shift in the market interest rates and without taking into consideration of the management's activities to reduce interest rate risk, the impact of such a shift on revenue and shareholders' equity based on an interest rate sensitivity analysis of the Group and the Company is as follows:

| Sensitivity of revenue | Group<br>December 31 |           | Company<br>December 31 |           |
|------------------------|----------------------|-----------|------------------------|-----------|
|                        | 2013                 | 2012      | 2013                   | 2012      |
| Change in basis points |                      |           |                        |           |
| +25 basis points       | (161,271)            | (111,891) | (151,293)              | (109,375) |
| – 25 basis points      | 163,212              | 114,240   | 153,561                | 111,724   |

| Sensitivity of equity  | Group<br>December 31 |          | Company<br>December 31 |          |
|------------------------|----------------------|----------|------------------------|----------|
|                        | 2013                 | 2012     | 2013                   | 2012     |
| Change in basis points |                      |          |                        |          |
| +25 basis points       | (15,248)             | (41,152) | (13,221)               | (41,152) |
| – 25 basis points      | 15,362               | 41,614   | 13,318                 | 41,614   |

(iii) *Currency risk*

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities (whose settlements and payments are denominated in foreign currencies different from the Group's functional currency) and its net investment in foreign subsidiaries.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on revenue and equity. A negative amount in the table reflects a potential net reduction in revenue or equity, while a positive amount reflects a potential net increase.

## Group

| Currency | Change in<br>currency rate | Sensitivity of revenue       |                              |
|----------|----------------------------|------------------------------|------------------------------|
|          |                            | As at<br>31 December<br>2013 | As at<br>31 December<br>2012 |
| USD      | -3%                        | <b>175,193</b>               | (199,079)                    |
| HKD      | -3%                        | <b>(57,282)</b>              | (71,354)                     |

| Currency | Change in<br>currency rate | Sensitivity of equity        |                              |
|----------|----------------------------|------------------------------|------------------------------|
|          |                            | As at<br>31 December<br>2013 | As at<br>31 December<br>2012 |
| USD      | -3%                        | <b>(149,517)</b>             | (60,096)                     |
| HKD      | -3%                        | <b>(173,034)</b>             | (176,186)                    |

While the table above indicates the effect on revenue and equity of 3% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

The tables below summarise the Group's and the Company's exposure to foreign currency exchange rate risk as at 31 December 2013 and 2012. The Group's and the Company's exposure to RMB is provided in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group and the Company in RMB equivalent, categorised by the original currencies. Derivative financial instruments are included in the net off-balance sheet position using notional amounts.

## Group

|                               | RMB        | As at 31 December 2013 |           |           | Total      |
|-------------------------------|------------|------------------------|-----------|-----------|------------|
|                               |            | USD                    | HKD       | Other     |            |
| Net on-balance sheet position | 75,746,374 | 1,895,540              | 3,385,992 | 8,374,189 | 89,402,095 |

|                               | RMB        | As at 31 December 2012 |           |        | Total      |
|-------------------------------|------------|------------------------|-----------|--------|------------|
|                               |            | USD                    | HKD       | Other  |            |
| Net on-balance sheet position | 69,738,262 | 9,454,660              | 7,435,814 | 55,561 | 86,684,297 |

## Company

|                               | RMB        | As at 31 December 2013 |           |       | Total      |
|-------------------------------|------------|------------------------|-----------|-------|------------|
|                               |            | USD                    | HKD       | Other |            |
| Net on-balance sheet position | 58,710,420 | 4,997,776              | 7,982,347 | —     | 71,690,543 |

|                               | RMB        | As at 31 December 2012 |           |       | Total      |
|-------------------------------|------------|------------------------|-----------|-------|------------|
|                               |            | USD                    | HKD       | Other |            |
| Net on-balance sheet position | 59,414,122 | 4,743,943              | 8,434,818 | —     | 72,592,883 |

## (v) Price risk

Price risk is the risk that the fair value of equity securities decreases due to the variance between the stock index level and individual share values. If this occurs, market price fluctuations of financial instruments held for trading will impact the Group's profit; and market price fluctuations of financial instruments classified as available for sale will impact shareholders' equity for the Group.

As at 31 December 2013, the proportion of Group's equity investment to total assets further decreased. The financial assets held for trading and financial assets designated as at fair value through profit or loss accounted for approximately 6.8% of the total assets with a drop of 1.2 percentage points, while the available-for-sale financial assets accounted for approximately 3.8% of the total assets with a drop of 4.2 percentage points. The risk exposure further decreased.

## 53. EVENTS AFTER THE REPORTING PERIOD

### 1. *Issuance of commercial papers*

From January to March 2014, in accordance with the Notice of People's Bank of China on the Issuance of Commercial Papers by CITIC Securities Company Limited (Yin Fa [2012] No.197), the resolution passed by the 2011 General Meeting of Shareholders, and the resolution passed by the 1st meeting of the 5th Session of the Board and relevant authorization, the Company completed the issuance of RMB4 billion in the first tranche of commercial papers, RMB5 billion in the second tranche of commercial papers and RMB5 billion in the third tranche of commercial papers in 2014, with coupon rates of 6.15%, 5.56% and 4.99% respectively. The term of all tranches is 91 days.

### 2. *Approval of launch agency services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts.*

On 29 October 2013, the 2013 Second Extraordinary General Meeting of the Company considered and approved the Resolution in relation to the Expansion of Business Scope of the Company, and authorized the Company to engage in agent service business for gold and other precious metal spot contracts and proprietary business for spot gold contracts.

On 15 January 2014, the CSRC issued the No Objection Letter on the Commencement of Agent Services Business for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Spot Gold Contracts by CITIC Securities Company Limited (Ji Gou Bu Bu Han [2014] No. 53), expressing no objection to the launch of pilot agent services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts by the Company.

### 3. *Acquisition of 3.2% equity interest in China AMC*

During the reporting period, in accordance with the resolution of the 20th Meeting of the 5th Session of the Board, the Company successively acquired the 3.2% equity interest held by South Industry Assets Management Co., Ltd. in China AMC at the listed price of RMB588.8 million. After approved by and filed with the CSRC, the procedures for 3.2% shareholding change in China AMC were completed on 29 January 2014. As at the disclosure date of this report, the Company's shareholding percentage in China AMC is 62.20%.

### 4. *Investment in equity exchange*

According to the resolution on holding shares of relevant equity exchanges of the 4th meeting of the 5th Session of the Board and the 17th meeting of the 5th Session of the Board, the Company invested RMB12 million to hold shares of Qingdao Lanhai Equity Exchange in February 2014 with the shareholding of 24% (in addition, CITIC Wantong Securities invested RMB8 million with the shareholding of 16%).

### 5. *Proposed profit distribution after the reporting period*

In the Board of Directors' meeting of the Company held on 27 March 2014, a board resolution was passed, pursuant to which the Company proposed to make the following appropriations: (i) 10% of its audited after-tax profit for the year to the statutory surplus reserve with an amount of RMB290,885 thousand; (ii) 10% of its audited after-tax profit for the year to the general risk reserve with an amount of RMB290,885 thousand; (iii) 10% of its audited after-tax profit for the year to the transaction risk reserve with an amount of RMB290,885 thousand; and (iv) cash dividends for the year of RMB1.50 yuan for every 10 shares (pre-tax), amounting to approximately RMB1,652,536 thousand in total. The proposed profit distribution plan for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 54. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2014.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Financial statements with the signatures and seals of the Company's responsible person, financial officer and financial department manager.

The original copy of the audit report with signatures and seals of the accounting firm and CPAs.

The original copies of the documents and announcements of the Company published during the reporting period in the media designated by the CSRC for information disclosures.

Annual reports posted on other stock exchanges.

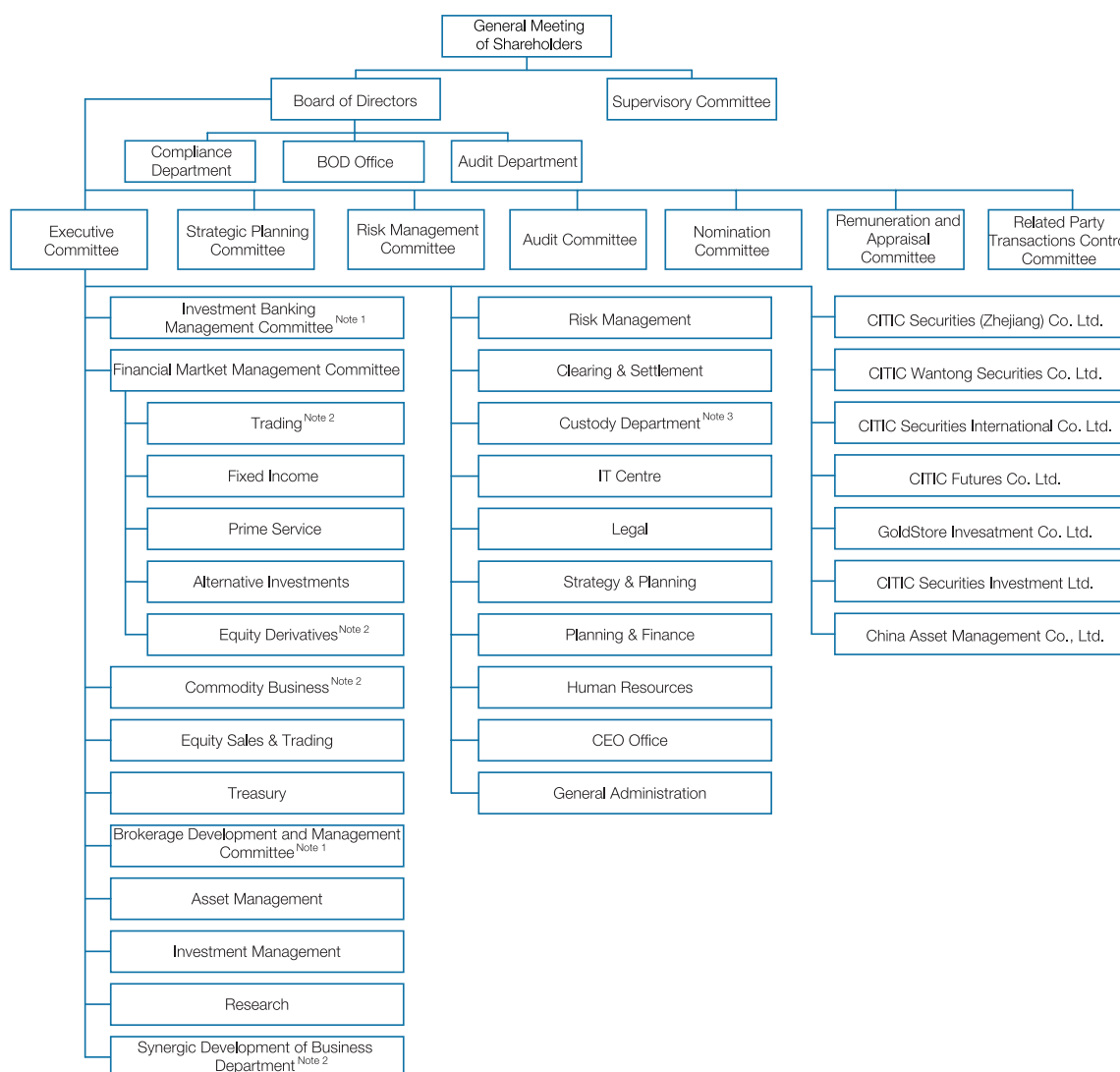
The Articles of Associations.

By order of the Board  
**CITIC Securities Company Limited**  
**WANG Dongming**  
*Chairman*

Beijing, the PRC  
27 March 2014

*As at the date of this announcement, the executive Directors are Mr. WANG Dongming, Mr. CHENG Boming, Mr. YIN Ke and Mr. LIU Lefei; the non-executive Directors are Mr. JU Weimin and Mr. FANG Jun; and the independent non-executive Directors are Mr. WU Xiaoqiu, Mr. LEE Kongwai, Conway, Mr. RAO Geping and Mr. WEI Benhua.*

## APPENDIX 1: ORGANIZATION CHART



Note 1: The Investment Banking Management Committee comprised the Finance Team, the Energy and Chemical Team, the Equipment Manufacture Team, the Infrastructure and Real Estate Team, the Information Media Team (TIME), the Medical and Healthcare Team, the Consumer Team, the Quality Control Team, the Regional IBS Team, the Investment Project Recommendation Team, the International Business Team, the Equity Capital Market Department, the Debt Capital Market Department, the Merger & Acquisition Division, the Private Equity Industry Team, the Human Resource Pool, the Operation Department and other departments/business lines (On 27 March 2014, the Board agreed to incorporate the Corporate Development and Finance Department into the Investment Banking Committee). The Brokerage Development and Management Committee comprised departments such as the Marketing Management Department, the Financial Product Development Department, the Customer Service Development, the Operation Management Department and the Corporate Finance Service Department, as well as Beijing Branch, Shanghai Branch, Guangdong Branch, Hubei Branch and Jiangsu Branch.

Note 2: During the reporting period, with the approval of the Board, the Company has successively established the Equity Derivatives Business Division, the Synergic Development of Business Department and the Commodity Business Division, and the Trading and Derivatives Department was renamed as the Trading Department.

Note 3: On 27 March 2013, the Board approved the establishment of the Custody Department, which is responsible for launching the securities investment fund custody business.

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

Information disclosures made by the Company on China Securities Journal, Shanghai Securities News and Securities Times and the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) during the reporting period are set out as follows:

| No. | Date      | Subject Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | 2013-1-5  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2   | 2013-1-10 | Announcement on the Financial Data for December 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 3   | 2013-1-17 | Announcement of the Results of Issuance of Tranche 1 of Short-term Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 4   | 2013-1-22 | Announcement of Resolutions Passed at the 9th Meeting of the 5th Session of the Board                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 5   | 2013-1-24 | Preliminary Financial Data for the Year 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 6   | 2013-1-26 | Notice of the 2013 First Extraordinary General Meeting, Documents of the 2013 First Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 7   | 2013-2-5  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 8   | 2013-2-7  | Announcement on the Financial Data for January 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 9   | 2013-2-22 | Announcement of the Results of Issuance of Tranche 2 of Short-term Commercial Papers in 2013, Second Notice of the 2013 First Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 10  | 2013-2-27 | Announcement of Change of the Largest Shareholder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 11  | 2013-3-1  | Announcement of Resolutions Passed at the 10th Meeting of the 5th Session of the Board, Announcement of Having Obtained the Approval for the Establishment of Three Securities Branches                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 12  | 2013-3-2  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 13  | 2013-3-7  | Announcement on the Financial Data for February 2013, Reminder Notice of the 2013 First Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 14  | 2013-3-14 | Announcement of Resolutions Passed at the 2013 First Extraordinary General Meeting, Legal Opinion of the 2013 First Extraordinary General Meeting, Announcement of the Results of Issuance of Tranche 3 of Short-term Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 15  | 2013-3-16 | H Share Announcement – Notice of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 16  | 2013-3-28 | 2012 Annual Report and its Summary, Announcement of Resolutions Passed at the 11th Meeting of the 5th Session of the Board, Announcement of Resolutions Passed at the 4th Meeting of the 5th Session of the Supervisory Committee, Announcement on Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2013, 2012 Work Reports of the Independent Non-Executive Directors, Internal Control System Report, 2012 CSR Report, 2012 Annual Internal Control Self-evaluation Report, Audit Report on Internal Control, Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties |
| 17  | 2013-4-3  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 18  | 2013-4-10 | Announcement on the Financial Data for March 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 19  | 2013-4-12 | Announcement of the Results of Issuance of Tranche 4 of Short-term Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 20  | 2013-4-16 | H Share Announcement – Notice of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 21  | 2013-4-19 | Announcement of Resolutions Passed at the 12th Meeting of the 5th Session of the Board, Announcement on Provision of Counter Guarantee for Guarantor Regarding the First Tranche of Offshore Bonds Issuance by Indirect Wholly-Owned Subsidiary, H Share Announcement – Proposed Bonds Issuance and Proposed Counter Guarantee                                                                                                                                                                                                                                                                                                                                                     |
| 22  | 2013-4-26 | Q1 2013 Report, Announcement of Resolutions Passed at the 13th Meeting of the 5th Session of the Board, Notice of the 2012 Annual General Meeting, Documents of the 2012 AGM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 23  | 2013-5-2  | H Share Announcement – Issuance of US\$800,000,000 2.50% Bonds Due 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 24  | 2013-5-3  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 25  | 2013-5-7  | H Share Announcement – Notice of Listing of USD-denominated Bonds on the Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 26  | 2013-5-8  | Announcement on the Financial Data for April 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 27  | 2013-5-10 | Announcement of the Results of Issuance of Tranche 5 of Short-term Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 28  | 2013-5-11 | Announcement of the CSRC Public Offering Review Committee's Approval of the Company's Application for Bond Issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 29  | 2013-5-22 | Announcement of Resolutions Passed at the 14th Meeting of the 5th Session of the Board, Announcement of the Split of the Company's Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd., Announcement of the Proposed Acquisition of 10% Equity Interest in China Asset Management Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                              |

| No. | Date      | Subject Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 30  | 2013-6-1  | Announcement – Development of the Proposed Acquisition of 10% Equity Interest in China Asset Management Co., Ltd., Announcement of the CSRC Public Offering Review Committee’s Approval of the Company’s Application for Bond Issuance                                                                                                                                                                                                                                                                                                                                                                                  |
| 31  | 2013-6-4  | Second Notice of 2012 Annual General Meeting, H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 32  | 2013-6-5  | Announcement of the Issuance of Corporate Bonds (Tranche 1) in 2013, Prospectus for the Issuance of Corporate Bonds (Tranche 1) in 2013, Summary of the Prospectus for the Issuance of Corporate Bonds (Tranche 1) in 2013, Credit Rating Report of the Issuance of Corporate Bonds (Tranche 1) in 2013                                                                                                                                                                                                                                                                                                                 |
| 33  | 2013-6-7  | Announcement on the Financial Data for May 2013, Announcement of Coupon rate of Corporate Bonds (Tranche 1) in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 34  | 2013-6-8  | Announcement – Results of Issuance of Tranche 6 of Commercial Paper in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 35  | 2013-6-15 | H Share Announcement – Proposed Distribution of the 2012 Final Dividend; and Book Closure Period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 36  | 2013-6-17 | Announcement of the Results of the Issuance of Corporate Bonds (Tranche 1) in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 37  | 2013-6-21 | Announcement of Resolutions Passed at the 2012 Annual General Meeting, Legal Opinion in relation to the 2012 Annual General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 38  | 2013-6-27 | Announcement on the Listing of Corporate Bonds (Tranche 1) in 2013; Announcement on Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters                                                                                                                                                                                                                                                                                                                                                                            |
| 39  | 2013-6-29 | Announcement – Development of the Acquisition of Equity Interest in CLSA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 40  | 2013-7-4  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 41  | 2013-7-9  | Announcement on the Financial Data for June 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 42  | 2013-7-20 | Announcement on Preliminary Financial Data for the Half Year of 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 43  | 2013-7-25 | Announcement on Having Obtained the Approval for the establishment of New Securities Branches                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 44  | 2013-7-26 | Results of Issuance of Tranche 7 of Commercial Paper in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 45  | 2013-7-27 | Announcement on Having Obtained the Approval for the established of 7 New Securities Branches                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 46  | 2013-8-1  | Announcement of Acquisition of the Remaining 80.1% Equity Interest in CLSA, Announcement of Issuance of Corporate Bonds (Tranche 2) in 2013, Prospectus for the Issuance of Corporate Bonds (Tranche 2) in 2013, Summary of Prospectus for the Issuance of Corporate Bonds (Tranche 2) in 2013, Credit Rating Report of the Issuance of Corporate Bonds (Tranche 2) in 2013                                                                                                                                                                                                                                             |
| 47  | 2013-8-2  | Announcement – Distribution of the 2012 Dividend for A Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 48  | 2013-8-3  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 49  | 2013-8-5  | Announcement – Coupon rate of Corporate Bonds (Tranche 2) in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 50  | 2013-8-7  | Announcement on the Financial Data for July 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 51  | 2013-8-8  | Announcement – Results of Issuance of Tranche 8 of Commercial Paper in 2013, Announcement – Results of Issuance of Corporate Bonds (Tranche 2) in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 52  | 2013-8-17 | H Share Announcement – Notification of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 53  | 2013-8-20 | Announcement of Resolutions Passed at the 15th Meeting of the 5th Session of the Board, Administrative Measures on the Treasury Bond Futures Trading Business of CITIC Securities, Measures on the Management of Risks Involving Treasury Bond Futures Trading Business of CITIC Securities, Risk Control System for the Participation of the Asset Management Business of CITIC Securities in Stock Index Futures and Treasury Bond Futures Trading and Investment Research System for the Participation of the Asset Management Business of CITIC Securities in Stock Index Futures and Treasury Bond Futures Trading |
| 54  | 2013-8-22 | Announcement on the Listing of Corporate Bonds (Tranche 2) in 2013, Announcement on Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters                                                                                                                                                                                                                                                                                                                                                                            |
| 55  | 2013-8-27 | Announcement – Approval of the Proposed Acquisition of 10% Equity Interest in China Asset Management Co., Ltd., Announcement on the Approval of Changes to Important Clauses in the Articles of Association                                                                                                                                                                                                                                                                                                                                                                                                             |
| 56  | 2013-8-30 | Interim Report for 2013, Summary of Interim Report for 2013, Announcement of Resolutions Passed at the 16th Meeting of the 5th Session of the Board, Working Procedures of the Nomination Committee of the Board, Announcement of H Shares – Overseas Regulatory Announcement, Proposal on the Appointment of executive Directors and Proposal on the Expansion of the Company’s Scope of Business                                                                                                                                                                                                                      |
| 57  | 2013-9-3  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| No. | Date       | Subject Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| 58  | 2013-9-6   | Announcement on the Financial Data for August 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 59  | 2013-9-12  | Notice of the 2013 Second Extraordinary General Meeting, Meeting Documents of the 2013 Second Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 60  | 2013-9-14  | Announcement on the Amendments to the Articles of Association, Articles of Association (revised in 2013)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 61  | 2013-9-17  | Announcement on Completion of Filing with the People's Bank of China in respect of the Issue of Commercial Papers, Announcement on Acquiring 100% Equity Interests in CITIC Wantong Securities Co., Ltd. (中信萬通證券有限責任公司) and Announcement on Appointment of Mr. ZHANG Guoming as the Company's Compliance Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 62  | 2013-9-25  | Announcement of Acquisition of 10% Shareholding Interest in China AMC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 63  | 2013-9-27  | Announcement of Resolutions at the 17th Meeting of the 5th Session of the Board of Directors; Announcement of Transfer of 100% Shareholding Interest of the wholly-owned subsidiaries of the Company, namely Tianjin Jingzheng Property Services Limited and Tianjin Shenzheng Property Services Limited; Announcement on Daily Related Party/Connected Transactions; Independent Opinions of Independent Nonexecutive Directors of the 5th Session of the Board of Directors on Transfer of Equity Interests In Subsidiaries for the Launching of Designated Innovative Financial Business and Renewal of the Related Party/Connected Transactions Framework Agreement with CITIC Group Corporation; Assets Appraisal Report on the Project of the Proposed Transfer of Shenzhen CITICS Tower to the Wholly-Owned Subsidiary of the Company, Namely Tianjin Shenzheng Property Services Limited; Assets Appraisal Report on the Project of the Proposed Transfer of Beijing CITICS Tower to the Wholly-Owned Subsidiary of the Company, Namely Tianjin Jingzheng Property Services Limited |
| 64  | 2013-10-1  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month Ended 30 September 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 65  | 2013-10-11 | Second Notice of the 2013 Second Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 66  | 2013-10-12 | Announcement of Resolutions at the 18th Meeting of the 5th Session of the Board of Directors; Announcement of Resolutions Passed at the 7th Meeting of the 5th Session of the Supervisory Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 67  | 2013-10-15 | Announcement on the Financial Data for September 2013, Notice of the 2013 Third Extraordinary General Meeting, Documents on the 2013 Third Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 68  | 2013-10-18 | Announcement of the Results of Issuance of Tranche 9 of Short Term Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 69  | 2013-10-19 | H Share Announcement – Notice of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 70  | 2013-10-30 | Announcement of Resolutions of the 2013 Second Extraordinary General Meeting, Legal Opinions on the 2013 Second Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 71  | 2013-10-31 | 2013 Third Quarterly Results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 72  | 2013-11-1  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month Ended 31 October 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 73  | 2013-11-7  | Announcement on the Financial Data for October 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 74  | 2013-11-9  | Announcement of Resolutions at the 20th Meeting of the 5th Session of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 75  | 2013-11-12 | Announcement of the Results of Issuance of Tranche 10 of Short Term Commercial Papers in 2013, Second Notice of the 2013 Third Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 76  | 2013-11-13 | Announcement on the development of the Acquisition of 3.20% Shareholding Interest in China AMC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 77  | 2013-11-30 | Announcement of Resolutions of the 2013 Third Extraordinary General Meeting, Legal Opinions on the 2013 Third Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 78  | 2013-12-3  | H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month Ended 30 November 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 79  | 2013-12-5  | Announcement on Approval relating to the Sub-ordinated Bond Issuance; Announcement of the Results of Issuance of Tranche 11 of Short Term Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 80  | 2013-12-6  | Announcement on the Financial Data for November 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 81  | 2013-12-27 | Announcement on Having Obtained Approval for the Establishment of 13 New Securities Branches, Announcement on Approval relating to the Appointment of Mr. Liu Lefei as a Director; Announcement on the Change of the Name of CITICS Futures Co., Ltd., a wholly-owned subsidiary of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

Note: The dates set out in the above table under the column entitled “Date” are dates on which the relevant announcements were published in China Securities Journal, Shanghai Securities News and Securities Times and the website of Shanghai Stock Exchange. Each of these announcements were published on the HKExnews website of the Hong Kong Stock Exchange in the morning on its respective “date” or in the evening on the immediately preceding date.

Information disclosures made by the Company on the HKExnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) during the reporting period are set out as follows:

| No. | Date      | Subject Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | 2013-1-4  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2   | 2013-1-9  | Announcement on the Financial Data for December 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3   | 2013-1-16 | Overseas Regulatory Announcement - Results of Issuance of Tranche 1 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 4   | 2013-1-21 | Announcement - (1) Proposed Issuance of Onshore and Offshore Corporate Debt Financing Instruments (2) Potential Related Party/Connected Transactions Involved in the Issuance of Onshore and Offshore Corporate Debt Financing Instruments (3) Proposed Establishment of Wholly-Owned Offshore Subsidiaries; Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 9th Meeting of the 5th Session of the Board                                                                                                                                                                                                                                                                                                                   |
| 5   | 2013-1-23 | Preliminary Financial Data for the year 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 6   | 2013-1-25 | Circular, Notice, Reply Slip and Proxy Form of the 2013 First Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 7   | 2013-2-4  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 8   | 2013-2-6  | Announcement on the Financial Data for January 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 9   | 2013-2-21 | Second Notice of the 2013 First Extraordinary General Meeting, Overseas Regulatory Announcement - Announcement on the Results of Issuance of Tranche 2 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 10  | 2013-2-26 | Voluntary Announcement - Change of the Largest Shareholder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 11  | 2013-2-28 | Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 10th Meeting of the 5th Session of the Board, Announcement of Having Obtained the Approval for the Establishment of Three Securities Branches                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 12  | 2013-3-1  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 13  | 2013-3-6  | Announcement on the Financial Data for February 2013, Overseas Regulatory Announcement - Reminder Notice of the 2013 First Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 14  | 2013-3-13 | Announcement on the Poll Results of the 2013 First Extraordinary General Meeting, Overseas Regulatory Announcement - Announcement on the Results of Issuance of Tranche 3 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 15  | 2013-3-15 | Notice of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 16  | 2013-3-27 | 2012 Annual Results Announcement, Proposed Amendments to the Articles of Association, Overseas Regulatory Announcement – Announcement of Resolutions Passed at the 11th Meeting of the 5th Session of the Board, Announcement of Resolutions Passed at the 4th Meeting of the 5th Session of the Supervisory Committee, Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2013, 2012 Work Reports of the Independent Non-Executive Directors, Internal Control System Report, 2012 CSR Report, 2012 Annual Internal Control Self-evaluation Report, Audit Report on Internal Control, Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties |
| 17  | 2013-4-2  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 18  | 2013-4-9  | Announcement on the Financial Data for March 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 19  | 2013-4-11 | Overseas Regulatory Announcement - Announcement on the Results of Issuance of Tranche 4 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 20  | 2013-4-15 | Notice of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 21  | 2013-4-18 | Voluntary Announcement – Proposed Counter-Guarantee, Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 12th Meeting of the 5th Session of the Board, Proposed Issue of Bonds, Announcement on Provision of Counter-Guarantee to the Guarantor of the Issuance of Tranche 1 of Foreign Bonds by an Indirect Wholly-owned Subsidiary of the Company                                                                                                                                                                                                                                                                                                                                                                            |
| 22  | 2013-4-25 | 2012 Annual Report, 2013 First Quarterly Results, Circular, Notice, Reply Slip and Proxy Form for 2012 Annual General Meeting, Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 13th Meeting of the 5th Session of the Board                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 23  | 2013-4-26 | Issuance of US\$800,000,000 2.50% Bonds due 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 24  | 2013-5-2  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 25  | 2013-5-6  | Notice of Listing of USD-denominated bonds on the Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 26  | 2013-5-7  | Announcement on the Financial Data for April 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 27  | 2013-5-9  | Overseas Regulatory Announcement - Announcement on the Results of Issuance of Tranche 5 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 28  | 2013-5-10 | Announcement - Obtaining the Approval of Application for the Proposed Corporate Bond Issuance from the Issuance Examination Committee of the CSRC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

| No. | Date      | Subject Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| 29  | 2013-5-21 | Announcement - relating to (1) the Proposed Acquisition of 10% Shareholding Interest in China AMC and (2) the Proposed Reorganization and Split of a Wholly-owned Subsidiary Named CITIC Securities (Zhejiang), Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 14th Meeting of the 5th Session of the Board, Announcement on the Split of a Wholly-owned Subsidiary Named CITIC Securities (Zhejiang) Co., Ltd., Announcement on the Proposed Acquisition of 10% Shareholding Interest in China Asset Management Co., Ltd. |
| 30  | 2013-5-31 | Announcement - Obtaining the Approval of CSRC in Relation to the RMB-denominated Bonds Issuance, Discloseable Transaction - Acquisition of 10% Shareholding Interest in China AMC                                                                                                                                                                                                                                                                                                                                                                        |
| 31  | 2013-6-3  | Second Notice of 2012 Annual General Meeting, Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2013                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 32  | 2013-6-4  | Overseas Regulatory Announcement - Announcement on the Issuance of Corporate Bonds (Tranche 1) in 2013, Prospectus regarding the Issuance of Corporate Bonds (Tranche 1) in 2013, Summary of Prospectus regarding the Issuance of Corporate Bonds (Tranche 1) in 2013, Report on Credit Rating of Corporate Bonds (Tranche 1) in 2013                                                                                                                                                                                                                    |
| 33  | 2013-6-6  | Announcement on the Financial Data for May 2013, Overseas Regulatory Announcement - Announcement on the Coupon Rate of Corporate Bonds (Tranche 1) in 2013                                                                                                                                                                                                                                                                                                                                                                                               |
| 34  | 2013-6-7  | Overseas Regulatory Announcement - Results of Issuance of Tranche 6 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 35  | 2013-6-14 | Proposed Payment of 2012 Final Dividend/Book Closure Period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 36  | 2013-6-17 | Overseas Regulatory Announcement - Announcement on the Results of Issuance of Corporate Bonds (Tranche 1) in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 37  | 2013-6-20 | Announcement - Poll Results of the 2012 AGM, and Distribution of the 2012 Final Dividend                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 38  | 2013-6-26 | Overseas Regulatory Announcement - Announcement on the Listing of Corporate Bonds (Tranche 1) in 2013, Announcement on Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters                                                                                                                                                                                                                                                                          |
| 39  | 2013-6-28 | Discloseable Transaction - Extension of the Long Stop Date for Completion of the Acquisition of the Remaining 80.1% Equity Interest in CLSA                                                                                                                                                                                                                                                                                                                                                                                                              |
| 40  | 2013-7-3  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 41  | 2013-7-8  | Announcement on the Financial Data for June 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 42  | 2013-7-19 | Preliminary Financial Data for the Half Year of 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 43  | 2013-7-24 | Overseas Regulatory Announcement - Announcement on the Approval relating to the Establishment of New Securities Branches                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 44  | 2013-7-25 | Overseas Regulatory Announcement - Results of Issuance of Tranche 7 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 45  | 2013-7-26 | Overseas Regulatory Announcement - Announcement on the Approval relating to the Establishment of 7 New Securities Branches                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 46  | 2013-7-31 | Completion of the Acquisition of the Remaining 80.1% Equity Interest in CLSA, Overseas Regulatory Announcement - Announcement of the Issuance of Corporate Bonds (Tranche 2) in 2013, Prospectus for the Issuance of Corporate Bonds (Tranche 2) in 2013, Summary of the Prospectus for the Issuance of Corporate Bonds (Tranche 2) in 2013, Credit Rating Report of the Issuance of Corporate Bonds (Tranche 2) in 2013                                                                                                                                 |
| 47  | 2013-8-1  | Overseas Regulatory Announcement - Distribution of the 2012 Dividend for A Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 48  | 2013-8-2  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 49  | 2013-8-4  | Overseas Regulatory Announcement - Announcement of the Coupon Rate of Corporate Bonds (Tranche 2) in 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 50  | 2013-8-6  | Announcement on the Financial Data for July 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 51  | 2013-8-7  | Overseas Regulatory Announcement - Announcement on the Results of Issuance of Tranche 8 of Commercial Papers in 2013, Announcement of the Results of the Issuance of Corporate Bonds (Tranche 2) in 2013                                                                                                                                                                                                                                                                                                                                                 |
| 52  | 2013-8-16 | Notice of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 53  | 2013-8-19 | Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 15th Meeting of the 5th Session of the Board, Management Measures of CITIC Securities for Treasury Bond Futures Trading, Risk Control System for the Participation of the Securities Asset Management Business of CITIC Securities in Stock Index Futures and Treasury Bond Futures Trading and Investment Research System for the Participation of the Securities Asset Management Business of CITIC Securities in Stock Index Futures and Treasury Bond Futures Trading   |
| 54  | 2013-8-21 | Overseas Regulatory Announcement - Announcement on the Listing of Corporate Bonds (Tranche 2) in 2013, Announcement on Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters                                                                                                                                                                                                                                                                          |
| 55  | 2013-8-26 | Voluntary Announcement - Acquisition of 10% Shareholding Interest in China AMC, Overseas Regulatory Announcement - Announcement on the Approval of Changes to Important Clauses in the Articles of Association                                                                                                                                                                                                                                                                                                                                           |

| No. | Date       | Subject Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| 56  | 2013-8-29  | 2013 Interim Results Announcement, Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 16th Meeting of the 5th Session of the Board, Rules of Procedure of the Nomination Committee of the Board, the Proposed Appointment of Executive Directors and Proposed Expansion of Business Scope of the Company                                                                                                                                                                                                 |
| 57  | 2013-9-2   | Monthly Return of Equity Issuer on Movements in Securities For the month ended 31 August 2013                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 58  | 2013-9-5   | Announcement on the Financial Data for August 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 59  | 2013-9-11  | Circular, Notice, Reply Slip and Proxy Form Regarding the 2013 Second Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 60  | 2013-9-13  | Overseas Regulatory Announcement - Announcement on the Amendments to the Articles of Association, Articles of Association (revised in 2013)                                                                                                                                                                                                                                                                                                                                                                                        |
| 61  | 2013-9-16  | Overseas Regulatory Announcements - Announcement on the Completion of filing with the People's Bank of China in respect of the Issue of Commercial Papers, Announcement on the Completion of Acquisition of Shareholding Interest in CITIC Wantong Securities Co., Ltd, Announcement on the Appointment of Mr. Zhang Guoming as the Compliance Officer of the Company                                                                                                                                                              |
| 62  | 2013-9-18  | 2013 Interim Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 63  | 2013-9-24  | Voluntary Announcement - Acquisition of 10% Shareholding Interest in China AMC                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 64  | 2013-9-26  | Announcement - (1) Proposed Transfer of Equity Interests in Subsidiaries for the Launching of Designated Innovative Financial Business, (2) Proposed Amendments to the Articles of Association and (3) Proposed Mandate to Reauthorize the Company to Issue Short-Term Commercial Papers, Continuing Connected Transactions - Renewal of the Relevant Annual Caps for Continuing Connected Transactions, Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 17th Meeting of the 5th Session of the Board |
| 65  | 2013-9-30  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2013                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 66  | 2013-10-10 | Second Notice of the 2013 Second Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 67  | 2013-10-11 | Proposed Change in the Members of the Executive Committee, Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 7th Meeting of the 5th Session of the Supervisory Committee                                                                                                                                                                                                                                                                                                                                |
| 68  | 2013-10-14 | Announcement on the Financial Data for September 2013, Circular, Notice, Reply Slip and Proxy Form for 2013 Third Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                    |
| 69  | 2013-10-16 | Change of Book Closure Period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 70  | 2013-10-17 | Overseas Regulatory Announcement - Announcement on the Results of Issuance of Tranche 9 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                                                                                               |
| 71  | 2013-10-18 | Notice of Board Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 72  | 2013-10-29 | Poll Results of the 2013 Second Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 73  | 2013-10-30 | 2013 Third Quarterly Results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 74  | 2013-10-31 | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2013                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 75  | 2013-11-6  | Announcement on the Financial Data for October 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 76  | 2013-11-8  | Voluntary Announcement - relating to (1) Acquisition of 3.20% Shareholding Interest in China AMC and (2) Authorization for Commencing Equity Pledge, Mortgage and Other Related Businesses, Overseas Regulatory Announcement - Announcement of Resolutions Passed at the 20th Meeting of the 5th Session of the Board                                                                                                                                                                                                              |
| 77  | 2013-11-11 | Second Notice of the 2013 Third Extraordinary General Meeting, Overseas Regulatory Announcement - Announcement on the Results of Issuance of Tranche 10 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                                               |
| 78  | 2013-11-12 | Voluntary Announcement - Updates on the Acquisition of 3.20% Shareholding Interest in China AMC                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 79  | 2013-11-29 | Poll Results of the 2013 Third Extraordinary General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 80  | 2013-12-2  | Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2013                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 81  | 2013-12-4  | Announcement on Obtaining the Approval of CSRC in relation to the Subordinated Bond Issuance, Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 11 of Commercial Papers in 2013                                                                                                                                                                                                                                                                                                                |
| 82  | 2013-12-5  | Announcement on the Financial Data for November 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 83  | 2013-12-26 | Announcement on the Approval relating to the Appointment of Mr. Liu Lefei as a Director, Announcement on the Change of the Name of CITICS Futures Co., Ltd. (a wholly-owned subsidiary of the Company), Overseas Regulatory Announcement – Announcement on the Approval relating to the Establishment of 13 New Securities Branches                                                                                                                                                                                                |
| 84  | 2013-12-31 | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2013                                                                                                                                                                                                                                                                                                                                                                                                                                    |

### APPENDIX 3: ADMINISTRATIVE CONSENTS AND APPROVALS OBTAINED DURING THE REPORTING PERIOD

| No. | Date of approval | Title and number of approval                                                                                                                                                                             |
|-----|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | 2013-1-10        | Approval for Qualification of WU Xiaohui as the Head of a Securities Company's Branch (Jing Zheng Jian Xu Ke [2013] No. 3)                                                                               |
| 2   | 2013-1-17        | Approval for Qualification of XU Peng as the Head of a Securities Company's Branch (Jing Zheng Jian Xu Ke [2013] No. 12)                                                                                 |
| 3   | 2013-1-23        | Approval for Qualification of WANG Zonghao as the Head of a Securities Company's Branch (Jing Zheng Jian Xu Ke [2013] No. 16)                                                                            |
| 4   | 2013-2-20        | Approval for the Establishment of Three Securities Branches by CITIC Securities Company Limited in, among others, Hubei (Shen Zheng Ju Xu Ke Zi [2013] No. 20) issued by the Shenzhen Bureau of the CSRC |
| 5   | 2013-4-11        | Approval for Qualification of CHEN Hui as the Head of a Securities Company's Branch (E Zheng Jian Ji Gou Zi [2013] No. 24) issued by the Hubei Bureau of the CSRC                                        |
| 6   | 2013-4-12        | Approval for Qualification of SONG Hao as the Head of a Securities Company's Branch (Guang Dong Zheng Jian Xu Ke [2013] No. 29)                                                                          |
| 7   | 2013-4-18        | Approval for Qualification of ZHANG Guoming as a Senior Management Member at Manager Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 45) issued by the Shenzhen Bureau of the CSRC      |
| 8   | 2013-4-23        | Approval for Qualification of WANG Xiaomeng as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2013] No. 146)                                                                        |
| 9   | 2013-5-30        | Approval for the Public Issue of Corporate Bonds by CITIC Securities Company Limited (Zheng Jian Xu Ke [2013] No. 706)                                                                                   |
| 10  | 2013-6-17        | Approval for Qualification of YIN Ke as a Senior Management Member at Manager Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 73) issued by the Shenzhen Bureau of the CSRC             |
| 11  | 2013-7-19        | Approval for the Establishment of a Branch by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2013] No. 97) issued by the Shenzhen Bureau of the CSRC                                          |
| 12  | 2013-7-24        | Approval for the Establishment of Seven Branches by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2013] No. 101) issued by the Shenzhen Bureau of the CSRC                                   |
| 13  | 2013-8-21        | Approval of Amendment of Material Clauses in the Articles of Association of CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2013] No. 121) issued by the Shenzhen Bureau of the CSRC           |
| 14  | 2013-9-16        | Approval for Qualification of WANG Bangling as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2013] No. 375)                                                                        |
| 15  | 2013-10-15       | Approval for Qualification of XU Tongle as the Head of a Securities Company's Branch (Jing Zheng Jian Xu Ke [2013] No. 195)                                                                              |
| 16  | 2013-10-29       | Approval for Qualification of ZHANG Hongmei as the Head of a Securities Company's Branch (Ji Zheng Jian Xu Zi [2013] No. 26)                                                                             |
| 17  | 2013-11-4        | Approval for Qualification of DENG Xuefei as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2013] No. 489)                                                                          |
| 18  | 2013-11-19       | Approval for Qualification of GUI Xuan as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2013] No. 544)                                                                             |
| 19  | 2013-11-19       | Approval for Qualification of CHEN Siwen as the Head of a Securities Company's Branch (Guang Dong Zheng Jian Xu Ke [2013] No. 168)                                                                       |
| 20  | 2013-12-9        | Approval for Qualification of XIAO Yuming as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2013] No. 575)                                                                          |
| 21  | 2013-12-2        | Approval for the Issue of Subordinated Bonds by CITIC Securities Company Limited (Zheng Jian Xu Ke [2013] No. 1522)                                                                                      |
| 22  | 2013-12-19       | Approval for the Establishment of Thirteen Branches by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2013] No. 191) issued by the Shenzhen Bureau of the CSRC                                |
| 23  | 2013-12-19       | Approval for Qualification of LIU Lefei as a Director of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 197) issued by the Shenzhen Bureau of the CSRC                                          |
| 24  | 2013-12-30       | Approval for Qualification of YAN Jianlin as a Senior Management Member at Manager Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 202) issued by the Shenzhen Bureau of the CSRC       |
| 25  | 2013-12-30       | Approval for Qualification of LIU Wei as a Senior Management Member at Manager Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 203) issued by the Shenzhen Bureau of the CSRC           |

| No. | Date of approval | Title and number of approval                                                                                                                                                                        |
|-----|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 26  | 2013-12-30       | Approval for Qualification of CHEN Jun as a Senior Management Member at Manager Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 204) issued by the Shenzhen Bureau of the CSRC     |
| 27  | 2013-12-30       | Approval for Qualification of YANG Minghui as a Senior Management Member at Manager Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 205) issued by the Shenzhen Bureau of the CSRC |

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

| Area                           | Company Names    | Branch Names                                | Address                                                                               | Telephone         | Fasimile          |
|--------------------------------|------------------|---------------------------------------------|---------------------------------------------------------------------------------------|-------------------|-------------------|
| Beijing<br>(15 branches)       | CITIC Securities | Beijing Branch                              | 4/F, Jincheng Jianguo No.5, 5 Jianguomen North Avenue, Dongcheng District, Beijing    | 0086-10-65648601  | 0086-10-65648666  |
|                                | CITIC Securities | Beijing Jianguomen Branch                   | 4/F, Jincheng Jianguo No.5, 5 Jianguomen North Avenue, Dongcheng District, Beijing    | 0086-10-65648977  | 0086-10-65648855  |
|                                | CITIC Securities | Beijing Fuwai Avenue Branch                 | 3/F, Baiyun Tower, 1 Baiyun Road, Xicheng District, Beijing                           | 0086-10-63441159  | 0086-10-63445727  |
|                                | CITIC Securities | Beijing North Third Ring Middle Road Branch | 43-3 North Third Ring Middle Road, Haidian District, Beijing                          | 0086-10-82070509  | 0086-10-62063545  |
|                                | CITIC Securities | Beijing Zizhuyuan Road Branch               | 9/F China Arsenal Tower, 69 Zizhuyuan Road, Haidian District, Beijing                 | 0086-10-68966702  | 0086-10-68966702  |
|                                | CITIC Securities | Headquarter Branch                          | Room 1801, 18/F, No.4 Building, No.48 Liangmaqiao Road, Chaoyang District, Beijing    | 0086-10-60837215  | 0086-10-60833739  |
|                                | CITIC Securities | Beijing Headquarter Branch                  | Room 2001, 20/F, No.4 Building, No.48 Liangmaqiao Road, Chaoyang District, Beijing    | 0086-10-60838854  | 0086-10-60836540  |
|                                | CITIC Securities | Beijing Anwai Avenue Branch                 | 1 Andingmenwai Avenue, Chaoyang District, Beijing                                     | 0086-10-84122033  | 0086-10-84121391  |
|                                | CITIC Securities | Beijing Guomao Branch                       | 5/F, Block B, Shimao Tower, No. 92A Jianguo Road, Chaoyang District, Beijing          | 0086-10-85890121  | 0086-10-85890040  |
|                                | CITIC Securities | Beijing Huijialou Branch                    | Building 1, Compound 28, Xiangjunbeili, Chaoyang District, Beijing                    | 0086-10-57602565  | 0086-10-57602570  |
|                                | CITIC Securities | Beijing Wangjing Branch                     | 16/F, Block C, Focus Square, No. 6 Futong Futong Avenue, Chaoyang District, Beijing   | 0086-10-84785403  | 0086-10-84785471  |
|                                | CITIC Securities | Beijing Fengguanlu Branch                   | 2/F, Building 11, 16 Fengguan Road, Fengtai District, Beijing                         | 0086-10-52277221  | 0086-10-52217221  |
|                                | CITIC Securities | Beijing South Third Ring East Road Branch   | 2-3, commercial area, Second section, Quartet Garden, Fengtai District, Beijing       | 0086-10-87645752  | 0086-10-87645765  |
|                                | CITIC Securities | Beijing Tiantongyuan Branch                 | Room 102, Building A4, First section, North Tiantongyuan, Changping District, Beijing | 0086-10-80141028  | 0086-10-80127328  |
|                                | CITIC Futures    | Beijing Jianguomenwaidajie Branch           | Suite 801, Block A, Building 8, Jianguomenwai Avenue, Chaoyang District, Beijing      | 0086-10-57762881  | 0086-10-57762881  |
| Tianjin<br>(2 branches)        | CITIC Securities | Tianjin Dagang Branch                       | 1/F, Trade Tower, Oil Field Court 3, Dagang District, Tianjin                         | 0086-22-25920550  | 0086-22-25910549  |
|                                | CITIC Securities | Tianjin Youyi Road Branch                   | 42 Youyi Road, Hexi District, Tianjin                                                 | 0086-22-28138825  | 0086-22-28358942  |
| Hebei Province<br>(3 branches) | CITIC Securities | Shijiazhuang Northern Jianshe Street Branch | 26-5 Northern Jianshe street, Qiaodong District, Shijiazhuang , Hebei                 | 0086-311-66772000 | 0086-311-66772070 |
|                                | CITIC Securities | Tangshan Jianshe North Road Branch          | B-2, 92 Jianshe North Road, Lubei District, Tangshan , Hebei                          | 0086-315-5266356  | 0086-315-5266357  |
|                                | CITIC Futures    | Shijiazhuang Branch                         | 8/F, Posium Building, Fubang Plaza 5 Jjianshebei Avenue, Shijiazhuang, Hebei          | 0086-311-86068687 | 0086-311-86068686 |

| Area                                                 | Company Names    | Branch Names                       | Address                                                                                                                                                      | Telephone         | Fasimile          |
|------------------------------------------------------|------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Shanxi Province<br>(1 branch)                        | CITIC Securities | TaiYuan Yingze West Street Branch  | 4/F, International Energy Center,<br>100 Yingze West Street, Wanbolin District,<br>Taiyuan , Shanxi                                                          | 0086-315-6192108  | 0086-315-6191978  |
| Shaanxi Province<br>(2 branches)                     | CITIC Securities | Xi'an Keji Road Branch             | Room 11301, Block 1, E-yang International<br>Building, 27 Keji Road, Xi' an ,<br>Shaanxi Province                                                            | 0086-29-88222554  | 0086-29-88258582  |
|                                                      | CITIC Futures    | Xi'an Branch                       | Room 4D, 4/F, East Wing Podium,<br>Gaoxin Telecom Plaza, 56 Gaoxin Road,<br>High and New-Tech Development Zone,<br>Xi'an City, Shaanxi Province              | 0086-29-88993255  | 0086-29-88993255  |
| Ningxia Hui<br>Autonomous<br>Region<br>(2 branches)  | CITIC Securities | Yinchuan West Wenhua Street Branch | Room 503, Office Building C,<br>Yinchuan World Trade Center,<br>Xingqing District, Yinchuan City,<br>Ningxia Hui Autonomous Region                           | 0086-951-5102598  | 0086-951-5102589  |
|                                                      | CITIC Futures    | Yinchuan Branch                    | 8/F, Building B, Yinchuan World Trade Center,<br>106 West Wenhua Street, Xingqing District,<br>Yinchuan, Ningxia Hui Autonomous Region                       | 0086-951-5198139  | 0086-951-5198139  |
| Inner Mongolia<br>Autonomous<br>Region<br>(1 branch) | CITIC Futures    | Baotou Branch                      | 8/F, Keyuan Mansion, Shifu West Road,<br>Kun District, Baotou, Inner Mongolia<br>Autonomous Region                                                           | 0086-472-6862618  | 0086-472-6862618  |
| Heilongjiang<br>Province<br>(1 branch)               | CITIC Futures    | Harbin Branch                      | Room 407, 4/F, Block B, 7 Shanghai Street,<br>Daoli District, Harbin, Heilongjiang                                                                           | 0086-451-51645557 | 0086-451-51645557 |
| Jilin Province<br>(2 branches)                       | CITIC Securities | Changchun Renmin Avenue Branch     | Room 1706, 7088 Renmin Avenue,<br>Nanguan District, Changchun, Jilin Province                                                                                | 0086-431-81970887 | 0086-431-81970892 |
|                                                      | CITIC Futures    | Jilin Branch                       | 4/F, 111-8 Jiefang Road Central,<br>Chuanying District, Jilin, Jilin                                                                                         | 0086-432-62882001 | 0086-432-62882001 |
| Liaoning Province<br>(4 branches)                    | CITIC Securities | Shenyang Fuda Road Branch          | 335 Fengtian Street, Shenhe District, Shenyang,<br>Liaoning                                                                                                  | 0086-24-88598898  | 0086-24-88598852  |
|                                                      | CITIC Securities | Dalian Xinghaiguangchang Branch    | Room 1-1-4, Building 13, No. 6 of Section B2,<br>DaLian Xinghai Square, Shahekou District,<br>Dalian, Liaoning                                               | 0086-411-82553277 | 0086-411-82809103 |
|                                                      | CITIC Futures    | Shenyang Branch                    | Zhonghan Building, 124 Huigong Street,<br>Shenhe District, Shenyang, Liaoning                                                                                | 0086-24-62651187  | 0086-24-62651187  |
|                                                      | CITIC Futures    | Dalian Branch                      | Room 2508 & 2509, Futures Square, Building A,<br>Dalian International Finance Conference Center,<br>129 Huizhan Road, Shahekou District, Dalian,<br>Liaoning | 0086-411-84806372 | 0086-411-84806772 |

| Area                              | Company Names    | Branch Names                        | Address                                                                                                          | Telephone         | Fasimile          |
|-----------------------------------|------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Shanghai<br>(15 branches)         | CITIC Securities | Shanghai Branch                     | 10/F, 1568 Century Avenue, Pudong New District, Shanghai                                                         | 0086-21-61768699  | 0086-21-61768696  |
|                                   | CITIC Securities | Shanghai Huaihai Middle Road Branch | 29/F & 32/F, Huaihai Middle Road, Huangpu District, Shanghai                                                     | 0086-21-53858202  | 0086-21-53858290  |
|                                   | CITIC Securities | Shanghai Caoxi North Road Branch    | 17/F, 375 North Caoxi Road, Xuhui District, Shanghai                                                             | 0086-21-33973593  | 0086-21-33973587  |
|                                   | CITIC Securities | Shanghai Gubei Road Branch          | Room 301, 1078 Gubei Road, Changning District, Shanghai                                                          | 0086-21-62092178  | 0086-21-62091283  |
|                                   | CITIC Securities | Shanghai Changshou Road Branch      | 8 Lane 818, Changshou Road, Putuo District, Shanghai                                                             | 0086-21-62322321  | 0086-21-62323663  |
|                                   | CITIC Securities | Shanghai Hengfeng Road Branch       | Room 101, 2/F & 8/F, 1 Hengfeng Road, Zhabei District, Shanghai                                                  | 0086-21-63813581  | 0086-21-63813608  |
|                                   | CITIC Securities | Shanghai Liyang Road Branch         | 2/F, 1088 Liyang Road, Hongkou District, Shanghai                                                                | 0086-21-61673530  | 0086-21-61673530  |
|                                   | CITIC Securities | Shanghai Humin Road Branch          | 2 Sub-lane 111, Lane 7580, Humin Road, Minhang District, Shanghai                                                | 0086-21-54080136  | 0086-21-54807234  |
|                                   | CITIC Securities | Shanghai Anting Branch              | 2/F, 29 Moyu Road, Anting Town, Jiading District, Shanghai                                                       | 0086-21-59568116  | 0086-21-59579234  |
|                                   | CITIC Securities | Shanghai Dongfang Road Branch       | Block C, 5/F, 710 Dongfang Road, Pudong New District, Shanghai                                                   | 0086-21-68758300  | 0086-21-68758200  |
|                                   | CITIC Securities | Shanghai Pudong Avenue Branch       | Rooms 203, 204 and 205A, 2/F, 1085 Pudong Avenue, Pudong New District, Shanghai                                  | 0086-21-68498016  | 0086-21-50938923  |
|                                   | CITIC Securities | Shanghai Shijidadao Branch          | 10/F, 1568 Century Avenue, Pudong New District, Shanghai                                                         | 0086-21-61768721  | 0086-21-61768736  |
|                                   | CITIC Securities | Shanghai Shihua Branch              | 1-3/F, 290 Shihua Long'an Road, Jinshan District, Shanghai                                                       | 0086-21-57955812  | 0086-21-57955812  |
|                                   | CITIC Futures    | Shanghai Pudianlu Branch            | Rooms 3102-3104, 300 Songlin Road, Pudong New District, Shanghai                                                 | 0086-21-68751268  | 0086-21-68751268  |
|                                   | CITIC Futures    | Shanghai Shijidadao Branch          | Units C, D, E & H, 9/F, East Hope Tower, 1777 Century Avenue, Pudong New District, Shanghai                      | 0086-21-61017300  | 0086-21-61017300  |
| Jiangsu Province<br>(15 branches) | CITIC Securities | Jiangsu Branch                      | 5 Gaoloumen, Xuanwu District, Nanjing, Jiangsu                                                                   | 0086-25-83282416  | 0086-25-83282416  |
|                                   | CITIC Securities | Nanjing Gaoloumen Branch            | 5 Gaoloumen, Xuanwu District, Nanjing, Jiangsu                                                                   | 0086-25-83282420  | 0086-25-83601540  |
|                                   | CITIC Securities | Suzhou Suyu Road Branch             | 8/F, Xintou Mansion, 308 Suyu Road, Suzhou Industrial Park, Jiangsu                                              | 0086-512-67620461 | 0086-512-67611812 |
|                                   | CITIC Securities | Wuxi Taihu Avenue Branch            | Southern Portion of 6/F, Jinxing Muling Centre, 258 Taihu Avenue West, Nanchang District, Wuxi, Jiangsu Province | 0086-510-83580068 | 0086-510-83580068 |
|                                   | CITIC Securities | Jiangyin Hebei Street Branch        | 7/F, Liangchen Plaza, 188 Hebei Street, Jiangyin, Jiangsu                                                        | 0086-510-66200267 | 0086-510-66200066 |
|                                   | CITIC Securities | Changzhou Huanfu Road Branch        | 10 Huanfu Road, Hutang Town, Wujin Administration Center, Changzhou, Jiangsu                                     | 0086-519-86565278 | 0086-519-86565278 |
|                                   | CITIC Securities | Xuzhou Jiefang South Rd. Branch     | 3/F, annex building, Diwang Mansion, 303 Jiefang Road, Xuzhou, Jiangsu                                           | 0086-516-83809600 | 0086-516-83809600 |
|                                   | CITIC Securities | Nantong Gongnong Road Branch        | Room 2405, Jinronghui, 33 Gongnong Road, Chongchuan District, Nantong, Jiangsu                                   | 0086-513-55089600 | 0086-513-55089611 |
|                                   | CITIC Securities | Qidong Renmin Middle Road Branch    | Basement of the East Gate of Jianzhuyue Building, 683 Renmin Middle Road, Huilong Town, Qidong, Jiangsu          | 0086-513-83350651 | 0086-513-83350651 |
|                                   | CITIC Securities | Rugao Jiankang South Road Branch    | 9 jiankang South Road, Rucheng Town, Rugao, Jiangsu                                                              | 0086-513-87653804 | 0086-513-87655715 |
|                                   | CITIC Securities | Haimen Renmin West Rd. Branch       | 226 Renmin West Road, Haimen, Jiangsu                                                                            | 0086-513-82210827 | 0086-513-82210827 |
|                                   | CITIC Securities | Yancheng Renmin South Road Branch   | Eastern Portion of 4/F, International Venture Centre, 5 Renmin South Road, Yancheng, Jiangsu                     | 0086-515-80992800 | 0086-515-80992801 |
|                                   | CITIC Securities | Zhenjiang Dianli Road Branch        | Zone B, 18 Dianli Road, Runzhou District, Zhenjiang Jiangsu                                                      | 0086-511-81983985 | 0086-511-81983986 |
|                                   | CITIC Futures    | Wuxi Branch                         | Unit 707, Wuxi Financial Center, 10 Finance First Street, Binhu District, Wuxi, Jiangsu                          | 0086-510-83030600 | 0086-510-83030600 |
|                                   | CITIC Futures    | Suzhou Branch                       | West Portion of 8/F, 308 Suyu Road, Suzhou Industrial Park, Jiangsu                                              | 0086-512-62891575 | 0086-512-62891575 |

| Area                               | Company Names                  | Branch Names                     | Address                                                                                                               | Telephone                                                   | Fasimile          |
|------------------------------------|--------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------|
| Zhejiang Province<br>(54 branches) | CITIC Securities<br>(Zhejiang) | Ningbo Branch                    | R722, R725 and R727, Block B, Hebang Building,<br>939 North Tiantong Road, Jinzhou District, Ningbo,<br>Zhejiang      | 0086-574-88127219                                           | 0086-574-83029614 |
|                                    | CITIC Securities<br>(Zhejiang) | Wenzhou branch                   | Room 701, Fortune Center, 577 Station Avenue,<br>Wenzhou, Zhejiang                                                    | 0086-577-88107058                                           | 0086-577-88102755 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Yan'anlu Branch         | 515 Yan'an Road, Hangzhou City, Zhejiang                                                                              | 0086-571-85069366<br>0086-571-85069353                      | 0086-571-85159101 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Dinganlu Branch         | 4/F, Yintai Department Store West Lake Branch, 1<br>Anding Road, Hangzhou, Zhejiang                                   | 0086-571-87036105                                           | 0086-571-87036105 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Dongxin Rd. Branch      | 2/F, 977 Dongxin Road, Hangzhou, Zhejiang                                                                             | 0086-571-88130313                                           | 0086-571-88135623 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Fengqilu Branch         | 102-1 Fengqi Road, Hangzhou, Zhejiang                                                                                 | 0086-571-85783588                                           | 0086-571-85783676 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Sijilu Branch           | Room 401, Dikai International Center,<br>76-6 Siji Road, Qianjiang New,<br>Hangzhou, Zhejiang                         | 0086-571-86519009                                           | 0086-571-28937353 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Qingchunlu Branch       | 3/F and 5/F, Huadu Tower, 137 Qingchun Road,<br>Hangzhou, Zhejiang                                                    | 0086-571-87240406<br>0086-571-87246290                      | 0086-571-87240397 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Wensanlu Branch         | Laiyinda Tower, 535 Wensan Road,<br>Hangzhou, Zhejiang                                                                | 0086-571-87991953                                           | 0086-571-87966303 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Hangda Road Branch      | 5/F, Block C, Dragon Century Plaza, 3 Hangda Road,<br>Hangzhou, Zhejiang                                              | 0086-571-87903558<br>0086-571-87903555<br>0086-571-87903512 | 0086-571-87903544 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Zhaohuilu Branch        | 2/F, Taihe Guoji Mansion, 168-7 Zhaohui Road,<br>Zhaohuilu Street, Xiacheng District, Hangzhou,<br>Zhejiang           | 0086-571-85771666                                           | 0086-571-85771577 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Xinnanlu Branch         | Building C, New Century Plaza, 133 Xinnan Road,<br>Xiaoshan District, Hangzhou, Zhejiang                              | 0086-571-82620841                                           | 0086-571-82635797 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Nandajie Branch         | 5/F, Building 2, Bafangjiezuo Tower, 263 South<br>Avenue, Nanyuan Subdistrict, Yuhang District,<br>Hangzhou, Zhejiang | 0086-571-86238778<br>0086-571-86245108                      | 0086-571-86245646 |
|                                    | CITIC Securities<br>(Zhejiang) | Hangzhou Shishan Rd. Branch      | 177 Shishan Road, Yuhang Subdistrict,<br>Yuhang District, Hangzhou, Zhejiang Province                                 | 0086-571-88671260<br>0086-571-88671261                      | 0086-571-88628170 |
|                                    | CITIC Securities<br>(Zhejiang) | Tonglu Yinchun South Road Branch | 6/F, Block B, New Youth Plaza, Yingchun South<br>Road, Tonglu County, Hangzhou, Zhejiang                              | 0086-571-64625071<br>0086-571-64240317                      | 0086-571-64620952 |
|                                    | CITIC Securities<br>(Zhejiang) | Fuyang Yingbinlu Branch          | 12-8 Yingbin Road, Fuyang, Zhejiang                                                                                   | 0086-571-61717888                                           | 0086-571-61716033 |
|                                    | CITIC Securities<br>(Zhejiang) | Lin'an Qianwangjie Branch        | 431 Qianwang Street, Jincheng Town,<br>Lin'an, Zhejiang Province                                                      | 0086-571-63720468                                           | 0086-571-63732536 |
|                                    | CITIC Securities<br>(Zhejiang) | Ningbo ZhongShandonglu Branch    | 21/F, China Eastern Tower, 796 East Zhongshan<br>Road, Jiangdong District, Ningbo, Zhejiang                           | 0086-574-87719580<br>0086-574-87719617                      | 0086-574-87719929 |
|                                    | CITIC Securities<br>(Zhejiang) | Ningbo Beilunxindalu Branch      | 548 Xinda Road, Beilun District, Ningbo, Zhejiang                                                                     | 0086-574-86965931                                           | 0086-574-86850129 |
|                                    | CITIC Securities<br>(Zhejiang) | Ningbo Tiantongbeilu Branch      | Building B, Hebang Tower, 939 North Tiantong<br>Road, Jinzhou District, Ningbo, Zhejiang                              | 0086-574-88355536                                           | 0086-574-88355146 |
|                                    | CITIC Securities<br>(Zhejiang) | Yuyao Nanleilu Branch            | 10-68 Nanlei Road, Yuyao, Zhejiang                                                                                    | 0086-574-62729400                                           | 0086-574-62729411 |
|                                    | CITIC Securities<br>(Zhejiang) | Fenghua Qiaodongan Rd. branch    | 3/F, 78 Qiaodongan Road, Yuelin Street, Fenghua,<br>Zhejiang Province                                                 | 0086-574-88861612                                           | 0086-574-88854056 |
|                                    | CITIC Securities<br>(Zhejiang) | Wenzhou Chezhandadao Branch      | Rooms 702 and 703, Fortune Center, 577 Station<br>Avenue, Wenzhou, Zhejiang Province                                  | 0086-577-88107027<br>0086-577-88107028                      | 0086-577-88107190 |
|                                    | CITIC Securities<br>(Zhejiang) | Leqing Mingyanglu Branch         | 138 Mingyang Road, Lecheng Town, Leqing,<br>Zhejiang                                                                  | 0086-577-62596598                                           | 0086-577-61600030 |
|                                    | CITIC Securities<br>(Zhejiang) | Cangnan Longgangdadao Branch     | 3/F, Building 20, Deya Garden, Longgang Avenue,<br>Longgang Town, Cangnan County, Wenzhou,<br>Zhejiang                | 0086-577-68625111                                           | 0086-577-68625152 |
|                                    | CITIC Securities<br>(Zhejiang) | Jiaxing Jiyanglu Branch          | 155 Jiyang Road, Jiaxing, Zhejiang                                                                                    | 0086-573-82069341                                           | 0086-573-82069190 |
|                                    | CITIC Securities<br>(Zhejiang) | Jiashan Jinyangxilu Branch       | 3/F, Huizhong Tower, 51 West Jinyang Road,<br>Jiashan County, Jiaxing, Zhejiang                                       | 0086-573-84233977                                           | 0086-573-84236053 |
|                                    | CITIC Securities<br>(Zhejiang) | Haiyan Hebinxilu Branch          | Yinyan Tower, 126 West Hebin Road, Wuyuan Town,<br>Haiyan, Zhejiang Province                                          | 0086-573-86033570                                           | 0086-573-86033570 |

| Area | Company Names               | Branch Names                             | Address                                                                                                                 | Telephone                                                   | Fasimile                               |
|------|-----------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------|
|      | CITIC Securities (Zhejiang) | Haining Haichang South Road Branch       | 1 to 4/F, No. 3 Building, Nanjiao Mansion, 299 Haichang South Road, Haizhou Street, Haining, Zhejiang                   | 0086-573-87047777                                           | 0086-573-87033181                      |
|      | CITIC Securities (Zhejiang) | Pinghu Renmingdonglu Branch              | 19 East Renmin Road, Danghu Sub-district, Pinghu, Zhejiang                                                              | 0086-573-85120528<br>0086-573-85121028                      | 0086-573-85014315                      |
|      | CITIC Securities (Zhejiang) | Tongxiang North Fuxing Rd. Branch        | 1/F & 3/F, Jinchang Building, 518 North Fuxing Road, Wutong Sub-district, Tongxiang, Zhejiang Province                  | 0086-573-88138111                                           | 0086-573-88138106                      |
|      | CITIC Securities (Zhejiang) | Huzhou Huanchengxilu Branch              | 288 West Huangcheng Road, Huzhou, Zhejiang                                                                              | 0086-572-2212008<br>0086-572-2035005                        | 0086-572-2023021                       |
|      | CITIC Securities (Zhejiang) | Changxing Jinlingzhonglu Branch          | Hunainongken Building, 268 Jinling Middle Road, Changxing County, Huzhou, Zhejiang                                      | 0086-572-6025769                                            | 0086-572-6043309                       |
|      | CITIC Securities (Zhejiang) | Shaoxing Yuewangcheng Branch             | Block A, Cultural Industry Building, 117 Pianmen Zhi Street, Yuecheng District, Shaoxing, Zhejiang Province             | 0086-575-88096598                                           | 0086-575-88589005                      |
|      | CITIC Securities (Zhejiang) | Shaoxing Xingyue Road Branch             | Units 1201 & 1202, Fortune & Wisdom International Building, 1577 Xingyue Road, Shaoxing County, Shaoxing City, Zhejiang | 0086-575-84136718<br>0086-575-84136719<br>0086-575-84133933 | 0086-575-84136728                      |
|      | CITIC Securities (Zhejiang) | Zhuji Jidong Road Branch                 | 21/F, 22/F & Eastern Portion of 2/F, 68 Jidong Road, Huandong Street, Zhuji, Zhejiang                                   | 0086-575-87222907                                           | 0086-575-87222203                      |
|      | CITIC Securities (Zhejiang) | Shangyu Wangchonglu Branch               | 536 Wangchong Road, Shangyu, Zhejiang                                                                                   | 0086-575-82596598                                           | 0086-575-81286822                      |
|      | CITIC Securities (Zhejiang) | Shengzhou Shidaishangwuguangchang Branch | 2 Yijing Road, Shengzhou, Zhejiang                                                                                      | 0086-575-83000777                                           | 0086-575-83000779                      |
|      | CITIC Securities (Zhejiang) | Jinhua Zhongshanlu Branch                | Ocean Tower, 331 Middle Zhongshan Road, Jinhua, Zhejiang                                                                | 0086-579-82337102<br>0086-579-82303626                      | 0086-579-82312327                      |
|      | CITIC Securities (Zhejiang) | Pujiang Hongchangcaifuguangchang Branch  | West Wing, Fortune Square, 33 East Renmin Road, Pujiang County, Jinhua, Zhejiang                                        | 0086-579-84113222                                           | 0086-579-84111672                      |
|      | CITIC Securities (Zhejiang) | Yiwu Chengzhongzhonglu Branch            | 88 Middle Chengzhong Road, Yiwu, Zhejiang                                                                               | 0086-579-85561808<br>0086-579-85561888                      | 0086-579-85561877                      |
|      | CITIC Securities (Zhejiang) | Dongyang Zhongshanlu Branch              | 82 Zhongshan Road, Wuning Town, Dongyang, Zhejiang                                                                      | 0086-579-86650188                                           | 0086-579-86650156                      |
|      | CITIC Securities (Zhejiang) | Yongkang Jinchenglu Branch               | 3/F, Ganghai Tower, 29 Jincheng Road, Yongkang, Zhejiang                                                                | 0086-579-87196598                                           | 0086-579-87210782                      |
|      | CITIC Securities (Zhejiang) | Quzhou Xinqiaojie Branch                 | 2 Xinqiao Street, Quzhou, Zhejiang                                                                                      | 0086-570-8596598                                            | 0086-570-83000779                      |
|      | CITIC Securities (Zhejiang) | Taizhou Shifudadao Branch                | 1 to 3/F, First Time Life Square, 535 Shifu Avenue, Taizhou, Zhejiang Province                                          | 0086-576-88896598<br>0086-576-88612301                      | 0086-576-88612357                      |
|      | CITIC Securities (Zhejiang) | Tiantai Xianhouxiang Branch              | 11 Xianhou Lane, Chicheng Sub-district, Tiantai County, Taizhou, Zhejiang Province                                      | 0086-576-83796598                                           | 0086-576-83922987                      |
|      | CITIC Securities (Zhejiang) | Wenling Donghuibeilu Branch              | 152 North Donghui Road, Taiping Town, Wenling, Zhejiang                                                                 | 0086-576-86207119<br>0086-576-86207163                      | 0086-576-86207160                      |
|      | CITIC Securities (Zhejiang) | Lishui Shouerfulu Branch                 | 445 Shouerfu Road, Liandu District, Lishui, Zhejiang                                                                    | 0086-578-2225602                                            | 0086-578-2225650                       |
|      | CITIC Futures               | Hangzhou Fengqilu Branch                 | Main Building, Guoxin Property Mansion, 102 and 108 Fengqi Road, Xiacheng District, Hangzhou, Zhejiang                  | 0086-571-85783937<br>0086-571-85783848                      | 0086-571-85783937<br>0086-571-85783848 |
|      | CITIC Futures               | Hangzhou Yan'an Road Branch              | Room 1117, 11/F, Guo Xin Building, 515 Yan'an Road, Xiacheng District, Hang Zhou, Zhejiang                              | 0086-571-85060800                                           | 0086-571-85060800                      |
|      | CITIC Futures               | Ningbo Yinzhou Branch                    | Rooms 607, 609-612 and 615-618, Building B, 939 North Tiantong Road, Jinzhou District, Ningbo, Zhejiang                 | 0086-574-82809855<br>0086-574-82809858                      | 0086-574-82809855<br>0086-574-82809858 |
|      | CITIC Futures               | Shaoxing Branch                          | Units A603-608, Morden Tower, 276 Zhongxing Road Central, Shaoxing, Zhejiang                                            | 0086-575-85099713                                           | 0086-575-85099713                      |
|      | CITIC Futures               | Yiwu Branch                              | 6/F, 333-343 North Jiangbin Road, Yiwu, Jinhua, Zhejiang                                                                | 0086-579-81560977                                           | 0086-579-81560977                      |
|      | CITIC Futures               | Wenling Branch                           | 2/F Wanchang Tower, No. 152 Donghuibei Road, Wenling City, Taizhou, Zhejiang                                            | 0086-576-86209625                                           | 0086-576-86209625                      |

| Area                               | Company Names                  | Branch Names                             | Address                                                                                                                                                                                       | Telephone                                                | Fasimile          |
|------------------------------------|--------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------|
| Anhui Provinces<br>(3 branches)    | CITIC Securities               | Hefei Suixi Road Branch                  | 1/F, block A, Jinding Plaza, 287 Suixi Road,<br>Luyang District, Hefei, Anhui                                                                                                                 | 0086-551-65662907<br>0086-551-65662880                   |                   |
|                                    | CITIC Securities               | Wuhu Xinshidaishangyejie Branch          | No 155, Building 15, New Era Commercial Street,<br>Yijiang District, Wuhu, Anhui                                                                                                              | 0086-553-5955955                                         | 0086-553-5955959  |
|                                    | CITIC Futures                  | Wuhu Branch                              | Suite 2101, Taixin Business Center, Yijiang District,<br>Wuhu, Anhui                                                                                                                          | 0086-553-5672180                                         | 0086-553-5672180  |
| Fujian Province<br>(9 branches)    | CITIC Securities<br>(Zhejiang) | Fujian Branch                            | Suite 803, Sino Plaza, 137 Wusi Road, Gulou District,<br>Fuzhou, Fujian                                                                                                                       | 0086-591-87905701                                        | 0086-591-87905702 |
|                                    | CITIC Securities<br>(Zhejiang) | Fuzhou North Lianjiang Rd. Branch        | 2/F, Dongfangyinzuo, Yuefengyuan, 112 North<br>Lianjiang Road, Jin'an District, Fuzhou, Fujian                                                                                                | 0086-591-83796598                                        | 0086-591-88302078 |
|                                    | CITIC Securities<br>(Zhejiang) | Xiamen Hubin South Road Branch           | Unit 06, 10/F, Erqing Mansion, 339 Hubin South<br>Road, Siming District, Xiamen, Fujian                                                                                                       | 0086-592-6885548                                         | 0086-592-6808305  |
|                                    | CITIC Securities<br>(Zhejiang) | Xiamen Canglin Rd. Branch                | 3/F, Hongsheng Building, 119 Canglin Road,<br>Haicang District, Xiamen, Fujian                                                                                                                | 0086-592-2196598                                         | 0086-592-5695273  |
|                                    | CITIC Securities<br>(Zhejiang) | Quanzhou Baozhou Road Branch             | Tower A, SOHO Office Building, No. 3 Building,<br>Quanzhou Puxi Wanda Plaza Commercial<br>Complex on the south side of Baozhou Road<br>(middle section), Fengze District,<br>Quanzhou, Fujian | 0086-595-28891801                                        | 0086-595-28291801 |
|                                    | CITIC Securities<br>(Zhejiang) | Quanzhou Anjilu Branch                   | 1/F and 5/F, Traffic Administration Building,<br>28 Anji Road, Luojiang District, Quanzhou,<br>Fujian Province                                                                                | 0086-595-28291811                                        | 0086-595-28291838 |
|                                    | CITIC Securities<br>(Zhejiang) | Anxi Minzhu Rd. Branch                   | Shop B301-1, 3/F Commercial Podium,<br>Block B & C, Golden Dragon Plaza,<br>536 Minzhu Road, Anxi County, Quanzhou, Fujian                                                                    | 0086-595-23396598                                        | 0086-595-26169503 |
|                                    | CITIC Securities<br>(Zhejiang) | Sanming Xinshi Road Central<br>Branch    | 2/F, Xuming Hotel, 127 Xinshi Road Central,<br>Sanyuan district, Sanming, Fujian                                                                                                              | 0086-598-5180616                                         | 0086-598-5180617  |
| Jiangxi Province<br>(8 branches)   | CITIC Futures                  | Xiamen Branch                            | Unit 06, 5/F., Erqing Building, 334 Hubinnan Road,<br>Siming District, Xiamen, Fujian                                                                                                         | 0086-592-5893708                                         | 0086-592-5893708  |
|                                    | CITIC Securities<br>(Zhejiang) | Jiangxi branch                           | Room 04, 05, 06, 26/F, Liangfa Plaza,<br>Honggu District, 129 Lvyin Road, Honggutan<br>New Distret, Nanchang, Jiangxi Province                                                                | 0086-791-86396222                                        | 0086-791-83971521 |
|                                    | CITIC Securities<br>(Zhejiang) | Nanchang Honggu Avenue Central<br>Branch | Units 409 & 410, Grade A Office Building, B Zone,<br>Central Plaza, Honggutan New District, Nanchang,<br>Jiangxi                                                                              | 0086-791-88696598                                        | 0086-791-88532901 |
|                                    | CITIC Securities<br>(Zhejiang) | Nanchang Xianshiyilu Branch              | 39 Xianshi No. 1 Road, Nanchang, Jiangxi                                                                                                                                                      | 0086-791-86396122<br>0086-791-86396126                   | 0086-791-86396149 |
|                                    | CITIC Securities<br>(Zhejiang) | Jingdezhen Changnan Ave. Branch          | 1/F, Chengshi Mingdu, 28 Changnan Avenue,<br>Jingdezhen, Jiangxi                                                                                                                              | 0086-798-2182098                                         | 0086-798-2182096  |
|                                    | CITIC Securities<br>(Zhejiang) | Ganzhou Changzhengdadao Branch           | 2/F, West Building, Zhongting Square,<br>17 Changzheng Avenue, Ganzhou, Jiangxi                                                                                                               | 0086-797-8456588<br>0086-797-8456598<br>0086-797-8456577 |                   |
|                                    | CITIC Securities<br>(Zhejiang) | Yichun Gaoshilu Branch                   | 2/F, Yintai Tower, 91 Gaoshi Road, Yichun, Jiangxi                                                                                                                                            | 0086-795-2178888                                         | 0086-795-2178002  |
|                                    | CITIC Securities<br>(Zhejiang) | Shangrao County Qiliu Road Branch        | 12 Qiliu Road, Shangrao County, Shangrao, Jiangxi                                                                                                                                             | 0086-793-6091168                                         | 0086-793-6091051  |
| Shandong Province<br>(47 branches) | CITIC Futures                  | Nanchang Branch                          | Unit 603, Honggu Kaixuan Commercial and Office<br>Composite Building, Honggutan New District,<br>Nanchang, Jiangxi                                                                            | 0086-791-83960731                                        | 0086-791-83960755 |
|                                    | CITIC Wantong                  | Jinan Shandalu Branch                    | 144 Shanda Road, Licheng District, Jinan, Shandong                                                                                                                                            | 0086-531-88199737                                        | 0086-531-88199777 |
|                                    | CITIC Wantong                  | Qingdao Dagulu Branch                    | 15 Dagu Road, Shinan District, Qingdao, Shandong                                                                                                                                              | 0086-532-82849908                                        | 0086-532-82849909 |
|                                    | CITIC Wantong                  | Qingdao Donghaixilu Branch               | 28 West Donghai Road, Shinan District, Qingdao,<br>Shandong                                                                                                                                   | 0086-532-86682390                                        | 0086-532-85025063 |
|                                    | CITIC Wantong                  | Qingdao Nanjinglu Branch                 | United Mansion, 9 Nanjing Road, Shinan District,<br>Qingdao, Shandong                                                                                                                         | 0086-532-85753228                                        | 0086-532-85753201 |
|                                    | CITIC Wantong                  | Qingdao Xianggangzhonglu Branch          | Room 622, Block B, 6 Middle Xianggang Road,<br>Shinan District, Qingdao, Shandong                                                                                                             | 0086-532-82020188                                        | 0086-532-82020577 |
|                                    | CITIC Wantong                  | Qingdao Biaoshanlu Branch                | 36 Biaoshan Road, Shibei District, Qingdao,<br>Shandong                                                                                                                                       | 0086-532-83632100                                        | 0086-532-83651271 |

| Area | Company Names | Branch Names                                    | Address                                                                                                                                | Telephone         | Fasimile          |
|------|---------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|      | CITIC Wantong | Qingdao Shandonqlu Branch                       | Rooms 1 and 2, 1/F, 111 Shandong Road, Shibei District, Qingdao, Shandong                                                              | 0086-532-80829686 | 0086-532-80829689 |
|      | CITIC Wantong | Qingdao Weihai Road Branch                      | 96 Weihai Road, Shibei District, Qingdao, Shandong                                                                                     | 0086-532-83086305 | 0086-532-83086800 |
|      | CITIC Wantong | Qingdao Jiadinglu Branch                        | 7 Jiading Road, Sifang District, Qingdao, Shandong                                                                                     | 0086-532-83711205 | 0086-532-83714299 |
|      | CITIC Wantong | Qingdao Shenzhenlu Branch                       | 19/F, Block A, Qingdao International Financial Plaza, 222 Shenzhen Road, Laoshan District, Qingdao, Shandong                           | 0086-532-88960556 | 0086-532-88960556 |
|      | CITIC Wantong | Qingdao Licang Shuyuan Road Branch              | 123-1 Shuyuan Road, Licang District, Qingdao, Shandong                                                                                 | 0086-532-68078966 | 0086-532-68078978 |
|      | CITIC Wantong | Qingdao Chengyang Chunchenglu Branch            | 502, 502-1 Chuncheng Road, Chengyang District Qingdao, Shandong                                                                        | 0086-532-80960088 | 0086-532-80960085 |
|      | CITIC Wantong | Qingdao Jingjijishukaifaqujinggangshanlu Branch | 638 Jinggangshan Road, Economic and Technological Development Zone, Qingdao, Shandong                                                  | 0086-532-86882166 | 0086-532-86887033 |
|      | CITIC Wantong | Qingdao Jiaozhou Huzhoulu Branch                | 252 Huzhou Road, Jiaozhou, Shandong                                                                                                    | 0086-532-87206881 | 0086-532-87206889 |
|      | CITIC Wantong | Qingdao Jimo Lan'ao lu Branch                   | 10/F, Dexin Building, 788 Lan'ao Road, Jimo, Shandong                                                                                  | 0086-532-88516809 | 0086-532-88516809 |
|      | CITIC Wantong | Qingdao Pingdu Renminlu Branch                  | 137 Renming Road, Pingdu, Shandong                                                                                                     | 0086-532-87360999 | 0086-532-88311177 |
|      | CITIC Wantong | Qingdao Jiaonan Shiqiao lu Branch               | Zhuhai Subdistrict Office, 16 Shiqiao Road, Zhuhai Road, Jiaonan, Shandong                                                             | 0086-532-86170981 | 0086-532-86170983 |
|      | CITIC Wantong | Qingdao Laixi Qingdaolu Branch                  | 118-7 Qingdao Road, Shuiji Subdistrict Office, Laixi, Shandong                                                                         | 0086-532-83488877 | 0086-532-83433777 |
|      | CITIC Wantong | Zibo Liuquanlu Branch                           | 4/F, Building No.2, No.3, 45A Liuquan Road, Zhangdian District, Zibo, Shandong                                                         | 0086-533-2185551  | 0086-533-2185301  |
|      | CITIC Wantong | Zibo Meishijie Branch                           | 13 Meishi Street, Zhangdian District, Zibo, Shandong                                                                                   | 0086-533-2180268  | 0086-533-2178600  |
|      | CITIC Wantong | Zibo Yiyuan Jiankang Road Branch                | Room 103 and 203, No.3 Building 008, Reconstruction Project of Nanmayi Village, Northwest Jiankang Road, Yiyuan County, Zibo, Shandong | 0086-533-3227899  | 0086-533-3227899  |
|      | CITIC Wantong | Zaozhuang Wenhua zhonglu Branch                 | 41 Wenhua Middle Road, Shizhong District, Zaozhuang, Shandong                                                                          | 0086-632-8999800  | 0086-632-8999900  |
|      | CITIC Wantong | Dongying Jinanlu Branch                         | 21 Jinan Road East, Dongying, Shandong                                                                                                 | 0086-546-8271667  | 0086-546-8276167  |
|      | CITIC Wantong | Yantai Nandajie Branch                          | 118 South Avenue, Zhifu District, Yantai, Shandong                                                                                     | 0086-535-6697522  | 0086-535-6683819  |
|      | CITIC Wantong | Yantai Laizhou Wenhua donglu Branch             | Wenhua East Road, Laizhou, Shandong                                                                                                    | 0086-535-2288980  | 0086-535-2275310  |
|      | CITIC Wantong | Yantai Longkou Shiyuanlu Branch                 | 189 Shiyuan Road, Longkou, Shandong                                                                                                    | 0086-535-8578555  | 0086-535-8577993  |
|      | CITIC Wantong | Weifang Sipinglu Branch                         | 33A Siping Road, Kuiwen District, Weifang, Shandong                                                                                    | 0086-536-8210818  | 0086-536-8222257  |
|      | CITIC Wantong | Weifang Anqiu Xiangyanglu Branch                | 285 Xiangyang Road West, Anqiu, Shandong Province                                                                                      | 0086-536-4296686  | 0086-536-4296698  |
|      | CITIC Wantong | Weifang Changyi Beihailu Branch                 | 1/F of CCB, 169 Beihai Road, Changyi, Shandong Province                                                                                | 0086-536-7125157  | 0086-536-7196119  |
|      | CITIC Wantong | Jining Guanghelu Branch                         | (Junction of Guanghe Road and Guhuai Road) 126 Guanghe Road, Jining, Shandong                                                          | 0086-537-2281777  | 0086-537-2221555  |
|      | CITIC Wantong | Jining Zoucheng Taipingdonglu Branch            | 51 Taiping East Road, Zoucheng, Shandong                                                                                               | 0086-537-5307567  | 0086-537-5308107  |
|      | CITIC Wantong | Tai'an Changchenglu Branch                      | Tian Long International Building, 96 Changcheng Road, Daiyue District, Tai'an, Shandong                                                | 0086-538-8970977  | 0086-538-8288801  |
|      | CITIC Wantong | Weihai Qingdaobeilu Branch                      | 5/F, CITIC Building, 2 North Qingdao Road, Huancui District, Weihai, Shandong                                                          | 0086-631-5190619  | 0086-631-5190615  |
|      | CITIC Wantong | Weihai Rongcheng Chengshandadao Branch          | Building 88, Chengshan Avenue (Middle Section), Rongcheng, Shandong                                                                    | 0086-631-7697117  | 0086-631-7697118  |
|      | CITIC Wantong | Rizhao Beijinlu Branch                          | 218 Beijing Road, Rizhao, Shandong                                                                                                     | 0086-633-8775587  | 0086-633-8775567  |
|      | CITIC Wantong | Laiwu Huanyuan North Road Branch                | 98 Huayuan North Road, Laiwu, Shandong Province                                                                                        | 0086-634-8196566  | 0086-634-8196599  |

| Area                                                                  | Company Names    | Branch Names                           | Address                                                                                                              | Telephone                              | Fasimile          |
|-----------------------------------------------------------------------|------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------|
| Henan Province<br>(5 branches)                                        | CITIC Wantong    | Linyi Jinqueshanlu Branch              | 10/F, Block A, Kaiyuanshangcheng International, 10 Jinqueshan Road, Lanshan District, Linyi, Shandong                | 0086-539-8323379                       | 0086-539-8321805  |
|                                                                       | CITIC Wantong    | Dezhou Hubinzhongdadao Branch          | 909 Middle Hubinzhong Avenue, Decheng District, Dezhou, Shandong Province                                            | 0086-534-2651277                       | 0086-534-2651298  |
|                                                                       | CITIC Wantong    | Dezhou Yucheng Xingzheng Street Branch | 111 Garden Xingzheng Street, Yucheng, Shandong                                                                       | 0086-534-7720555                       | 0086-534-7720555  |
|                                                                       | CITIC Wantong    | Liaocheng Dongchangdonglu Branch       | 40-3 East Dongchang Road, Liaocheng, Shandong                                                                        | 0086-635-8203360                       | 0086-635-8203301  |
|                                                                       | CITIC Wantong    | Binzhou Huangheerlu Branch             | 694 Huanghe No. 2 Road, Binzhou, Shandong Province                                                                   | 0086-543-3329808                       | 0086-543-3318128  |
|                                                                       | CITIC Wantong    | Binzhou Huanghewulu Branch             | 537 Huanghe No. 5 Road, Binzhou, Shandong Province                                                                   | 0086-543-3313057                       | 0086-543-3324417  |
|                                                                       | CITIC Wantong    | Binzhou Zouping Branch                 | 437 Daixi No. 3 Road, Zouping County, Binzhou, Shandong                                                              | 0086-543-4337868                       | 0086-543-4337868  |
|                                                                       | CITIC Wantong    | Heze Zhonghualu Branch                 | 5/F, Hengtai Commercial Building, 688 Zhonghua Road, Mudan District, Heze, Shandong                                  | 0086-530-5025858                       | 0086-530-5696577  |
|                                                                       | CITIC Futures    | Jinan Branch                           | 5/F, Block A, CITIC Plaza, 150 Luoyuan Avenue, Lixia District, Jinan, Shandong                                       | 0086-531-55705056                      | 0086-531-55705056 |
|                                                                       | CITIC Futures    | Qingdao Branch                         | Room 105, Building B, Qingdao World Trade Center, 6 Middle Xianggang Road, Shinan District, Qingdao, Shandong        | 0086-532-85917806                      | 0086-532-85917780 |
|                                                                       | CITIC Futures    | Zibo Branch                            | 5/F, No. A1, 12 West Renmin Road, Zhangdian District, Zibo, Shandong                                                 | 0086-533-2312219                       | 0086-533-2306117  |
|                                                                       | CITIC Wantong    | Zhengzhou Shangwunehuanlu Branch       | 16/F, 1 Shangwu Inner Ring Road, Zhengdong New Area, Zhengzhou, Henan Province                                       | 0086-371-55623199                      | 0086-371-55623196 |
|                                                                       | CITIC Wantong    | Luoyang Jiududonglu Branch             | Eight units (including room 101) in Building 2, 313 East Jiudu Road, Laocheng District, Luoyang, Henan               | 0086-379-63535688                      | 0086-379-63535699 |
|                                                                       | CITIC Wantong    | Nanyang Renminbeilu Branch             | 2/F, Nanyang Sansege Trading Co., Ltd., 188 North Renmin Road, Nanyang, Henan                                        | 0086-377-61561666                      | 0086-377-63280288 |
|                                                                       | CITIC Futures    | Zhengzhou Branch                       | Rooms 1803 – 1807, 18/F, 14 Shangwu Outer Ring Road, Zhengdong New Area, Zhengzhou, Henan                            | 0086-371-69102139<br>0086-371-65613348 |                   |
| Henan Province<br>(6 branches)                                        | CITIC Futures    | Jiaozuo Branch                         | Units 1707 and 1708, Hua Rong International Mansion, 1028 Tanan Road, Shanyang District, Jiaozuo, Henan              | 0086-391-8821506                       | 0086-391-8821506  |
|                                                                       | CITIC Securities | Hubei Branch                           | 16/F, CITIC Building, 747 Jianshe Avenue, Jiangnan District, Wuhan, Hubei                                            | 0086-27-85355300                       | 0086-27-85355210  |
|                                                                       | CITIC Securities | Wuhan Jianshe Blvd. Branch             | CITIC Tower, 747 Jianshe Blvd, Wuhan, Hubei                                                                          | 0086-27-85355310                       | 0086-27-85355323  |
|                                                                       | CITIC Securities | Wuhan Xudongdajie Branch               | 7/F, Guodian Building, 113 Xudong Road, Hongshan District, Wuhan, Hubei                                              | 0086-27-88108300                       | 0086-27-88108300  |
|                                                                       | CITIC Securities | Wuhan Guanshan Avenue Branch           | 1/F, Training Apartment, Main Campus, Huazhong University of Science and Technology, Hongshan District, Wuhan, Hubei | 0086-27-87550829                       | 0086-27-87550829  |
|                                                                       | CITIC Securities | Xiangyang Jiefang Road Branch          | Kaifang Plaza, Special 1, Paopu Street, Jiefang Road, Fancheng District, Xiangyang, Hubei                            | 0086-710-3442123                       | 0086-710-3447123  |
| Henan Province<br>(1 branches)<br>Guangdong Province<br>(15 branches) | CITIC Futures    | Wuhan Branch                           | Unit 1602-E, 16/F, Wuhan Poly Plaza, 99 Zhongnan Road, Wuchang District, Wuhan, Hubei                                | 0086-27-87115288                       | 0086-27-87115288  |
|                                                                       | CITIC Securities | Changsha Furong Road Branch            | 2/F Dingwang Mansion, Section 2, 388 Furong Middle Road, Changsha, Hunan                                             | 0086-731-85175358                      | 0086-731-85361538 |
|                                                                       | CITIC Securities | Guangdong Branch                       | 37/F, Poly Center, 5 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong                                          | 0086-20-66609909                       | 0086-20-66609961  |
|                                                                       | CITIC Securities | Guangzhou Linjiangdadao Branch         | 1/F & 11/F, Poly Center, 5 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong                                    | 0086-20-38983500                       | 0086-20-38999500  |

| Area                                          | Company Names    | Branch Names                                     | Address                                                                                                                                           | Telephone            | Fasimile          |
|-----------------------------------------------|------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|
|                                               | CITIC Securities | Guangzhou Panyu Guanghuananlu Branch             | Units C103 and C201, Dong Han Yuan, 71 Guanghua South Road, Shiji Town, Panyu District, Guangzhou, Guangdong                                      | 0086-20-23882021     | 0086-20-23882010  |
|                                               | CITIC Securities | Shenzhen Fuhua 1st Road Branch                   | 24/F, Duty-free Commercial Building, Fuhua 1st Road, Futian District, Shenzhen, Guangdong                                                         | 0086-755-83738300    | 0086-755-83733989 |
|                                               | CITIC Securities | Shenzhen Shennan Blvd Branch                     | 19F Hailrun Complex, 6021 Shennan Blvd, Futian District, Shenzhen, Guangdong Province                                                             | 0086-755-83478806    | 0086-755-83459951 |
|                                               | CITIC Securities | Shenzhen Shennan Road Central CITIC Tower Branch | 9/F, CITIC Tower, 1093 Shennan Central, Futian District, Shenzhen, Guangdong                                                                      | 0086-755-25986277    | 0086-755-25986563 |
|                                               | CITIC Securities | Shenzhen Longgang Huangge Road Branch            | Units B401-F19, Factory No. 3, Ti'an Digital Innovation Park, 441 Huangge Road, Central, Longcheng Street, Longgang District, Shenzhen, Guangdong | 0086-755-89377033    | 0086-755-89377633 |
|                                               | CITIC Securities | Shantou Haibinlu Branch                          | West of Room 304, 3/F of Haianmingzhujunting, 28 Haibin Road, Jinping District, Shantou, Guangdong                                                | 0086-754-88953899    | 0086-754-88951618 |
|                                               | CITIC Securities | Foshan Jihua Fifth Rd. Branch                    | 3/F, Jinhai Plaza, No.21 Jihua Fifth Road, Foshan, Guangdong                                                                                      | 0086-757-83283909    | 0086-757-83283930 |
|                                               | CITIC Securities | Huizhou Maidi East Road Branch                   | 1-2/F, Building A1, A2, Lyhu Xincun, 8 Maidi East Road, Huizhou, Guangdong Province                                                               | 0086-752-2889636     | 0086-752-2889637  |
|                                               | CITIC Securities | Dongguan Hongfu Road Branch                      | 12/F Central Fortune Plaza, Hongfu Road, Nancheng District, Dongguan, Guangdong                                                                   | 92 0086-769-23010697 | 0086-769-22361610 |
|                                               | CITIC Securities | Zhongshan Zhongshan 4th Road Branch              | 4/F, Block 2, Dixing Building, 82 Zhongshan 4th Road, Dong District, Zhongshan, Guangdong                                                         | 0086-760-88889700    | 0086-760-88889705 |
|                                               | CITIC Securities | Jieyang Huanshi North Road Branch                | Units A2112-A2114, Honghe Building, Huanshi North Road, Dongshan Sub-district, Rongcheng District, Jieyang, Guangdong                             | 0086-663-8391010     | 0086-663-8391009  |
|                                               | CITIC Futures    | Guangzhou Branch                                 | 3/F, 344 Changdi Avenue, Yuexiu District, Guangzhou, Guangdong                                                                                    | 0086-20-81860157     | 0086-20-81860157  |
|                                               | CITIC Futures    | Shenzhen Branch                                  | Rooms 15C-15D, Tianmian City Tower, North-east junction of Huanggang Road and Shennan Road Central, Futian District, Shenzhen, Guangdong          | 0086-755-83217470    | 0086-755-83217470 |
|                                               | CITIC Futures    | Shenzhen Branch                                  | Rooms 15C-15D, Tianmian City Tower, North-east junction of Huanggang Road and Shennan Road Central, Futian District, Shenzhen, Guangdong          | 0086-755-83217470    | 0086-755-83217470 |
| Guangxi Zhuang Autonomous Region (3 branches) | CITIC Securities | Nanning Keyuandadao Branch                       | 52-1 Keyuan Avenue, High and New-tech Zone, Nanning, Guangxi Zhuang Autonomous Region                                                             | 0086-771-2539003     | 0086-771-2539039  |
|                                               | CITIC Futures    | Nanning Branch                                   | Zone A, 10/F, Guangxi International Finance and Trade Center, 38 Shuangyong Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region     | 0086-771-5828417     | 0086-771-5828417  |
|                                               | CITIC Futures    | Yulin Branch                                     | Building B, Dongmen Commerce Square, No. 6 Intersection of Middle Renmin Road, Yulin, Guangxi Zhuang Autonomous Region                            | 0086-775-2330857     | 0086-775-2330857  |
| Yunnan Province (1 branch)                    | CITIC Securities | Kunming Huancheng West Road Branch               | 11/F, Tower B, Huahai Xinjingjie Building, 368 Huanchengxi Road, Xishan District, Kunming, Yunnan                                                 | 0086-871-68318852    | 0086-871-68583323 |
| Sichuan Province (2 branches)                 | CITIC Securities | Chengdu Yulinbeijiet Branch                      | 3 Yulin North Street, Chengdu, Sichuan                                                                                                            | 0086-28-85568181-806 | 0086-28-85560026  |
|                                               | CITIC Futures    | Chengdu Branch                                   | Unit 9, 26/F, Building No. 4, 666 Jincheng Avenue, Gaoxin District, Chengdu, Sichuan                                                              | 0086-28-85132083     | 0086-28-85132083  |
| Hainan Province (1 branch)                    | CITIC Securities | Haikou Guoxingdadao Branch                       | Building B, East Section, Shengdajingdu, 61 Guoxing Avenue, Haikou, Hainan                                                                        | 0086-898-65308692    | 0086-898-65308692 |

| Area                          | Company Names | Branch Names                                          | Address                                                                                              | Telephone         | Fasimile          |
|-------------------------------|---------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Hong Kong SAR<br>(4 branches) | CSI           | CITIC Securities Brokerage<br>(HK) Central Branch     | 4/F, the Chinese Bank Building,<br>61-65 Des Voeux Road Central, Hong Kong                           | 0086-852-22378998 | 0086-852-21406093 |
|                               | CSI           | CITIC Securities Futures<br>(HK) Central Branch       |                                                                                                      |                   |                   |
|                               | CSI           | CITIC Securities Brokerage (HK)<br>Mongkok Branch     | 16/F Hang Seng Mongkok Building,<br>677 Nathan Road,                                                 | 0086-852-22379309 | 0086-852-22168388 |
|                               | CSI           | CITIC Securities Futures<br>(HK) Mongkok Branch       | Mong Kok, Kowloon Room 805 to 806, 8/F,<br>Olympia Plaza, 255 King's Road, North Point,<br>Hong Kong | 0086-852-22168383 | 0086-852-28778630 |
|                               | CSI           | CITIC Securities Brokerage<br>(HK) North Point Branch |                                                                                                      |                   |                   |
|                               | CSI           | CITIC Securities Futures<br>(HK) North Point Branch   |                                                                                                      |                   |                   |
|                               | CSI           | CITIC Securities Brokerage<br>(HK) Yuen Long Branch   | 10/F, Hang Seng Yuen Long Building,<br>91-93 Yuen Long Castle Peak Road, New Territories             | 0086-852-35511888 | 0086-852-24753318 |
|                               | CSI           | CITIC Securities Futures (HK)<br>Yuen Long Branch     |                                                                                                      |                   |                   |