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CITIC Limited
中國中信股份有限公司

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

My last letter to you in August 2014 came on the heels of our purchase of CITIC Group's businesses and our transformation into CITIC Limited. We brought in many new investors, both domestic and international, including most recently Charoen Pokphand Group of Thailand and ITOCHU Corporation of Japan, two of Asia's leading conglomerates. At the time, I described the reasons for this historic change, the many tasks ahead, and our commitment to you to create value from our expanded range of businesses.

Joined by senior managers who have served alongside me at both CITIC Group and CITIC Pacific, we approached these tasks as a team with shared vigour and values. These values include innovation, reform and openness, as well as a determined pursuit of commercial opportunities and optimal capital allocation.

Quite understandably, our stakeholders have been asking important questions such as "How are you getting on with the integration?" "What does the CP-ITOCHU investment mean for the company?" "What will CITIC look like five years from now?"

At the beginning of the transition, our employees were asking whether it was the Hong Kong team leading the Beijing team or vice versa. As we start to feel more like one team in two locations, those distinctions and any initial concerns are fading. The organisation's integration is well advanced. But we face cultural and intangible challenges. No one should assume that just because we are merging Chinese assets, companies and people, it will be a quick and easy process. Hong Kong and Beijing approach certain things differently.

Cultural integration means that we have to find a middle ground. In today's corporate world, companies need leaders and employees who understand that corporate cultures are multi-faceted, organic and open to outside influence. Our CITIC culture is also in a state of dynamic change. We want our valuable "CITIC" brand to reflect this emerging culture, which will only increase our brand value.

I like the term "third culture", which was first coined by researchers John and Ruth Useem in the 1950s to describe expatriate families. The fundamental concept is that when people come from one culture and live and work in another, especially early in life or their careers, an amalgamation of cultures is created — a third culture — that does not match either their origin or destination.

My objective is to develop a third way, a CITIC way that is neither designed by an individual nor created by edict or a mission statement, but shaped over time by the actions, behaviours, and ideas of our diverse group of employees.

In the last six months, we have been mapping out our longer-term strategy and improving our corporate governance and market transparency. We are busy both acting as a steward of our current businesses and scanning the horizon for new investments and ways to generate value for you. We are ambitious.

I am grateful to our shareholders and employees for bearing with us as we knit our businesses and people into one cohesive company and plan for the next phase of our corporate journey. The scale of the change in twelve short months is remarkable. Our total headcount is now around 125,000 compared with 36,500 when we were CITIC Pacific. Net assets are HK$575.5 billion, over four times bigger than a year ago.

In this letter, I will report on our progress, in particular how we are advancing our business strategy and solidifying our conglomerate's equity value and future returns. We want to showcase the building blocks of our company through this annual report, our website and ongoing communications so you can see how the story of CITIC Limited is coming together. I will begin with a summary of the financial performance of the new CITIC Limited in 2014.

FINANCIAL PERFORMANCE

Profit attributable to ordinary shareholders was HK$39.8 billion in 2014, HK$8.6 billion less than 2013. This was after a HK$13.7 billion after tax non-cash impairment charge related to the Sino Iron project in Australia. Excluding this impairment, profit increased 10% due primarily to the solid performance of the financial services sector, with CITIC Bank representing a large portion of that contribution. Businesses in the non-financial sectors did less well. The significant decline in commodity prices as well as a subdued property market affected our bottom line in these sectors.

The financial position of CITIC Limited has been greatly enhanced, and the rating agencies have upgraded our credit rating, which reduces our cost of funds in the public markets, and widens the market for our bond and other issues. We have sufficient financial resources and flexibility to execute our investment plans.

Our board recommends a final dividend of HK$0.20 per share to shareholders, giving a total dividend of HK$0.215 per share for the year 2014.

GOVERNANCE

One of our key immediate tasks, post-transaction, was to extend our strong governance approach to the newly-acquired businesses. This is well advanced, and we have applied a systematic method of governance to ensure that our enlarged company complies with all rules and regulations. We started by developing a comprehensive system to identify connected party and reportable transactions.

Through this means, the market can be fully informed. In this spirit, we have made disclosures above and beyond mandatory requirements. For example, our joint investment alongside KKR in Singapore-listed United Envirotech Ltd was explained in detail, even though such disclosure was not formally required. The Sino Iron impairment was another example. It is important that our stakeholders, including minority investors and the public, feel that the lines of communication are always open with the company.

BUSINESS STRATEGY AND KEY PRIORITIES

There has been a lot of change in a short period of time, which is evidence of our ambition, proactivity and commitment to continuous improvement. As Winston Churchill once said: "To improve is to change; to be perfect is to change often."

Since the founding of CITIC over 35 years ago, CITIC has evolved in an entrepreneurial manner alongside major reforms and changes in the Chinese economy. We have identified, created and seized various opportunities at home, not to mention in Hong Kong, Australia, Africa, North America and elsewhere. Today, as China's largest multi-industry enterprise, we have the unique ability to build on this success. This moment in our history allows us to reflect on the past and decide how to better steer the company into the future.

In April, I outlined our high level strategy for CITIC Limited, which is to:

- be the best in what we do and a leader in the fields in which we operate;
- deliver shareholder value through disciplined allocation of capital;
- create value through timely mergers, acquisitions, and disposals; and
- invest in areas that align with China's growth.

In practice, this means that we need to focus on reviewing our businesses with an eye on profitability and forward-planning.

Broadly speaking, our multi-sector business model will not change. We enjoy the advantages of scale, an extensive network of businesses, and the financial stability and flexibility that come with being a conglomerate of global significance. Our challenge is to maximise these advantages.

<u>Improve profitability and raise returns</u>

It is clear that there is a big difference in the return on equity among our businesses. Right now, it is a fact that most of our profit comes from financial services, with CITIC Bank being a major contributor. Of course, I am pleased that we own a successful, profit-making bank. However, in the longer-term we aim to have more balance between our financial and non-financial businesses.

To achieve this, improving the profitability of our non-financial businesses and investing in areas with higher returns and significant growth prospects are priorities.

Taking stock of the performance of each of our businesses is very important to ensure improvement and ongoing success. To this end, we have begun a root-and-branch review of our current business segments, by sector. This is a big job, and we are starting with our property interests.

Our property business currently has two arms — CITIC Real Estate and CITIC Pacific Properties. The land bank of both arms holds a lot of potential, and we need to examine ways of unlocking greater value over a shorter time period. It also makes sense to reduce duplication through a more efficient management structure. At the same time, we are evaluating the potential of this business in the context of the market and our company. Throughout this process, our decisions will be driven by our guiding philosophy of being the best in our field and delivering shareholder value. I look forward to reporting back to you on the progress we make.

In the resources sector, we own oil fields, iron ore and coal mines, metal investments and resources trading businesses. Yet these are owned and operated by a number of different entities — some large, some small, some public, some private, some 100%-owned and others as passive investments. At the very least, it is incumbent upon us to better organise them and identify potential for greater synergy.

Some of our other businesses have established themselves as market leaders and consistent performers. Examples include CITIC Special Steel, CITIC Heavy Industries and CITIC Dicastal. However, even for these businesses, we must challenge ourselves by asking the tough questions. How do we maintain market leadership? Should we acquire and consolidate within the industry to become even bigger? How can we develop today the products and services that meet the needs of tomorrow? In answering these questions, we are thinking about opportunities to augment the value of these market-leading businesses by developing downstream products and services and strengthening our research and development capabilities.

Invest in areas that align with China's growth

As a company whose growth story is entwined with China's economic development, we are well suited to invest in areas that are not only of value to our shareholders but strategic to China's growth. Sectors that are consumption-driven, environmental, or in other "new economy" industries are particularly opportune. Where we can, we will seek partners to create value.

An example of a strategic and forward-looking investment with excellent growth potential is our purchase of a majority stake in Singapore-listed United Envirotech (UEL), a water treatment business. UEL is a strategic business opportunity that fits with our other environmental investments. CITIC Vice Chairman and President Mr Wang Jiong has emphasised that UEL is ripe for further expansion into China, and this will strengthen our foothold in the environmental protection industry. Another example is Longping High-tech, an A-share listed hybrid seed company founded by Yuan Longping.

Through this lens, it is also naturally evident why we would partner with CP Group and ITOCHU, two of Asia's leading businesses. By combining their industry expertise with CITIC's strong brand and extensive network in China, strategic opportunities in China, Asia, and abroad that none of us may have otherwise pursued on our own can now be exploited for mutual benefit. We will be on the lookout for such business opportunities as well as good assets that can be integrated into CITIC to create value for you.

Deliver shareholder value

Investors are looking for us to deploy capital efficiently and to deliver healthy returns.

Neither sentimentality nor historic connection is reason enough to hold onto assets when value can be realised for our shareholders by redeploying capital. Let me give you an example. In 1995 we invested RMB300 million to establish CITIC Securities, which now has a market value of over RMB300 billion. It is the leading securities company in China today and a great success story. At opportune moments, we have lowered our holdings to capture value. We have the flexibility to do so, while also insisting upon justification and strategic value in our decisions. As mentioned earlier, our approach must always align with our guiding principles and be in the interest of our shareholders.

SOE REFORM AND SOCIAL RESPONSIBILITY

The acquisition of CITIC Group's businesses and the further diversification of our ownership base are major steps in our efforts to be a world-class company and a leader in state-owned enterprise reform. Not only were these decisions the right ones for our company and our shareholders, they were also a positive development for corporate China and a vote of confidence in Hong Kong's capital markets and community.

We are truly rooted here in Hong Kong, literally and figuratively. We are a key constituent of the Hang Seng Index. We operate tunnels that are the main arteries connecting Hong Kong Island to Kowloon, and CITIC Tower is a key part of the Hong Kong skyline. We have been an active member of the local corporate community for thirty years. In short, we are one of the anchors of corporate life in Hong Kong, and we are proud of that.

We also want to be open and humble and challenge ourselves to do more for Hong Kong. The CITIC approach is that wherever we operate, we have a responsibility to that community. The geographic spread of our interests and projects is vast — from the bustling streets of Hong Kong to the remote country towns fringing the Australian outback. Our positive commitment to these communities has been consistent.

IN CLOSING

We are a vanguard for China, and we strive to set a good example to other Chinese companies — especially state-owned enterprises — which are also in the process of globalising. We are a financially-savvy, diverse business with a truly international, ambitious and commercially successful culture. We are fully committed to delivering value for shareholders.

The diverse corporate backgrounds of our new board members, including those with expertise across international markets, will greatly benefit CITIC in our push to become a significant global corporate player. The diversity and breadth of our new board has been enhanced by the appointments of two veteran businesswomen as directors.

Many thanks are owed to those who left the board — who in many cases have served us over very long periods of time. They played a critical role in CITIC Pacific's evolution into such a strong company and paved the way for our transformation into CITIC Limited.

The foundation of our success has been built by our hard-working and innovative employees, who continue to express pride in our major corporate milestones and, naturally, are excited about CITIC's future. I thank them for their dedication.

Without the capital provided by shareholders and lenders, our business could not grow. I also thank them for their confidence and support.

As your chairman, I am humbled by how far we have come and how far we have yet to go. I am honoured to be leading the expanded company as we travel together on what will be a rewarding journey for our company, CITIC Limited.

Chang Zhenming
Chairman
Hong Kong, 24 March 2015

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	*2014* HK$ million	*2013* HK$ million (Restated)
Interest income		260,450	205,711
Interest expenses		(139,372)	(97,224)
Net interest income	3(a)	121,078	108,487
Fee and commission income		39,714	28,979
Fee and commission expenses		(2,094)	(1,889)
Net fee and commission income	3(b)	37,620	27,090
Sales of goods and services	3(c)	237,189	271,344
Other revenue	3(d)	6,237	2,826
		243,426	274,170
Total revenue		402,124	409,747
Cost of sales and services		(198,457)	(238,039)
Other net income		10,572	10,165
Impairment losses on	4		
– Loans and advances to customers		(28,149)	(13,459)
– Others		(26,871)	(4,220)
Other operating expenses		(82,661)	(74,024)
Net valuation gain on investment properties		2,332	2,095
Share of profits of associates, net of tax		4,389	2,676
Share of profits of joint ventures, net of tax		3,325	3,956
Profit before net finance charges and taxation		86,604	98,897
Finance costs		(11,054)	(9,487)
Finance income		2,250	1,990
Net finance charges	5	(8,804)	(7,497)

CONSOLIDATED INCOME STATEMENT（CONTINUED）
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	*2014* HK$ million	*2013* HK$ million (Restated)
Profit before taxation	6	77,800	91,400
Income tax	7	(18,000)	(20,941)
Profit for the year		59,800	70,459
Attributable to:			
Ordinary shareholders of the Company		39,834	48,430
Holders of perpetual capital securities		1,130	881
Non-controlling interests		18,836	21,148
Profit for the year		59,800	70,459
Earnings per share (HK$)	9		
Basic and diluted		1.60	1.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	*2014* HK$ million	*2013* HK$ million (Restated)
Profit for the year		59,800	70,459
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that have been reclassified or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets: net movement in the fair value reserve		11,241	(5,919)
Cash flow hedge: net movement in the hedging reserve		(1,178)	1,419
Share of other comprehensive income of associates and joint ventures		168	770
Exchange differences on translation of financial statements of subsidiaries, associates and joint ventures and others		(1,980)	11,878
Other comprehensive income for the year, net of tax		8,251	8,148
Total comprehensive income for the year		68,051	78,607
Attributable to:			
Ordinary shareholders of the Company		46,421	54,726
Holders of perpetual capital securities		1,130	881
Non-controlling interests		20,500	23,000
Total comprehensive income for the year		68,051	78,607

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	*2014* HK$ million	*2013* HK$ million (Restated)
Assets			
Cash and deposits		897,161	899,198
Placements with banks and non-bank financial institutions		86,428	155,576
Financial assets at fair value through profit or loss		37,248	15,658
Derivative financial instruments		10,594	9,966
Trade and other receivables		130,747	108,977
Amounts due from customers for contract work		1,447	1,748
Inventories		133,258	136,631
Financial assets held under resale agreements		172,100	365,361
Loans and advances to customers and other parties	10	2,711,851	2,419,803
Available-for-sale financial assets		328,062	274,137
Held-to-maturity investments		225,700	196,886
Investments classified as receivables		834,652	381,783
Interests in associates		51,616	45,503
Interests in joint ventures		31,016	30,614
Fixed assets		179,303	174,534
Investment properties		28,744	28,968
Intangible assets		21,024	36,034
Goodwill		13,709	13,923
Deferred tax assets		24,277	16,801
Other assets		28,894	9,608
Total assets		5,947,831	5,321,709

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2014

	Note	*2014* HK$ million	*2013* HK$ million (Restated)
Liabilities			
Borrowing from central banks		63,445	-
Deposits from banks and non-bank financial institutions		871,213	709,621
Placements from banks and non-bank financial institutions		24,257	52,623
Financial liabilities at fair value through profit or loss		726	-
Derivative financial instruments		13,474	11,529
Trade and other payables		193,957	205,776
Amounts due to customers for contract work		10,646	8,041
Financial assets sold under repurchase agreements		52,745	10,111
Deposits from customers	11	3,586,508	3,345,943
Employee benefits payables		20,845	18,398
Income tax payable		10,890	8,663
Bank and other loans	12	218,993	217,518
Debt instruments issued	13	273,126	201,151
Provisions		2,932	2,728
Deferred tax liabilities		7,409	6,436
Other liabilities		21,158	6,619
Total liabilities		5,372,324	4,805,157

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2014

	Note	*2014* HK$ million	*2013* HK$ million (Restated)
Equity			
Share capital: nominal value		-	1,460
Share premium		-	36,533
Capital redemption reserve		-	29
Share capital and other statutory capital reserves		324,198	38,022
Perpetual capital securities		13,834	13,838
Reserves		93,928	333,754
Total ordinary shareholders' funds and perpetual capital securities		431,960	385,614
Non-controlling interests		143,547	130,938
Total equity		575,507	516,552
Total liabilities and equity		5,947,831	5,321,709

NOTES TO THE FINANCIAL STATEMENTS

1 Significant accounting policies

These financial statements of CITIC Limited ("the Company") and its subsidiaries ("the Group") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for the financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of amendments to and new interpretations of HKFRSs that are first effective for the current accounting period of the Group and the Company. Impacts of the adoption of the amended HKFRSs are discussed below:

(i) Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKAS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss.

(ii) Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

(iii) Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosure required for an impaired assets or CGU (Cash Generating Unit) whose recoverable amount is based on fair value less costs of disposal.

(iv) Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

(v) HK (IFRIC) 21, *Levies*

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised.

1 Significant accounting policies(continued)

The adoption of the above amendments and interpretations has no material impact on the financial statements of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Company obtained control of CITIC Corporation Limited (“CITIC Corporation”) through business combination under common control on 25 August 2014. The financial statements of CITIC Corporation are included in the Group’s consolidated financial statements as if the combination had occurred from the date when the ultimate controlling party first obtained control. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated.

2 Segment Reporting

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

	Year ended 31 December 2014								
	Financial services HK$ million	*Resources and energy* HK$ million	*Manufacturing* HK$ million	*Engineering contracting* HK$ million	*Real estate and infrastructure* HK$ million	*Others* HK$ million	*Operation management* HK$ million	*Elimination* HK$ million	*Total* HK$ million
Revenue from external customers	164,849	51,786	71,845	17,127	31,531	64,594	392	-	402,124
Inter-segment revenue	(177)	1,176	58	611	265	422	(216)	(2,139)	-
Reportable segment revenue	164,672	52,962	71,903	17,738	31,796	65,016	176	(2,139)	402,124
Share of profits/(losses) of associates, net of tax	3,072	6	355	59	865	24	8	-	4,389
Share of profits/(losses) of joint ventures, net of tax	460	1,988	(60)	-	150	616	171	-	3,325
Finance income	-	406	323	531	707	59	4,395	(4,171)	2,250
Finance costs	-	(2,439)	(1,279)	(116)	(2,576)	(889)	(7,798)	4,043	(11,054)
Depreciation and amortisation	(2,802)	(794)	(3,350)	(139)	(822)	(2,052)	(18)	-	(9,977)
Impairment losses	(31,245)	(21,729)	(559)	(48)	(589)	(1,097)	(8)	255	(55,020)
Profit /(loss) before taxation	76,641	(19,182)	4,047	3,281	12,145	1,659	(2,391)	1,600	77,800
Income tax	(17,625)	5,569	(693)	(897)	(3,697)	(466)	(113)	(78)	(18,000)
Profit /(loss) for the year	59,016	(13,613)	3,354	2,384	8,448	1,193	(2,504)	1,522	59,800
Attributable to:									
—Ordinary shareholders of the Company	41,267	(13,013)	2,921	2,381	7,891	499	(3,634)	1,522	39,834
—Non-controlling interests and holders of perpetual capital securities	17,749	(600)	433	3	557	694	1,130	-	19,966

2 Segment Reporting (continued)

(a) Segment results, assets and liabilities (continued)

	At 31 December 2014								
	Financial services	*Resources and energy*	*Manufacturing*	*Engineering contracting*	*Real estate and infrastructure*	*Others*	*Operation management*	*Elimination*	*Total*
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Reportable segment assets	5,322,510	147,903	108,501	44,020	239,930	72,538	138,921	(126,492)	5,947,831
Including：									
Interests in associates	28,608	11,882	3,557	167	5,332	1,961	109	-	51,616
Interests in joint ventures	3,596	9,621	247	-	10,236	7,316	-	-	31,016
Reportable segment liabilities	4,927,978	136,503	59,406	35,820	163,399	39,258	207,573	(197,613)	5,372,324
Including：									
Bank and other loans	-	42,798	19,130	2,142	85,765	22,603	85,754	(39,199)	218,993
Debt instruments issued	169,215	-	5,054	-	-	3,477	95,660	(280)	273,126

2 Segment Reporting (continued)

(a) Segment results, assets and liabilities (continued)

	Year ended 31 December 2013(Restated)								
	Financial services HK$ million	*Resources and energy* HK$ million	*Manufacturing* HK$ million	*Engineering contracting* HK$ million	*Real estate and infrastructure* HK$ million	*Others* HK$ million	*Operation management* HK$ million	*Elimination* HK$ million	*Total* HK$ million
Revenue from external customers	137,086	85,480	65,582	20,401	38,721	61,722	755	-	409,747
Inter-segment revenue	32	94	6	2,641	8	2,337	(27)	(5,091)	-
Reportable segment revenue	137,118	85,574	65,588	23,042	38,729	64,059	728	(5,091)	409,747
Share of profits/(losses) of associates, net of tax	1,368	(102)	(99)	56	1,224	199	30	-	2,676
Share of profits/(losses) of joint ventures, net of tax	246	2,164	127	(21)	430	1,010	-	-	3,956
Finance income	-	251	451	469	680	60	4,470	(4,391)	1,990
Finance costs	-	(3,497)	(1,592)	(36)	(2,333)	(799)	(4,993)	3,763	(9,487)
Depreciation and amortisation	(2,265)	(607)	(3,127)	(161)	(760)	(2,031)	-	-	(8,951)
Impairment losses	(15,218)	(2,355)	(218)	18	109	(103)	-	88	(17,679)
Profit /(loss) before taxation	72,536	(1,703)	2,891	3,110	9,981	3,766	791	28	91,400
Income tax	(17,513)	678	(441)	(842)	(1,931)	(336)	(540)	(16)	(20,941)
Profit /(loss) for the year	55,023	(1,025)	2,450	2,268	8,050	3,430	251	12	70,459
Attributable to:									
—Ordinary shareholders of the Company	36,223	(843)	2,146	2,267	7,052	2,203	(630)	12	48,430
—Non-controlling interests and holders of perpetual capital securities	18,800	(182)	304	1	998	1,227	881	-	22,029

2 Segment Reporting (continued)

(a) Segment results, assets and liabilities (continued)

	At 31 December 2013(Restated)								
	Financial services HK$ million	*Resources and energy* HK$ million	*Manufacturing* HK$ million	*Engineering contracting* HK$ million	*Real estate and infrastructure* HK$ million	*Others* HK$ million	*Operation management* HK$ million	*Elimination* HK$ million	*Total* HK$ million
Reportable segment assets	4,691,048	165,106	100,003	43,329	249,860	65,590	131,498	(124,725)	5,321,709
Including：									
Interests in associates	25,286	9,523	3,265	163	5,266	1,874	126	-	45,503
Interests in joint ventures	4,870	9,853	308	10	8,797	6,776	-	-	30,614
Reportable segment liabilities	4,349,905	81,180	53,146	35,910	170,176	61,509	177,341	(124,010)	4,805,157
Including：									
Bank and other loans	-	48,128	21,297	2,479	93,793	17,793	69,304	(35,276)	217,518
Debt instruments issued	97,773	6,187	4,220	-	-	3,757	90,093	(879)	201,151

2 Segment Reporting (continued)

(b) Geographical information

An analysis of the Group's revenue and total assets by geographical area are as follows:

	Revenue from external customers		*Reportable segment assets*	
	2014 HK$ million	*2013* HK$ million (Restated)	*2014* HK$ million	*2013* HK$ million (Restated)
Mainland China	339,733	347,693	5,508,334	4,915,870
Hong Kong and Macau	26,858	23,567	322,547	285,785
Overseas	35,533	38,487	116,950	120,054
	402,124	409,747	5,947,831	5,321,709

3 Revenue

As a multi-industry conglomerate, the Group is principally engaging in financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure and other businesses.

For financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (see notes 3(a),3(b) and 3(d)(i)). For non-financial services segment, revenue mainly comprises total invoiced value of sales of goods, services rendered to customers and revenue from construction contracts (see note3(c)).

The Group's customer base is diversified and there is no single customer with which transactions have exceeded 10% of the Group's revenue.

3 Revenue (continued)

(a) Net interest income

	2014 HK$ million	*2013* HK$ million (Restated)
Interest income arising from:		
Deposits with central banks, banks and non-bank financial institutions	16,012	17,676
Placements with banks and non-bank financial institutions	6,147	6,878
Financial assets held under resale agreements	15,397	14,036
Investments classified as receivables	39,464	7,641
Loans and advances to customers and other parties	165,767	142,239
Investments in debt securities	17,658	17,237
Others	5	4
	260,450	205,711
Interest expenses arising from:		
Borrowing from central banks	(442)	-
Deposits from banks and non-bank financial institutions	(46,223)	(24,564)
Placements from banks and non-bank financial institutions	(1,508)	(1,182)
Financial assets sold under repurchase agreements	(1,058)	(585)
Deposits from customers	(84,307)	(67,943)
Debt instruments issued	(5,825)	(2,949)
Others	(9)	(1)
	(139,372)	(97,224)
Net interest income	121,078	108,487

3 Revenue (continued)

(b) Net fee and commission income

	2014 HK$ million	2013 HK$ million (Restated)
Consultancy and advisory fees	7,132	5,370
Bank card fees	10,548	7,051
Settlement fees	2,793	1,943
Commission for wealth management services	4,995	3,122
Agency fees and commission	2,271	1,595
Guarantee fees	4,010	3,070
Trustee fees	7,573	6,783
Others	392	45
	39,714	28,979
Fee and commission expenses	(2,094)	(1,889)
Net fee and commission income	37,620	27,090

(c) Sales of goods and services

	2014 HK$ million	2013 HK$ million (Restated)
Sales of goods	196,652	229,582
Services rendered to customers	25,796	23,777
Revenue from construction contracts	14,741	17,985
	237,189	271,344

3 Revenue (continued)

(d) Other revenue

	Note	*2014* HK$ million	*2013* HK$ million (Restated)
Net trading gain	(i)	4,343	2,627
Net gain/(loss) on investment assets attributable to subsidiaries under financial services segment		1,643	(2)
Others		251	201
		6,237	2,826

(i) Net trading gain

	2014 HK$ million	*2013* HK$ million (Restated)
Trading profit:		
– debt securities	1,214	382
– foreign currencies	1,041	1,913
– derivatives	2,088	332
	4,343	2,627

4 Impairment losses

	2014 HK$ million	*2013* HK$ million (Restated)
Impairment losses charged on/(reversed from):		
– placements with banks and non-bank financial institutions	(34)	9
– trade and other receivables	2,803	852
– amounts due from customers for contract work	47	-
– inventories	1,051	129
– loans and advances to customers and other parties	28,149	13,459
– available-for-sale financial assets	501	948
– held-to-maturity investments	(8)	(106)
– investments classified as receivables	523	-
– interests in associates	1,693	-
– interests in joint ventures	26	45
– fixed assets	6,524	2,219
– intangible assets	13,367	57
– others	378	67
	55,020	17,679

4 Impairment losses (continued)

Impairment for the Sino Iron Project

The Group invested the Sino Iron Project, which is considered as a separate cash generating unit. Whenever events or circumstances indicate an impairment may have occurred, the Group tests whether assets attributable to the Group's Sino Iron Projects have suffered any impairment. The recoverable amount of the Sino Iron Project is based on the value in use methodology which is based on cash flow projections that incorporate best estimates of selling prices, ore grades, exchange rates, production rates, future capital expenditure and production costs over the life of the mine. In line with normal practice in the mining industry, the cash flow projections are based on long term mine plans covering the expected life of the operation. Therefore, the projections cover periods well in excess of five years. Assumptions about selling prices, operating and capital costs, exchange rates, quantity of resources and discount rates are particularly important; the determination of the recoverable amount is relatively sensitive to changes in these important assumptions.

The Group has identified indicators of impairment at 31 December 2014, including the reduction in the iron ore price outlook and other factors. As a result the Group assessed the recoverable amount of the Sino Iron Project. For the purposes of testing for impairment, the carrying amount of the Sino Iron Project is compared with its recoverable amount. In accordance with the Group's accounting policy, recoverable amount is assessed as the higher of fair value less costs to sell and value in use. The Group has adopted value in use in its assessment, using a nominal discounted cash flow model based on the mine life of the Sino Iron Project. A nominal post tax discount rate of 9% (2013: 9%) was applied to the post tax nominal cash flows.

The impairment testing carried out at 31 December 2014 resulted in a total impairment of US$2,500 million (approximately HK$19,500 million) being recognised in the consolidated income statement.

The impairment was allocated as follows:

- Intangible assets - US$1,706 million (approximate HK$13,307 million)
- Property, plant & equipment - US$794 million (approximate HK$6,193million)

The aggregate after-tax impact to the consolidated income statement is US$1,750 million (approximate HK$13,650 million).

5 Net finance charges

	2014 HK$ million	*2013* HK$ million (Restated)
Finance costs		
Interest on bank loans and other loans wholly repayable within five years	11,356	11,237
Interest on other loans and debt instruments issued, and other interest expenses	5,147	4,846
	16,503	16,083
Less: interest expense capitalised*	(5,874)	(7,066)
	10,629	9,017
Other finance charges	418	613
Other financial instruments	7	(143)
	11,054	9,487
Finance income	(2,250)	(1,990)
	8,804	7,497

***** Capitalisation rates applied to funds borrowed are 3.3%-8.03% per annum for the year ended 31 December 2014 (2013: capitalisation rate of 3.0%-7.76%).

6 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Staff costs

	2014 HK$ million	*2013* HK$ million (Restated)
Salaries and bonuses	32,016	27,387
Contributions to defined contribution retirement schemes	961	1,168
Others	9,525	7,580
	42,502	36,135

(b) Other items

	2014 HK$ million	*2013* HK$ million (Restated)
Amortisation	2,406	1,720
Depreciation	7,571	7,231
Operating lease charges: minimum lease payments	1,345	909
Auditors' remuneration	158	160

7 Income tax in the income statement

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the year ended 31 December 2014 is 16.5% (2013: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Mainland China for the year ended 31 December 2014 is 25% (2013: 25%).

Taxation for other overseas subsidiaries is charged at the rates of taxation prevailing in the countries / jurisdiction in which the overseas subsidiaries operate.

	2014 HK$ million	*2013* HK$ million (Restated)
Current tax - Mainland China		
Provision for enterprise income tax for the year	24,491	21,856
Land appreciation tax	1,059	860
	25,550	22,716
Current tax - Hong Kong		
Provision for Hong Kong profits tax for the year	1,011	989
Current tax - Overseas		
Provision for the year	837	637
	27,398	24,342
Deferred tax		
Origination and reversal of temporary differences	(9,398)	(3,401)
	18,000	20,941

8 Dividends

	2014	*2013*
Expressed in HK$' million		
2013 Final dividend paid: HK$ 0.25(2012: HK$ 0.30) per share	912	1,095
Interim		
2014 Interim dividend paid: HK$ 0.015 (2013: HK$ 0.10) per share	374	365
Final		
2014 Final dividend proposed: HK$ 0.20 (2013: HK$ 0.25) per share	4,981	912

9 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company of HK$ 39,834 million for the year ended 31 December 2014 (2013: HK$ 48,430 million) and the weighted average number of 24,903 million ordinary shares (2013: 24,903 million ordinary shares), calculated as follows:

Weighted average number of ordinary shares:

	2014	*2013* (Restated)
Issued ordinary shares as at 1 January	3,649	3,649
Effect of shares issued as a consideration for business combination under common control	21,254	21,254
Weighted average number of ordinary shares as at 31 December	24,903	24,903

The diluted earnings per share for the years ended 31 December 2014 and 2013 are the same as the basic earnings per share as it is deemed that no potential additional ordinary shares would be issued at no consideration from the exercise of share options because the exercise price was above the average market price of the Company's shares for the years ended 31 December 2014 and 2013.

The basic and diluted earnings per share for the year ended 31 December 2014 are HK$ 1.60 (2013: HK$ 1.94).

10 Loans and advances to customers and other parties

Natures of loans and advances

	2014 HK$ million	2013 HK$ Million (Restated)
Corporate loans:		
– Loans	1,991,035	1,832,084
– Discounted bills	86,254	82,383
– Lease payment receivables	700	885
	2,077,989	1,915,352
Personal loans:		
– Residential mortgages	294,240	280,297
– Business loans	138,080	124,354
– Credit cards	159,891	110,015
– Others	110,752	45,692
	702,963	560,358
	2,780,952	2,475,710
Less: Impairment allowances		
– Individually assessed	(17,627)	(14,810)
– Collectively assessed	(51,474)	(41,097)
	(69,101)	(55,907)
	2,711,851	2,419,803

11 Deposits from customers

(a) Types of deposits from customers

	2014 HK$ million	*2013* HK$ million (Restated)
Demand deposits		
– Corporate customers	1,197,124	1,168,451
– Personal customers	187,176	162,083
	1,384,300	1,330,534
Time and call deposits		
– Corporate customers	1,729,747	1,514,704
– Personal customers	464,578	492,637
	2,194,325	2,007,341
Outward remittance and remittance payables	7,883	8,068
	3,586,508	3,345,943

(b) Deposits from customers include pledged deposits for the following items:

	2014 HK$ million	*2013* HK$ million (Restated)
Bank acceptances	340,496	385,358
Letters of credit	29,960	45,640
Guarantees	19,373	28,006
Others	189,292	108,452
	579,121	567,456

12 Bank and other loans

(a) Types of loans

	2014 HK$ million	*2013* HK$ million (Restated)
Bank loans		
Unsecured loans	155,499	129,665
Loan pledged with assets	27,682	30,340
Guaranteed loans	1,160	11,386
	184,341	171,391
Other loans		
Unsecured loans	32,933	43,085
Loan pledged with assets	1,581	2,775
Guaranteed loans	138	267
	34,652	46,127
	218,993	217,518

(b) Analysed by maturity

	2014 HK$ million	*2013* HK$ million (Restated)
Bank and other loans are repayable		
– Within one year or on demand	89,767	71,808
– Between one and two years	27,509	57,667
– Between two and five years	62,167	45,067
– Over five years	39,550	42,976
	218,993	217,518

13 Debt instruments issued

	2014 HK$ million	*2013* HK$ million (Restated)
Corporate bonds issued	70,126	65,345
Notes issued	54,450	57,978
Subordinated bonds issued	104,368	57,593
Certificates of deposits issued	14,156	16,177
Certificates of interbank deposits issued	30,026	3,775
Convertible bonds issued	-	283
	273,126	201,151
Analysed by remaining maturity:		
Within one year or on demand	50,578	28,362
Between one and two years	5,092	7,243
Between two and five years	54,738	49,647
Over five years	162,718	115,899
	273,126	201,151

The Group did not have any defaults of principal, interest or other breaches with respect to its debt securities issued during the year ended 31 December 2014 (2013: Nil).

Certain debt securities issued were purchased by certain subsidiaries of the Group. These debt securities issued were eliminated in full on consolidation.

14 Contingent liabilities - Outstanding litigations and disputes

The Group is involved in certain pending litigations as defendant. Based on the opinion of internal and external legal counsels of the Group, the Group made provisions in the consolidated balance sheet for those litigations of which outflow of economic benefits are probable and the outflow can be estimated reliably. The Group believes that these accruals are reasonable and adequate. The Group believes any liabilities resulting from those litigation of which outcome cannot be reliably estimated will not have significant negative impact on the Group's financial status or operating results.

(i) SFC Investigation

Following the Company's announcement of a foreign exchange related loss, on 22 October 2008, the Hong Kong Securities and Futures Commission ("SFC") announced that it had commenced a formal investigation into the affairs of the Company. On 3 April 2009, the Commercial Crime Bureau of the Hong Kong Police Force began an investigation of suspected offences relating to the same matter.

The SFC announced on 11 September 2014 that it has commenced proceedings in the Court of First Instance of the High Court of Hong Kong (the "High Court") and the Market Misconduct Tribunal (the "MMT"), respectively, against CITIC Limited and five of its former executive directors.

The SFC alleges that CITIC Limited and the former directors had engaged in market misconduct involving the disclosure of false or misleading information about CITIC Limited's financial position in connection with losses that CITIC Limited had suffered through its investment in the leveraged foreign exchange contracts.

In the action instigated by the SFC at the MMT, the SFC is asking the MMT to (1) determine whether any market misconduct has taken place, and (2) identify persons who had engaged in such misconduct. Subject to a determination being made by the MMT, SFC will seek from the High Court orders to restore the relevant investors to their pre-transaction positions or to compensate for their losses.

On 15 October 2014, the Secretary for the Financial Services and the Treasury said that the Police's investigations into the CITIC matters on aspects outside the subject matters of the SFC's actions are still ongoing.

In the absence of the findings of these proceedings and investigations being made available to the Company and due to the inherent difficulties involved in attempting to predict the outcome of such proceedings and investigations and in assessing the possible findings, the directors do not have sufficient information to reasonably estimate the fair value of contingent liabilities (if any) relating to such proceedings and investigations, the timing of the ultimate resolution of those matters or what the eventual outcome may be. However, based on information currently available, the directors are not aware of any matters arising from the above proceedings and investigations that might have a material adverse financial impact on the consolidated financial position or liquidity of the Group.

14 Contingent liabilities - Outstanding litigations and disputes(continued)

(ii) Mineralogy Disputes

The MRSLAs entered into by two subsidiaries of CITIC Limited (Sino Iron Pty Ltd ("Sino Iron") and Korean Steel Pty Ltd ("Korean Steel")) with Mineralogy Pty Ltd (“Mineralogy”) in connection with the Sino Iron Project in Western Australia contain a clause which states that, unless certain exceptions apply, each of Sino Iron and Korean Steel is to pay an amount if either of them produces less than six million tonnes of iron ore by March 2013. Under that clause, if the conditions for payment are met and the exceptions are not applicable, the amount payable is calculated by reference to the royalty payable on the amount of magnetite ore required to produce six million tonnes of iron ore concentrate. Due to changes in the iron ore market it is no longer possible to calculate one component of the royalty (ie, Royalty Component B).

Neither Sino Iron nor Korean Steel produced six million tonnes of iron concentrate by March 2013. In early 2013, Mineralogy commenced court proceedings seeking an order that the minimum royalty was payable by CITIC Limited. However, Mineralogy has now withdrawn its claim for the minimum royalty.

The Group reviewed its liability in 2013 for the minimum royalty having regard to the aforementioned circumstances and decided that it was no longer necessary to recognise a provision for the minimum royalty in the accounts. The position prevails in the current period.

(iii) CITIC Resources Litigation

CITIC Resources, a subsidiary of the Group, had noted from an announcement issued by Qingdao Port International Co., Ltd. on 15 August 2014 and an announcement issued by 山煤國際能源集團股份有限公司 (Shanxi Coal International Energy Group Co., Ltd.) (“Shanxi Coal International”) on 27 August 2014 that ABN AMRO Bank, N.V., Singapore Branch and 山煤煤炭進出口有限公司 (Shanxi Coal Import & Export Co., Ltd.), a wholly-owned subsidiary of Shanxi Coal International, had commenced legal proceedings in China against CITIC Australia Commodity Trading Pty Limited (“CACT”) (the “Potential Legal Proceedings”). As at 31 December 2014 and the date of this report, CACT had not been served with the Potential Legal Proceedings and is, therefore, unable to consider or comment on the substance of the Potential Legal Proceedings on the date of this report. No adjustment had been made in the financial statements with respect to the Potential Legal Proceedings.

14 Contingent liabilities - Outstanding litigations and disputes(continued)

(iv) Metallurgical Corporation of China Disputes

Metallurgical Corporation of China ("MCC") were appointed as the EPC (engineering, procurement and construction) contractor for the processing area and related facilities at the Group's Sino Iron project in Western Australia. The fixed price contract amount was US$3.4 billion.

On 30 January 2013, MCC announced that it had incurred costs over the value of the contract and had provided additional funding of US$858 million to MCC Mining (Western Australia) Pty Ltd ("MCC WA"), its wholly owned subsidiary company responsible for delivering MCC's obligations under the contract.

As at the date of this report MCC has not claimed any additional costs from Sino Iron or its subsidiaries, other than minor contract variations in the normal course of operations, and the Group believes it has satisfied all of its obligations under the contract.

Under the contract, the Group has a right to claim liquidated damages from MCC WA for certain delays in the completion of their project scope at a daily amount of 0.15% of the value of the main contract (approximately US$5 million per day, with a cap of approximately US$530 million in total). As at balance sheet date the cumulative days delay that has been incurred has resulted in the contractual cap to the liquidated damages being reached.

No amounts have been recognised as either receivable from or payable to MCC or its subsidiary companies in the financial statements, pending the completion of the contract and settlement of any potential outstanding claims by either party. As set out in the announcement dated 24 December 2013 (the “Announcement”), Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron project, and an independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings, Sino Iron and MCC WA expect to enter into further negotiations on the project settlement accounts to determine the amount of liabilities to be borne between the parties. If these negotiations result in additional contracted amounts being agreed, this may impact on the carrying value of the project.

FINANCIAL REVIEW AND ANALYSIS

	2014	2013 (restated)	Increase/ (Decrease)
In HK$ million			
Revenue	402,124	409,747	(7,623)
Profit before taxation	77,800	91,400	(13,600)
Profit attributable to ordinary shareholders	39,834	48,430	(8,596)
Earnings per share (HK$)	1.60	1.94	(0.34)
Dividend per share (HK$) (note 2)	0.215	0.35	(0.135)
Net cash generated from/(used in) operating activities	58,937	(146,823)	205,760
Capital expenditure	60,235	87,412	(27,177)
Total assets	5,947,831	5,321,709	626,122
Total liabilities	5,372,324	4,805,157	567,167
Total ordinary shareholders' funds and perpetual capital securities	431,960	385,614	46,346
Return on total assets (%) (note 1)	1%	1%	0%
Return on net assets (%)	10%	14%	(4%)

Notes:

(1) Return on total assets for 2013 equals profit for the year divided by total assets as at the end of the year.

(2) Dividend per share for the year of 2013 are for the former CITIC Pacific Limited.

Profit/(loss) and assets by business

In HK$ million	Profit/(loss)		Assets as at 31 December		Return on assets (note)	
	2014	2013 (restated)	2014	2013 (restated)	2014	2013 (restated)
Financial services	59,016	55,023	5,322,510	4,691,048	1%	1%
Resources and energy	(13,613)	(1,025)	147,903	165,106	(9%)	(1%)
Manufacturing	3,354	2,450	108,501	100,003	3%	2%
Engineering contracting	2,384	2,268	44,020	43,329	5%	5%
Real estate and infrastructure	8,448	8,050	239,930	249,860	3%	3%
Others	1,193	3,430	72,538	65,590	2%	5%
Underlying business operations	60,782	70,196	5,935,402	5,314,936		
Operation management	(2,504)	251				
Elimination	1,522	12				
Profit attributable to non-controlling interests and holders of perpetual capital securities	19,966	22,029				
Profit attributable to ordinary shareholders	39,834	48,430				

Note: Total earnings of the business divided by average total assets of the business; return on assets for 2013 equals profit/(loss) for the year divided by assets as at the end of the year.

Revenue by business

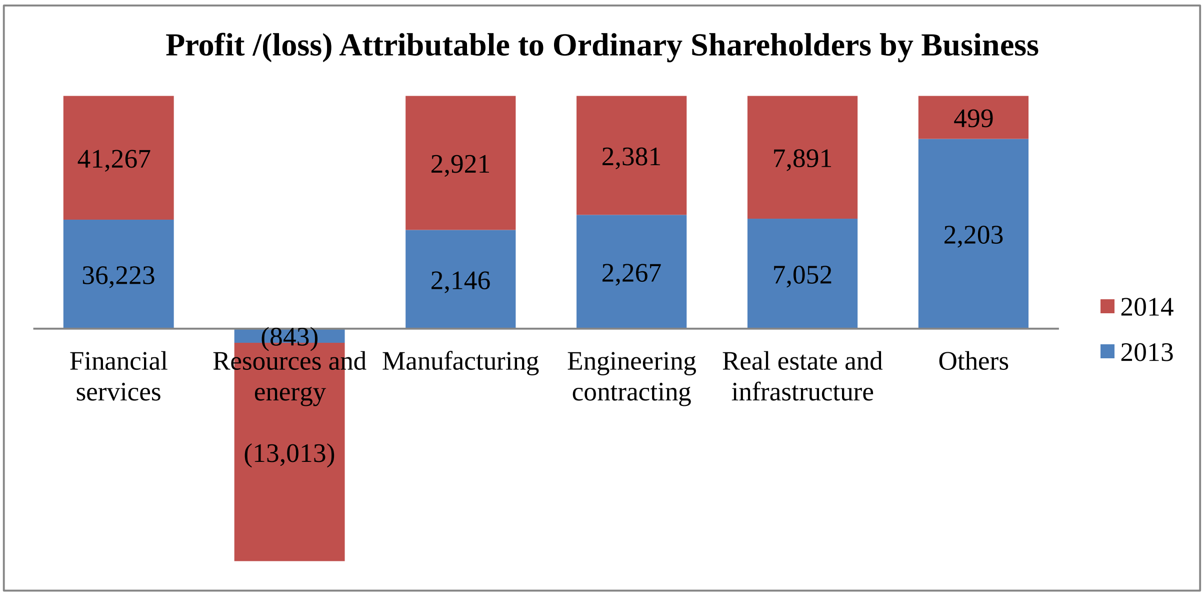
In HK$ million	2014	2013 (restated)	Increase/(decrease)	
			Amount	%
Financial services	164,849	137,086	27,763	20%
Resources and energy	51,786	85,480	(33,694)	(39%)
Manufacturing	71,845	65,582	6,263	10%
Engineering contracting	17,127	20,401	(3,274)	(16%)
Real estate and infrastructure	31,531	38,721	(7,190)	(19%)
Others	64,594	61,722	2,872	5%

Revenue by nature

In HK$ million	2014	2013 (restated)	Increase/(decrease)	
			Amount	%
Net interest income	121,078	108,487	12,591	12%
Net fee and commission income	37,620	27,090	10,530	39%
Sales of goods and services	237,189	271,344	(34,155)	(13%)
- Sales of goods	196,652	229,582	(32,930)	(14%)
- Services rendered to customers	25,796	23,777	2,019	8%
- Revenue from construction contracts	14,741	17,985	(3,244)	(18%)
Other revenue	6,237	2,826	3,411	121%

Profit/(loss) Attributable to Ordinary Shareholders by Business

HK$ million



Capital Expenditures

In HK$ million	2014	2013 (restated)	Increase/(Decrease) Amount	%
Financial services	5,046	15,767	(10,721)	(68%)
Resources and energy	12,257	14,609	(2,352)	(16%)
Manufacturing	4,619	5,656	(1,037)	(18%)
Engineering contracting	541	180	361	201%
Real estate and infrastructure	1,451	7,596	(6,145)	(81%)
Others	2,731	13,709	(10,978)	(80%)
Subtotal	**26,645**	**57,517**	**(30,872)**	**(54%)**
Real estate development	33,590	29,895	3,695	12%
Total	**60,235**	**87,412**	**(27,177)**	**(31%)**

Group Financial Position

In HK$ million	As at 31 December 2014	As at 31 December 2013 (restated)	Increase/(Decrease) Amount	%
Total assets	5,947,831	5,321,709	626,122	12%
Loans and advances to customers and other parties	2,711,851	2,419,803	292,048	12%
Investments classified as receivables	834,652	381,783	452,869	119%
Financial assets held under resale agreements	172,100	365,361	(193,261)	(53%)
Fixed assets	179,303	174,534	4,769	3%
Inventories	133,258	136,631	(3,373)	(2%)
Total liabilities	5,372,324	4,805,157	567,167	12%
Deposits from customers	3,586,508	3,345,943	240,565	7%
Deposits from banks and non-bank financial institutions	871,213	709,621	161,592	23%
Bank and other loans	218,993	217,518	1,475	1%
Debt instruments issued	273,126	201,151	71,975	36%
Total ordinary shareholders' funds and perpetual capital securities	431,960	385,614	46,346	12%

Loans and advances to customers and other parties

As at 31 December 2014, the loans and advances to customers and other parties of the Group was HK$2,711,851 million, an increase of HK$292,048 million, 12% from 2013. The proportion of loans and advances to customers and other parties to total assets was 46%, an increase of 0.1% compared to 31 December 2013.

In HK$ million	As at 31 December 2014	As at 31 December 2013 (restated)	Increase/(Decrease)	
			Amount	%
Corporate loans	1,991,735	1,832,969	158,766	9%
Discounted bills	86,254	82,383	3,871	5%
Personal loans	702,963	560,358	142,605	25%
Total loans and advances to customers and other parties	2,780,952	2,475,710	305,242	12%
Impairment allowances	(69,101)	(55,907)	13,194	24%
Net loans and advances to customers and other parties	2,711,851	2,419,803	292,048	12%

Deposits from customers

As at 31 December 2014, deposits from customers of the financial institutions under the Group were HK$3,586,508 million, an increase of HK$240,565 million, 7% compared to 31 December 2013. The proportion of deposits from customers to total liabilities was 67%, a decrease of 3% compared to 31 December 2013.

In HK$ million	As at 31 December 2014	As at 31 December 2013 (restated)	Increase/ (Decrease)	
			Amount	%
Corporate deposits				
Time deposits	1,729,747	1,514,704	215,043	14%
Demand deposits	1,205,007	1,176,519	28,488	2%
Subtotal	2,934,754	2,691,223	243,531	9%
Personal deposits				
Time deposits	464,578	492,637	(28,059)	(6%)
Demand deposits	187,176	162,083	25,093	15%
Subtotal	651,754	654,720	(2,966)	(0%)
Total	3,586,508	3,345,943	240,565	7%

Risk Management

In accordance with the Group's development strategy, CITIC Limited has established a risk management system covering all the business segments to monitor, assess and manage various risks in the Group's business activities.

The risk management system of CITIC Limited is established along the core concepts of *Enterprise Risk Management - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) , and the *Basic Standard for Enterprise Internal Control* jointly issued by five ministries and commissions (Ministry of Finance, CSRC, National Audit Office, CBRC and CIRC) in 2008 as well as relevant guidelines and governmental policies.

The risk management system of CITIC Limited comprises "Four Levels" and "Three Lines of Defence" based on the corporate governance structure. The "Four Levels" are the (i) board of directors, (ii) senior management and several committees, (iii) risk management functions of CITIC Limited, and (iv) member companies. The "Three Lines of Defence" are the (i) first line of defence comprised by business units of each level of CITIC Limited, (ii) second line of defence comprised by the risk management functions of each level of CITIC Limited, and (iii) third line of defence comprised by the internal audit departments or functions of each level of CITIC Limited.

Financial Risk

Governance Structure and Management Policies

The asset and liability management committee ("ALCO") has been established to monitor financial risks of the Group and its member companies in accordance with, among others, the Treasury and Financial Risk Management Policy of CITIC Limited ("treasury and financial risk management policy"). The finance department is responsible for implementing the treasury and financial risk management policy, communicating ALCO's decisions to member companies, monitoring adherence and preparing relevant management reports. All member companies have the responsibility for managing their financial risk positions effectively and report to ALCO on a timely basis, subject to the overall risk framework under the treasury and financial risk management policy and within the authorisations.

Based on the annual budget, ALCO shall review the Group's financing plan and instruments, oversee fund management and cash flows, and manage risks relating to counterparties, interest rate, currency, commodities, commitments and contingent liabilities, and is responsible for formulating hedging policy and approving the use of new risk management tools.

Pursuant to the treasury and financial risk management policy, CITIC Limited identifies, classifies and manages the financing, fund management and risk management processes of its member companies.

Asset and liability management

One of the main functions of ALCO is asset and liability management. CITIC Limited's sources of funds for different businesses include long-term and short-term debt and equity, of which ordinary shares, preferred shares and perpetual securities are the alternative forms of equity financing instruments. CITIC Limited manages its capital structure to finance its overall operations and growth by using different sources of funds. The type of funding is targeted to match the characteristics of our underlying business.

1. Debt

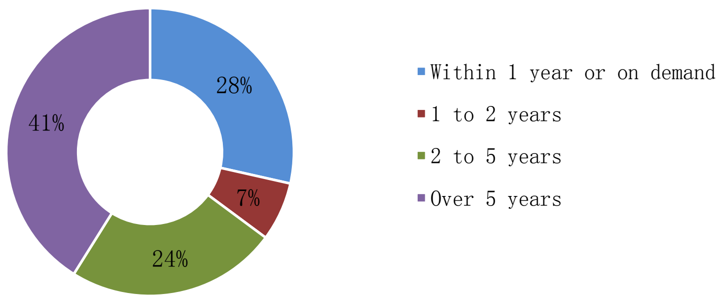
ALCO regularly monitors the existing and projected debt levels of CITIC Limited, to ensure a reasonable level for debt size, structure and cost of the Group and its member companies.

As at 31 December 2014, consolidated debt of CITIC Limited[1] was HK$492,119 million, including loans of HK$218,993 million and debt instruments issued[2] of HK$273,126 million. Debt of CITIC Bank[3] accounted for HK$169,215 million.

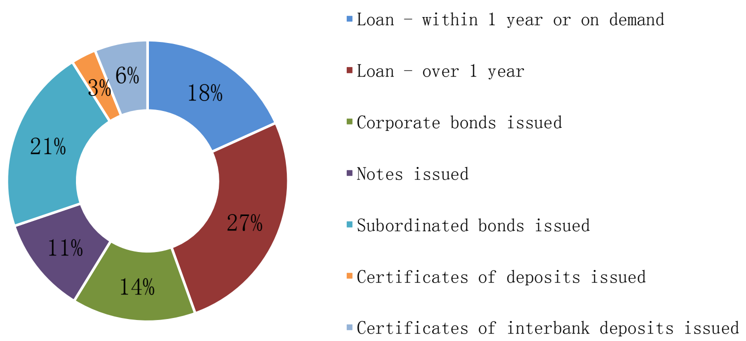
The details of debt are as follows:

As of 31 December 2014	HK$ million
Consolidated debt of CITIC Limited	492,119
Debt of CITIC Bank	169,215

Consolidated debt by maturity as at 31 December 2014



Consolidated debt by type as at 31 December 2014



The debt to equity ratio of CITIC Limited as at 31 December 2014 is as follows:

HK$ million	Consolidated
Debt	492,119
Total equity(4)	575,507
Debt to equity ratio	86%

Note: （1）Consolidated debt of CITIC Limited is the sum of “bank and other loans” and “debt instruments issued” in the Consolidated Balance Sheet of CITIC Limited.
（2）Debt instruments issued include corporate bonds, notes, subordinated bonds, certificates of deposits and certificates of interbank deposits issued.
（3）Debt of CITIC Bank is the debt instruments issued of CITIC Bank including notes, subordinated bonds, certificates of deposits and certificates of interbank deposits issued of CITIC Bank on its consolidated basis.
（4）Total consolidated equity is based on the “total equity” in the Consolidated Balance Sheet.

2. Liquidity risk management

The objective of liquidity risk management is to ensure that CITIC Limited always has sufficient cash to repay its due debt, perform other payment obligations and meet other funding requirements for normal business development.

CITIC Limited’s liquidity management requirements involve regularly projecting cash flows in major currencies for three years and considering the level of liquid assets and new financings necessary to meet future cash flow requirements.

With flexible access to domestic and overseas markets, CITIC Limited seeks to diversify the sources of funding through different financing vehicles, in order to raise low-cost funding of medium and long terms, maintain a mix of staggered maturities and minimise refinancing risk.

3. Credit Ratings

	Standard & Poor's	Moody's
31 December 2014	BBB+/Stable	A3/Stable

After the former CITIC Pacific acquired the substantially all of the assets from CITIC Group and changed the name to CITIC Limited, CITIC Limited was re-rated by Moody's from "Ba2" (as previously for CITIC Pacific) to "A3" in August 2014, and by Standard & Poor's from "BB" (as previously for CITIC Pacific) to "BBB+" in September 2014. In January 2015, Standard & Poor's placed CITIC Limited’s rating on CreditWatch with positive implication.

Treasury risk management

Treasury risk management essentially covers the following financial risks inherent in CITIC Limited’s businesses:

- Interest rate risk
- Currency risk
- Counterparty risk
- Commodity risk

Financial derivatives may be used to assist in the management of the above risks. It is CITIC Limited’s policy not to enter into derivative transactions for speculative purposes. Unless special authorisation is given, the use of derivative instruments is currently restricted by ALCO to interest rate swaps, cross currency swaps, plain vanilla forward foreign exchange contracts, par forward foreign exchange contracts and plain vanilla futures contracts. From a risk management perspective, simple, cost-efficient and HKAS 39 hedge effective instruments are preferred. To the extent possible, gains and losses of the derivatives offset the losses and gains of the assets, liabilities or transactions being hedged.

CITIC Limited is committed to establishing a comprehensive and uniform treasury risk management system. Within the group-wide treasury risk management framework, member companies are required to, according to their respective business characteristics and regulatory requirements, implement suitable treasury risk management strategies and procedures and submit reports on a regular and ad hoc basis, subject to overall monitoring and guidance of ALCO.

1. Interest rate risk

Interest rate risk is managed by considering the portfolio of interest bearing assets and liabilities.

For our financial subsidiaries, repricing risk and benchmark risk are main sources of the interest rate risk. Observing the principle of prudent risk appetite, they closely tracked changes in macro economic situations and internal business structure, continued to optimise maturity structure of deposits, made timely adjustments to loan repricing lifecycle, and took the initiative to manage sensitive gaps of interest rate for the overall objective of achieving steady growths both in net interest income and economic value with a tolerable level of interest rate risk.

For our head office and non-financial subsidiaries, the interest rate risk arises primarily from debt. Borrowings at variable rates expose CITIC Limited to cash flow interest rate risk, whilst borrowings at fixed rates expose CITIC Limited to fair value interest rate risk. Based on its balance sheet and market conditions, CITIC Limited adopts a flexible approach in choosing financing vehicles at variable and fixed rates, and opportunistically employs interest rate swaps to manage interest rate risk.

2. Currency risk

CITIC Limited has major operations in Hong Kong, mainland China and Australia whose functional currencies are Hong Kong dollar ("HKD"), Renminbi ("RMB") and United States dollar ("USD") respectively. Our member companies are exposed to currency risk from gaps between financial assets and liabilities, future commercial transactions and net investments in foreign operations that are denominated in a currency that is not the member company's functional currency. The consolidated financial statement is presented in HKD, which is the presentation currency of CITIC Limited. Translation exposures from the consolidation of subsidiaries whose functional currency is not HKD are not hedged using derivative instruments, as this is not a cash exposure.

CITIC Limited measures currency risk mainly with foreign currency exposures, and seeks to minimise its currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currency. CITIC Limited uses forward contracts and cross currency swaps where appropriate to manage its currency risk, provided that hedging is only considered for firm commitments and highly probable forecast transactions.

3. Counterparty risk

CITIC Limited has businesses with various financial institutions such as deposits, interbank lending, financial investment products and derivative financial instruments. To mitigate the risk of non-recovery of funds or financial instrument gains, member companies of CITIC Limited approve and adjust the list of counterparties and credit limits of approved financial institutions through internal credit processes, and regularly report to ALCO for carrying out overall monitoring and supervision.

4. Commodity risk

Some businesses of CITIC Limited involve the production, procurement and trading of commodities; it has exposure to commodity price risks such as iron ore, crude oil, gas and coal.

CITIC Limited has entered into long-term supply contracts for certain inputs or used plain vanilla futures contracts for hedging. Whilst CITIC Limited views that naturally offsetting is being achieved to a certain extent across different business sectors, continual risk management review is being performed to ensure commodity risks are well understood within its business strategies.

Economic Environment and Conditions

CITIC Limited operates diversified businesses globally. As a result, the Group's financial condition, operations and business prospects are, to a significant degree, subject to the development of both international and domestic economies, as well as the political and legislative environment.

As China's economy has entered into a restructuring period, the formation of new growth drivers involves further reforms in a variety of areas, including politics, economy, technology, culture and society. With the slower than expected global economic recovery, growth remains soft in the developed economies and tends to be more divergent across regions due to significant differences in inherent structures. In emerging markets, albeit with a slight acceleration in the growth rate, the economic rebound is still vulnerable due to the lowering of potential market growth as well as the decline in commodity prices and capital outflows. If negative economic factors appear in countries and regions in which CITIC Limited operates, there might be an adverse impact on the Group's operations, financial condition and profitability.

Operational Risk

The financial services segment of the Group comprises banking and trust services as well as other financial services businesses such as securities, insurance and asset management. As information technology is widely applied in the modern financial services industry, the reliability of computer systems, computer networks and information management software is essential to both traditional financial and innovative businesses. Unreliable information technology systems or underdeveloped network technologies may result in inefficient trading systems, business interruption, or loss of important information, thus affecting the reputation and service quality of financial institutions and even incurring economic losses and legal disputes.

CITIC Limited carries out resources and energy, manufacturing, engineering contracting, real estate and infrastructure, and other businesses in countries and regions across the world, and these businesses might continue to encounter a diversity of operational difficulties. Certain difficulties, if beyond the control of CITIC Limited, might result in production delays or increases in production costs. These operational risks include delay of government payments, deterioration of tax policies, labour disputes, unforeseen technical failures, various disasters and emergencies, unexpected changes in mineral, geological or mining conditions, pollution and other environmental damage, as well as potential disputes with foreign partners, customers, subcontractors, suppliers or local residents or communities. Such risks would cause damage or loss to the relevant businesses of CITIC Limited, which in turn could adversely affect its operations, financial condition and profitability.

Credit Risk

With the proliferation of new market entities, innovative business models, new products, businesses and counterparties, credit risks could increase and become more complex. In this unpredictable economic climate, with extensive business operation and counterparties, the Group pays close attention to market developments and credit risks arising from business partners. If the Group fails to investigate and prevent such risks, they may have an adverse impact on its operations, financial condition and profitability.

Competitive Markets

CITIC Limited operates in highly competitive markets. Failure to compete in terms of product specifications, service quality, reliability or price may have an adverse impact on the Group.

- The financial services business faces fierce competition from domestic and international commercial banks and other financial institutions;
- The engineering contracting business is challenged by global peers as well as China's large state-owned enterprises and private companies;
- Resources and energy, manufacturing, real estate and infrastructure operations, and other businesses in different sectors also face severe competition over resources, technologies, prices and services.

Intensification of competition might result in lower product prices, narrower profit margins as well as loss of market share for CITIC Limited.

Other External Risks and Uncertainties

Impact of Local, National and International Laws and Regulations

CITIC Limited faces local business risks in different countries and regions. Such risks might have a significant impact on the financial condition, operations and business prospects of CITIC Limited in the relevant markets. The investments of CITIC Limited in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investment of CITIC Limited, and delay or impede its business operations and hence adversely affect revenue and profit.

Impact of New Accounting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") issues new and revised Hong Kong Financial Reporting Standards ("HKFRSs") from time to time. As the accounting standards continue to evolve, HKICPA might further issue new and revised HKFRSs in the future. The new accounting policies, if required to be adopted by CITIC Limited, could have a significant impact on its financial condition and operations.

Natural Disasters or Events, Terrorism and Diseases

The business of CITIC Limited could be affected by events such as earthquakes, typhoons, tropical cyclones, inclement weather, acts or threats of terrorism, or outbreaks of highly contagious diseases, which would directly or indirectly reduce the supply of essential goods or services or reduce economic activities on a local, regional or global scale. Any of these disasters might damage the businesses of CITIC Limited, which would have a material adverse impact on the financial condition and operations of CITIC Limited.

Past Performance and Forward-Looking Statements

Performance and results of the operations of CITIC Limited for previous years described within this Announcement are historical in nature. Past performance is no guarantee of the future results of CITIC Limited. This Announcement may contain forward-looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. None of CITIC Limited, the Directors, employees or agents assumes (a) any obligation to correct or update any forward-looking statements or opinions contained in this Announcement; and (b) any liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.

The entire Group is committed to constantly improving its risk monitoring and management mechanism in order to promote risk identification and assessment at all levels; strengthen risk assessment and monitoring of major projects and key businesses; and manage counterparty credit risks. CITIC Limited stays fully informed of the operations, financial condition and major business progress of its subsidiaries through off-site monitoring, on-site inspections and other means to assess the risks that may arise. Through risk reports on weaknesses and potential risks, CITIC Limited supervises and implements risk management and control measures to improve its comprehensive risk management practices and initiatives across the Group.

ESG Report

At CITIC Limited, we operate our business as a responsible corporate citizen while remaining firmly committed to creating value for our shareholders. We incorporated the concept of sustainability into our business development strategies and day-to-day management and operation of our businesses.

Work Environment

As a fair and equitable employer, CITIC Limited recruits employees based on their qualifications and provides them with safe and healthy workplaces. We prepare medium- and long-term career development plans for our employees and maintain an updated labour contract system so that our staff can grow as the Company grows. We do this to establish a harmonious and stable relationship with our employees and to ensure our continuing long-term development. At the end of December 2014, the total number of employees of CITIC Limited worldwide (including major subsidiaries in different regions) was 125,273. Our staff turnover rate in 2014 was 10%.

Equal emphasis is placed on the external competitiveness of employee remuneration and fairness in internal remuneration. Employees are rewarded according to their qualifications, experience, capabilities, competency, performance and contribution during their tenure of office with the Company. We are in strict compliance with government requirements for insurance and benefit plans, working hours and vacation policies. Most of our subsidiaries also provide their employees with additional benefits and insurance coverage, such as supplementary pension schemes (voluntary contributions to mandatory provident funds) and supplementary medical insurance.

Each year, we work out education and training programmes using various methods to increase their effectiveness and relevance. These include education programmes and training in professional skills, job skills, technology and professional management. Training channels range from remote video to on-site courses as well as domestic and overseas study programmes. We also organise regular exchange programmes for outstanding management staff across all of our industries and operations, with an emphasis on actual work practices. In addition to these, we design and deliver training programmes specifically for management, professional and technical staff.

To protect our staff, we continuously upgrade our occupational health and safety management system and keep track of employees' physical and mental health in order to prevent or reduce occupational diseases. We aim to prevent serious incidents by putting in place safety mechanisms and strengthening our safety management based on accountability. We have also implemented an emergency management system that has improved our ability to handle emergencies.

Environmental Protection

We believe that environmental protection should be a shared responsibility with every member of the community. To minimise the impacts of our business operations, we have adopted measures to reduce the waste we generate to the greatest extent reasonably practicable.

Under green loan policy, CITIC Bank curbs loans to sectors with overcapacity. CITIC Bank has launched a Green Intermediary Loan (GIL) business in support of a green, circular and low-carbon economy.

CITIC Trust provided financing and integrated financial services for environmental technology companies to strike a balance between economic growth and environmental protection.

CITIC Mining International has in place an environmental management system (EMS) to drive its environmental management performance and ensure compliance with relevant government approvals and regulations. During the year, we met all regulator-issued environmental performance indicators, and successfully passed all inspections by government authorities.

Xingcheng Special Steel Plant, affiliated to CITIC Pacific Special Steel, upgraded in de-sulphuring, de-nitration and de-dusting of the power plant boiler and reduced emissions of fume and dust; salt extraction from waste effluent of coke oven gas de-sulphuring project in Xin Yaxing Coking Co., Ltd. commenced operation and effectively processes de-sulphuring waste effluent; coke oven gas-steam combined cycle power generation in Xin Yaxing Coking Co., Ltd. and a new 25MW extra blast furnace gas-fired power generator of Xin Yegang in Hubei recycled by-product engery including oven gas and steam.

CITIC Dicastal adopted continuous furnace heating zone energy conversion upgrade for heat treatment process in which natural gas is used to replace electricity; it implemented energy system optimisation project in the eastern plant by integrating heat sources and optimising the existing pipe network to achieve full utilisation of residual heat across the plant and reduced emission of SO2 and NOx; it changed the disposable pallets to reusable wooden and plastic pallets, thus extending the life of packaging materials.

CITIC Heavy Industries installed de-dusters for all smelting equipment including electric arc furnaces, and introduced clean energy (natural gas) for heating furnaces and other equipment. These initiatives have met China's national air emission control standards on fume emission concentration; it sought to develop a circular economy with energy conservation and environmental protection industries by promoting low-carbon production processes, products and technologies. It developed a number of energy-saving and environment-protecting technologies and equipment which could effectively cut green-house gas emissions.

CITIC Tower, our major building property in Hong Kong, created a vertical green belt to improve the indoor environment and installed temperature controllers for ventilation at car parks to conserve energy. Our two properties in Beijing, Capital Mansion and CITIC Building, cooperated with intermediaries to carry out investigations into and took measures to reduce their carbon emissions.

Operational Practices

CITIC Limited regards customers as lifeline for the corporate. We are customer-oriented in our operations, seeking to meet diversified customer needs through wide-ranging business lines. We communicate and cooperate with suppliers to set up a responsible supply chain. We firmly oppose corruption and bribery in order to maintain our sound reputation and corporate integrity.

We encourage the sharing of distinctive products and services in financial services, real estate, culture, tourism, food and other fields across the Company, in order to provide clients with unique value-added services. A wide diversity of offerings are co-developed by our subsidiaries to enhance customer experience, including Fortune Salon, Library on Cloud, CITIC Bookshelf, CITIC House, Life with CITIC, Travel with CITIC and Banking at Living Room.

We respect the innovative ideas and thinking that goes into new products and take every possible action to protect the intellectual property rights of their originators. By partnering with Alibaba and other online platforms, CITIC Dicastal launched the Special Campaign against Online Infringement of Intellectual Property Rights 2014. As a result, over 100 shops selling counterfeit goods were investigated, and nearly 5,000 infringement products were removed from shelves. CITIC Publishing was committed to safeguarding the interests of international copyright holders through various means.

The selection of responsible suppliers is an important element in ensuring a sustainable supply chain. Our real estate, infrastructure and manufacturing subsidiaries have all formulated relevant regulations on supplier selection and regulation.

Law-abiding is a critical part of our corporate culture. While we educate our employees on integrity and self-discipline, we have also set up a whistleblowing mechanism so that staff and members of the public can lodge complaints via post, email and a hotline, especially complaints on the important positions and key aspects of the Group.

Community Investment

CITIC Limited gives back to the communities where we operate, and our subsidiaries participate in community activities such as fund raising and support to local infrastructure construction and development. We also encourage our employees to volunteer their time and services to help those in need. We have contributed to a number of community projects in various regions by leveraging our advantages as a conglomerate as well as through the active participation of our employees.

In 2014, CITIC Limited and its subsidiaries raised funds for natural disaster relief, education, caring for the underprivileged and cultural and sports events. CITIC Limited donated RMB5 million to quake-hit Ludian County in Yunnan Province. CITIC Pacific contributed RMB6 million to typhoon-ravaged Wenchang City in Hainan Province. CITIC Bank spent RMB1.7 million to support 17 CITIC Bank-New Great Wall High School classes and donated RMB4.31 million to Zhejiang Charity Fund to help the underprivileged. CITIC Trust put RMB2 million into the CITIC Aerospace Development Fund.

Since our business is conducted in many different markets, we tailor our social responsibility activities to meet the specific circumstances and needs of the local communities in which we operate.

In Australia, CITIC Mining International sponsored important community activities, including the local FeNaCING Festival and the Cossack Art Award. Its employees donated almost AUD34,000 to the National Breast Cancer Foundation in Australia

In Indonesia, CITIC Seram supported RRI, a local official radio station, in organising the Folk

Dance Programme in Eastern Seram Regency. It also supported Manggala Yudha, a local district organisation, in organising the Arts, Culture and Charity Programme in Eastern Seram Regency.

In Angola, CITIC Construction worked with youth to help them acquire the skills they need to become professionals. CITIC Construction has introduced the BN Vocational School (BNVS) charity vocational education model in Angola with the founding of the CITIC BN Vocational School (Angola) — CITIC BNVS. By the end of 2014, CITIC Construction had invested USD700, 000 in CITIC BNVS, which has used the funds to build the school, pay teachers and to provide students with food and stationery.

Corporate Governance

CITIC Limited is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. A full description of CITIC Limited's corporate governance will be set out in the section of Corporate Governance contained in the Annual Report 2014.

Save as disclosed below, CITIC Limited has applied the principles and complied with all the code provisions of the corporate governance code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year 2014. In respect of code provision A.6.7 of the CG Code, Mr André Desmarais and Mr Carl Yung Ming Jie (both former non-executive directors), and Dr Xu Jinwu (independent non-executive director) were not able to attend the annual general meeting of CITIC Limited held on 14 May 2014 ("2014 AGM"). Mr André Desmarais and Dr Xu Jinwu were away from Hong Kong due to other engagements while Mr Carl Yung was ill. Mr Peter Kruyt, the alternate director to Mr André Desmarais attended the 2014 AGM. Mr Carl Yung Ming Jie and Mr Gregory Lynn Curl (both former non-executive directors), and Dr Xu Jinwu (independent non-executive director) were not able to attend the extraordinary general meeting of CITIC Limited held on 3 June 2014 as all of them had other engagements.

The audit and risk management committee of the board reviewed the 2014 financial statements with management and CITIC Limited's internal and external auditors and recommended its adoption by the board. The committee consists of three non-executive directors of whom two are independent.

Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments.

Dividend and Closure of Register

The directors have resolved to recommend to shareholders the payment of a final dividend of HK$0.20 per share (2013: HK$0.25 per share), which together with the interim dividend of HK$0.015 per share (2013: HK$0.10 per share) already paid makes a total dividend of HK$0.215 per share (2013: HK$0.35 per share) for the year ended 31 December 2014. The total dividend of HK$0.215 per share will amount to HK$5,355 million of CITIC Limited's profit for the year ended 31 December 2014 (2013: HK$1,277 million).

The proposed final dividend of HK$0.20 per share, the payment of which is subject to approval of the shareholders at the annual general meeting of CITIC Limited to be held on Tuesday, 2 June 2015 ("2015 AGM"), is to be payable on Friday, 19 June 2015 to shareholders whose names appear on the Register of Members of CITIC Limited on 10 June 2015.

The register of members of CITIC Limited will be closed during the following periods:

(i) from Thursday, 28 May 2015 to Tuesday, 2 June 2015, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2015 AGM. In order to be eligible to attend and vote at the 2015 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited's Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 27 May 2015; and

(ii) from Monday, 8 June 2015 to Wednesday, 10 June 2015, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited's Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 5 June 2015.

Purchase, Sale or Redemption of Shares

CITIC Limited has not redeemed any of its shares during the year ended 31 December 2014. Neither CITIC Limited nor any of its subsidiary companies has purchased or sold any of CITIC Limited's shares during the year ended 31 December 2014.

Forward Looking Statements

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent CITIC Limited's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some cases materially, from those implied or anticipated in any forward looking statement or assessment of risk.

Annual Report and Further Information

A copy of the announcement will be found on CITIC Limited's website (www.citic.com) and the Hong Kong Stock Exchange's website (www.hkex.com.hk). The full Annual Report will be made available on the websites of CITIC Limited and the Hong Kong Stock Exchange around 17 April 2015.

By Order of the Board
CITIC Limited
Chang Zhenming
Chairman

Hong Kong, 24 March 2015

As at the date of this announcement, the executive directors of CITIC Limited are Mr Chang Zhenming (Chairman), Mr Wang Jiong, Mr Dou Jianzhong and Mr Zhang Jijing; the non-executive directors of CITIC Limited are Mr Yu Zhensheng, Mr Yang Jinming, Ms Cao Pu, Mr Liu Zhongyuan and Mr Liu Yeqiao; and the independent non-executive directors of CITIC Limited are Mr Alexander Reid Hamilton, Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh and Ms Lee Boo Jin.