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(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6030)

2015 INTERIM RESULTS ANNOUNCEMENT

The board of directors of CITIC Securities Company Limited is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2015. This interim results announcement, containing the main text of the 2015 interim 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 accompanying preliminary announcements of interim results. The 2015 interim results announcement of the Company is available for viewing on the HKExnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and the website of the Company at <http://www.cs.ecitic.com>.

IMPORTANT NOTICE

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

This interim results announcement was considered and approved at the 42nd Meeting of the 5th Session of the Board. All Directors of the Company attended the meeting, and no Director raised any objection to this interim results announcement.

The interim financial statements of the Company was unaudited. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Hong Kong issued review opinions in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively.

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

Forward looking statements, including future plans and development strategies, contained in this interim results announcement do not constitute a substantive commitment to investors by the Company. Investors should be aware of such investment risks.

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

The Company had made no guarantee to external parties against the stipulated decision-making process.

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

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DEFINITIONS

A Shareholder(s)	holder(s) of A Shares
A Share(s)	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 (stock code: 600030)
AUM	assets under management
Beijing Guoan	Beijing Guoan Football Club Co., Ltd. (北京國安足球俱樂部有限責任公司)
Board	the board of directors of the Company
CAM	collective asset management
China AMC	China Asset Management Company Limited (華夏基金管理有限公司)
China CITIC Bank	China CITIC Bank Corporation Limited (中信銀行股份有限公司)
CITIC Corporation Limited	CITIC Corporation Limited (中國中信有限公司)
CITIC Futures	CITIC Futures Company Limited (中信期貨有限公司)
CITIC Group	CITIC Group Corporation (中國中信集團有限公司)
CITIC Limited	CITIC Limited (中國中信股份有限公司)
CITIC Pacific	CITIC Pacific Limited (中信泰富有限公司), a wholly-owned subsidiary of CITIC Limited
CITIC PE Fund	CITIC Private Equity Funds Management Company Limited (中信產業投資基金管理有限公司)
CITIC Securities Finance 2013	CITIC Securities Finance 2013 Co., Ltd. (中信證券財務2013有限公司)
CITIC Securities Finance MTN	CITIC Securities Finance MTN Co., Ltd.
CITIC Securities Investment	CITIC Securities Investment Limited (中信證券投資有限公司)
CITIC Securities Overseas Investment	CITIC Securities Overseas Investment Company Limited (中信證券海外投資有限公司)
CITIC Securities (Shandong)	CITIC Securities (Shandong) Co., Ltd. (中信證券(山東)有限責任公司)
CITIC Securities (Zhejiang)	CITIC Securities (Zhejiang) Co., Ltd. (中信證券(浙江)有限責任公司)
CLSA Limited	CLSA Limited (中信里昂證券有限公司)
Company or CITIC Securities	CITIC Securities Company Limited (中信證券股份有限公司)
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
CSDCC	China Securities Depository and Clearing Corporation Ltd.

CSI	CITIC Securities International Company Limited (中信証券國際有限公司)
CSRC	China Securities Regulatory Commission
Director(s)	the director(s) of the Company
GoldStone Fund	CITIC GoldStone Fund Management Company Limited (中信金石基金管理有限公司)
GoldStone Haorui	Qingdao GoldStone Haorui Investment Company Limited (青島金石灝納投資有限公司)
GoldStone Investment	GoldStone Investment Company Limited (金石投資有限公司)
Group	CITIC Securities Company Limited and its subsidiaries
H Shareholder(s)	holder(s) of H Shares
H Share(s)	the overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited (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
Jiantou Zhongxin	Jiantou Zhongxin Asset Management Co., Ltd. (建投中信資產管理有限責任公司)
Jindingxin Microfinance	Qingdao Jindingxin Microfinance Company Limited (青島金鼎信小額貸款股份有限公司)
Kington Securities	Kington Securities Limited Liability Company (金通證券有限責任公司)
KVB Holdings	KVB Kunlun Holdings Limited
KVB Kunlun Financial	KVB Kunlun Financial Group Limited (昆侖國際金融集團有限公司)
MOF	Ministry of Finance of the People's Republic of China
NSSF	National Council for Social Security Fund of the People's Republic of China
PwC Hong Kong	PricewaterhouseCoopers Hong Kong
PwC Zhong Tian	PricewaterhouseCoopers Zhong Tian LLP
Qianhai Equity Exchange	Qianhai Equity Exchange (Shenzhen) Company Limited (前海股權交易中心 (深圳) 有限公司)
Qingdao Lanhai Equity Exchange	Qingdao Lanhai Equity Exchange Co., Ltd. (青島藍海股權交易中心有限責任公司)
Related Party Transaction	has the meaning ascribed to it under the Rules governing the Listing of Stocks on Shanghai Stock Exchange currently in effect and as amended from time to time

SAIC	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
Shenzhen Bureau of the CSRC	the Shenzhen Securities Regulatory Bureau of CSRC
SSE	Shanghai Stock Exchange
SZSE	Shenzhen Stock Exchange
TAM	targeted asset management
Wind Info	Wind Information Co., Ltd. (上海萬得信息技術股份有限公司)
Xiamen Cross-strait Equity Exchange	Xiamen Cross-strait Equity Exchange Co., Ltd. (廈門兩岸股權交易中心有限公司)
Zhongzheng Asset	Zhongzheng Asset Management (Shenzhen) Company Limited (中證資本管理 (深圳) 有限公司)

I. Company Profile

1.1 Company Information

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
President	CHENG Boming
Authorized Representatives	YIN Ke, ZHENG Jing

Registered Capital and Net Capital

In RMB

	30 June 2015	31 December 2014
Registered Capital	11,016,908,400.00	11,016,908,400.00
Net Capital (Parent Company)	69,713,956,684.54	44,319,246,529.28

Note: After the Company completed the issuance of 1.1 billion H Shares on 23 June 2015, the total number of shares increased from 11,016,908,400 shares to 12,116,908,400 shares. The Company completed the change of registrations with the industry and commerce administration on 4 August 2015, and the registered capital of the Company increased to RMB12,116,908,400.

Business Qualifications for Each Individual Business of the Company

The business scope of the Company covers: securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang 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; distribution of financial products; and stock options market making.

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; pilot business of agency services for gold and other precious metal spot contracts and proprietary trading for spot gold contracts; custodian business for securities investment funds; and credit risk mitigation instruments selling business.
2. Business qualifications approved by the SSE: SSE fixed income platform market maker; warrants trading; stock-pledged repo business; Southbound Trading Link business; financing business with respect to exercising options under share incentive schemes of listed companies; stock options brokerage; proprietary trading for stock options; and principal market maker in SSE 50 ETF options contracts.
3. Business qualifications approved by the Securities Association of China: quoted transfer; underwriting private placement of bonds by small and medium-sized companies; OTC business; engaging in recommended businesses and brokerage business through stock transfer systems; OTC options business; and Internet-based securities business.
4. Business qualifications approved by the People's Bank of China: member of the national inter-bank lending market; commercial paper underwriting; market maker in inter-bank bond market; and open market Class A trader.
5. Business qualifications approved by the Interbank Market Clearing House Co., Ltd.: Comprehensive Clearing Member of RMB Interest Rate Swaps Central Clearing Business; Comprehensive Clearing Member of Bond Transaction Net Clearing Business; Comprehensive Clearing Member of Standard Bond Forward Transactions; and Comprehensive Clearing Member of Freight and Commodity Clearing Business.
6. Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of CSDCC; licence 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 team of policy bank; qualified manager of converted shares of the NSSF; qualified NSSF domestic investment manager; entrusted management of insurance funds; pilot refinancing business; sideline insurance agency business; the new OTC market maker; and private equity business outsourcing service provider.

1.2 Contact Person and Methods

Secretary to the Board, Company Secretary	
Name	ZHENG Jing
Contact Address	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Telephone	0086-10-6083 6030, 0086-755-2383 5383
Facsimile	0086-10-6083 6031, 0086-755-2383 5525
Email	ir@citics.com

1.3 Basic Information

During the reporting period, there was no change in the basic information of the Company.

Registered Address	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Postal Code of Registered Address	518048
Office Address	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Note: This is a postal address and is in the same building as that of the registered address of the Company. The registered address of the Company corresponds to the name of the building registered with the Shenzhen Real Estate Ownership Registration Centre.) CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Postal Code of Office Address	518048; 100026
Place of Business in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website	http://www.cs.ecitic.com
Email	ir@citics.com
Telephone	0086-755-2383 5888, 0086-10-6083 8888
Facsimile	0086-755-2383 5861, 0086-10-6083 6029
Customer Service Hotline for Brokerage and Asset Management Businesses	0086-95548, 0086-40088 95548
Registration Number of Corporate Legal Person Business Licence	100000000018305
Tax Registration Number	Shen Guo Shui You Zi 440300101781440; Shen Di Shui Zi 440300101781440
Certificate of Organization Code	10178144-0

1.4 Information Disclosure and Availability Places

During the reporting period, there was no change in the places for information disclosure and availability of the Company.

Newspapers designated for information disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
Websites for information disclosure	Website designated by the CSRC: http://www.sse.com.cn (website of the SSE) Website designated by the Hong Kong Stock Exchange: http://www.hkexnews.hk (HKExnews website of HKEx)
Place where Interim Reports of the Company 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

1.5 Shares of the Company

Class of Shares	Stock Exchange of Listing	Stock Name	Stock Code	Stock Name Before Change
A Shares	SSE	CITIC Securities	600030	N/A
H Shares	Hong Kong Stock Exchange	CITIC SEC	6030	N/A

1.6 Changes in Registration Status during the Reporting Period

On 3 March 2015, the Company completed the registration and filing procedures for changes in the Articles of Association of the Company at SAIC, which were mainly related to the expanded scope of business of the Company, and obtained a new business licence.

On 4 August 2015, the Company completed the registration and filing procedures for changes in the Articles of Association of the Company at the Guangdong Province Administration for Industry & Commerce, which were mainly related to changes in the scope of business and changes in the registered capital and number of shares of the Company, and obtained a new business licence.

(Note: In August 2015, the registration and filing administration of the Company was transferred from SAIC to Guangdong Province Administration for Industry & Commerce.)

II. FINANCIAL SUMMARY

2.1 Key Accounting Data and Financial Indicators

In RMB millions

Items	30 June 2015	31 December 2014	Variance in comparison with the end of last year (%)
Total assets	775,506	479,626	61.69
Total liabilities	642,755	378,495	69.82
Equity attributable to owners of the parent	130,292	99,099	31.48
Issued share capital	12,117	11,017	9.98
Net assets per share attributable to owners of the parent (RMB yuan)	10.75	9.00	19.44
			Increased by 1.31 percentage points
Gearing ratio (%)	74.54	73.23	

In RMB millions

Items	Six months ended 30 June 2015	Six months ended 30 June 2014	Variance in comparison with the corresponding period of last year (%)
Total revenue and other income	39,301	16,330	140.67
Operating profit	16,525	5,799	184.96
Profit before income tax	16,927	5,824	190.64
Net profit attributable to owners of the parent	12,470	4,076	205.94
Net cash inflow/(outflow) from operating activities	-13,906	-9,491	N/A
Basic earnings per share (RMB yuan)	1.13	0.37	205.41
Diluted earnings per share (RMB yuan)	1.13	0.37	205.41
			Increased by 7.23 percentage points
Return on weighted average equity (%)	11.79	4.56	

Note: In calculating the gearing ratio for the above reporting periods, customer brokerage deposits have been excluded from the assets and the liabilities.

2.2 Net Capital and Relevant Risk Control Indices of the Parent Company

As at 30 June 2015, the net capital of the parent Company amounted to RMB69,714 million, representing an increase of 57.30% as compared to the net capital of RMB44,319 million as at 31 December 2014, mainly attributable to the issuance of H Shares, issuance of subordinated bonds and the significant increase in net profit of the Company during the reporting period.

Items	30 June 2015	31 December 2014
Net capital (RMB millions)	69,714	44,319
Total risk capital reserves (RMB millions)	12,488	7,144
Net assets (RMB millions)	104,499	78,684
Net capital/total risk capital reserves (%)	558.23	620.35
Net capital/net assets (%)	66.71	56.33
Net capital/total liabilities (%)	21.90	19.85
Net assets/total liabilities (%)	32.83	35.24
Value of equity securities and derivatives held/net capital (%)	56.01	90.73
Value of fixed income securities held/net capital (%)	141.11	186.78

Note: 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Analysis of Principal Businesses

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, alternative investment and block trading business.

The Group provides asset management services and products to clients in China and globally. The Group has commenced asset management businesses in CAM, TAM, SAM, fund management and other investment accounts management.

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

3.1.1 Investment Banking

Equity Financing

Market Conditions

In the first half of 2015, the scale of equity financing in the A-share market amounted to RMB722,257 million, representing a year-on-year increase of 115.79%. In particular, funds raised by IPOs amounted to RMB147,383 million. Among follow-on offerings, funds raised by non-public issuances were RMB464,370 million (of which, funds raised by non-public issuances in cash category were RMB305,425 million), representing a year-on-year increase of 66.88%, which remains the principal method of follow-on offerings. Funds raised by rights issue were RMB4,104 million, representing a year-on-year decrease of 66.35%, funds raised by convertible bonds increased by 72.88% year-on-year to RMB8,400 million, and the scale of funds raised by preference shares amounted to RMB98,000 million.

In the first half of 2015, the market share of the top ten securities firms in terms of A-share underwriting amount totalled 54.67%, representing a decrease as compared to 66.24% in the corresponding period of 2014.

Actions and Achievements

In 2015, following the progress of the market-oriented reform and rapid development of internet finance, the securities industry is facing a new development landscape and gradually has entered into a development phase of increased leverage ratio and asset turnover ratio, and its profitability model is shifting from channel-driven to transaction-driven model. Against the backdrop of the upcoming reform towards a registration-based system, the number and amount of equity financing projects remarkably increased during the first half of 2015 as compared to the same period of 2014. To adapt to new development trends, the Company timely adjusted its business strategies, enhanced its execution of equity-based business and expanded its client coverage in key regions. Meanwhile, the Company continued to implement the business strategy of “full product coverage”, strengthened its efforts in developing innovative businesses, endeavoured to enhance its overall competitive edge, and explored the establishment of a new diversified profitability model.

In the first half of 2015, the Company completed a total of 36 projects in A-share lead underwriting with an aggregate lead underwriting amount of RMB95,908 million, representing a market share of 13.28%. The Company ranked first in the market in terms of both the number of lead underwriting projects and the lead underwriting amount. Among which, eight were IPO projects with an aggregate lead underwriting amount of RMB11,475 million; 28 were follow-on offering projects with a total lead underwriting amount of RMB84,433 million.

Project	First half of 2015		First half of 2014	
	Lead Underwriting Amount (RMB millions)	Number of Issues	Lead Underwriting Amount (RMB millions)	Number of Issues
IPOs	11,475	8	5,169	2
Follow-on offerings	84,433	28	33,085	9
Total	95,908	36	38,254	11

Source: Wind Info and the Company's internal statistics

Note: When data in the above table was compiled, IPO projects were considered to have been completed on the online issuance date; follow-on issuance, public and non-public issuance of shares as well as issuance of preference shares projects were considered to have been completed on the announcement date; rights issue projects were considered to have been completed on the record date; and the convertible bonds projects were considered to have been completed on the value date.

With respect to the international business, the integration between the Company and CLSA Limited achieved preliminary results, creating synergies for the Company's business in the Asia Pacific region. In the equity capital market, the Company completed a total of six IPOs and 13 follow-on offerings and block trades in offshore markets, raising approximately USD14,400 million in aggregate during the first half of 2015. Of these projects, four IPOs and ten follow-on offerings and block trades were completed in the Hong Kong market. According to the Dealogic statistics, in the first half of 2015, the Company ranked first in Asia in terms of underwriting amount in equity-based projects in the Hong Kong market, and ranked fourth in Asia in terms of underwriting amount in equity-based projects in Asia (excluding Mainland China and Japan), representing a further improvement when compared with the sixth ranking in 2014. In the FinanceAsia's annual awards, CSI was granted three awards: "Best Chinese Investment Bank in Hong Kong", "Best Chinese ECM House in Hong Kong" and "Best Chinese Broker in Hong Kong".

Outlook for the second half of 2015

In the second half of 2015, the Company will continue to optimize its business structure in the traditional sectors and new economy sectors, deepen its understanding of customer needs, and create more added value to clients in order to achieve mutual growth. While continuing to optimize its allocation of internal resources, with the traditional IPO business as its foundation to serve customers, the Company will push forward mergers and acquisitions and overseas listing opportunities from new customers, continue to transform from an investment bank as an "intermediary service provider" into one as an "industry service provider" and "trading service provider", and strive to achieve an integrated operation for its domestic and overseas investment banking business through establishing and improving the platform, system and mechanism for an investment bank as a trading service provider.

Debt and Structured Financing Business

Market Conditions

In the first half of 2015, market liquidity remained loose and the interest rates of bonds showed a downward trend amid fluctuations due to a number of factors such as slower economic growth, low inflation rate and consecutive cutting of benchmark interest rates and the amount of reserves by the central bank. Guided by a number of downward adjustments to interest rates of the open market operations by the central bank, repo rates were distinctively low, and the short-term of the yield curve dropped relatively fast while medium- to long-term yields declined steadily, representing steepening yield curves. Among different products, the yields of all types of bonds declined significantly. The decrease in short-term yields of interest rate products was significantly greater than that in medium- to long-term yields, while the yields of long-term coupon bonds declined slightly, which also showed steepening yield curves. Similar performance was also seen in credit products. The decline in short-term products was greater than that in medium- to long-term products, but the decline in short-term credit bonds was lower than that in coupon bonds. There was not much difference in the rate of changes in credit spreads of products of different maturity terms.

Actions and Achievements

In the first half of 2015, the Company completed a total of 102 lead underwriting projects for enterprise bonds, corporate bonds, financial bonds, medium-term notes, commercial papers and asset-backed securities, with a lead underwriting amount of RMB119,034 million, representing 3.01% of the market share. The Company ranked first in the industry in terms of both the number of issues and the underwriting amount.

Project	First half of 2015		First half of 2014	
	Lead Underwriting Amount (RMB millions)	Number of Issues	Lead Underwriting Amount (RMB millions)	Number of Issues
Enterprise bonds	8,667	6	11,567	6
Corporate bonds	5,800	3	1,799	10
Financial bonds	51,408	20	48,850	20
Medium-term notes	22,500	25	20,615	24
Commercial papers	8,750	9	4,750	9
Asset-backed securities	21,909	39	19,411	25
Total	119,034	102	106,992	94

Source: Wind Info and the Company's internal statistics

While maintaining its leading position in the conventional bond business, the Company further explored business development opportunities in the asset securitization market, formulated an overall plan, accelerated implementation progress and continued to promote products innovations as an important approach to stabilizing its market share. At the same time, the Company proactively pushed forward the transformation and development of structured financing business in the existing market environment, and explored innovations in business model to seek new profit sources.

With respect to the international business, the Company issued a total of 11 tranches of USD-denominated bonds and four tranches of RMB-denominated bonds in the offshore markets, raising approximately USD11,700 million in aggregate during the first half of 2015.

Outlook for the second half of 2015

In the second half of 2015, the Company will continue to develop based on stable and sound operation, strengthen its core principle of compliant operation, and enhance awareness of risks in order to further improve its capabilities in identifying, managing and eliminating risks. The Company will fully and effectively integrate its internal and external resources to facilitate business integration and improve its competitiveness in all aspects. In addition, it will increase efforts in product innovations and accelerate business transformation into an investment bank as a trading service provider which competes mainly on product designs and product innovations, and strive to enhance the brand recognition and product standardization.

Market Conditions

According to the Bloomberg statistics, the total value of global merger and acquisition transactions announced in the first half of 2015 reached USD1.83 trillion, representing a year-on-year increase of 16.18%; the number of announced merger and acquisition transactions amounted to 17,742, representing a year-on-year increase of 12.05%. In terms of geographical locations, most of the transaction value was generated from North America, which accounted for approximately 48.78% of the total value of global merger and acquisition transactions. On a sector basis, transaction value was mainly generated from the non-cyclical consumer, finance and communication sectors, which in aggregate accounted for approximately 54.51% of the total value of global mergers and acquisitions.

In the first half of 2015, the total value of merger and acquisition transactions participated by Chinese enterprises amounted to USD263,900 million, representing a year-on-year increase of 90.54%. The number of announced mergers and acquisitions amounted to 1,832 transactions, representing a year-on-year increase of 43.80%. The value of merger and acquisition transactions in China accounted for 40.83% of that in the Asia Pacific region. Most of the transaction value was generated from the finance, communications and cyclical consumer sectors, which in aggregate accounted for approximately 53.33% of the total value of mergers and acquisitions in China.

Actions and Achievements

The Company's internal and external linked actions in onshore and offshore merger and acquisition businesses and the development trend of concerted progress continued further in the first half of 2015 and maintained its leading position among peers in the industry. According to the Bloomberg statistics, as at 30 June 2015, in the global ranking of financial advisors for announced mergers and acquisitions participated by Chinese companies during the first half of 2015, the Company ranked second in the global ranking of financial advisors and ranked first among Chinese investment banks with a total transaction value of USD20,355 million and 20 transactions.

In the first half of 2015, the Company continued to strengthen professional execution and resources utilization in domestic mergers and acquisitions and deepen its understanding of customer needs to capture the business opportunities arising from market-oriented mergers and acquisitions, industry consolidation, transformation and upgrading of private enterprises, reform of mixed ownership systems in state-owned enterprises and the homecoming of China concept stocks. At the same time, the Company deepened its all-rounded cooperation with overseas strategic partners, thereby further developing and expanding its overseas business networks.

Outlook for the second half of 2015

In the second half of 2015, with respect to the domestic merger and acquisition market, the Company will continue to strengthen its professional ability in execution and extensive coverage of customers to maintain the most competitive market position. The Company will further exploit its advantage in resources utilization, in-depth understanding of customer needs and continue to capture market opportunities to further "consolidate strengths, explore innovations and utilize resources". With respect to the cross-border merger and acquisition market, the Company will follow the market trend and complete projects with market influence by utilizing the strengths of cross-border talents accumulated over the years and overseas experience of market exit by way of privatization, as well as the abundant resources and solid capital resources of the domestic capital markets. Meanwhile, through sustained development and continuous expansion of its overseas networks and more extensive and deeper participation in cross-border merger and acquisition transactions with international influence, the Company aims to build up its brand name and dominant position in the cross-border merger and acquisition market involving Chinese enterprises.

While maintaining the competitive advantages of conventional financial advisors, the Company will also make full use of its accumulated project experience and client resources to develop buy-side business through its market position and influence on sell-side business, enhance its ability to provide flow-based services for merger and acquisition transactions, vigorously explore investment and financing business opportunities in domestic and overseas merger and acquisition transactions, increase the added-value of its financial advisory business, improve client loyalty and boost capital return.

3.1.2 Brokerage

Market Conditions

In the first half of 2015, the domestic secondary market recorded active trading activities, and the average daily turnover continued to surge. The average daily turnover of stocks and funds amounted to RMB1,209.8 billion, representing a year-on-year growth of 554%. With the development of internet finance and the relaxation policy of “one person multiple accounts”, the commission rate of the industry continued to decrease to reach a level of approximately 0.055%, representing a decrease of 20% as compared to the end of 2014. As at 30 June 2015, the value of securities in custody in the whole market was RMB38.62 trillion, up by 55% as compared to RMB24.86 trillion at the end of 2014. The value of client balance (including credit transactions) was RMB3.41 trillion, up by 184% as compared to RMB1.2 trillion at the end of 2014.

Actions and Achievements

In the first half of 2015, by seizing the market trend of “institution-orientation and product development” for brokerage business, the Group continued to vigorously develop institutional clients and strengthened the building of an investment advisory system to provide clients with comprehensive financial services. In the first half of 2015, the Group recorded a total trading turnover of RMB18 trillion of stocks and funds on the SSE and the SZSE, representing a market share of 6.31%, ranking second in the market.

The key direction of the Group’s brokerage business is transforming into a product sales and general asset management business. In the first half of 2015, the Company, CITIC Securities (Zhejiang) and CITIC Securities (Shandong) jointly provided agency sales services for financial products in an amount of RMB207,524 million. The Company encouraged exerting more efforts in the development and education of private equity institutional clients by branches and sub-branches, and enhancing the service efficiency of administration, custody and brokerage.

The Company proactively promoted the transformation of its network by positioning its branches as entities for carrying out all businesses of the Company. The Company’s branches and sub-branches are gradually becoming comprehensive sales outlets and service centres for all businesses of the Company.

The Company has long emphasized on the importance of building up its high-end clientele. As at 30 June 2015, 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 RMB4.63 trillion in total. The number of high-net-worth individual clients with an entrusted asset value of RMB5 million or more increased by 211% year-on-year. In respect of institutional clients, the number of general legal person customers reached 33,000, the number of QFII clients was 142 and the number of RQFII clients was 33, ranking first in terms of the aggregated market share of QFII and RQFII clients’ trading volume.

Outlook for the Second half of 2015

In the second half of 2015, the Company will accelerate its transformation towards high-end development. By leveraging the sales opportunities of equity-based products, rapid growth opportunities in quantitative hedging and other professional transactions will be captured to improve the sales of quantitative hedging products and nurture professional trading clients. The Company will seize the historic opportunity of the development of the new OTC market and explore various business opportunities such as market making, financing, mergers and acquisitions, and investment, based on the listing business on new OTC market. The Company will strengthen the building of an investment advisory team to increase its commission pricing ability through the provision of comprehensive financial services, open up channels for general asset management customers for agency sales by the Company and continue to enhance the service standards for private equity institutions.

3.1.3 Trading

Market Conditions

In the first half of 2015, the A-share market experienced the continued upward price shocks from January to early June and declined rapidly in mid-June of 2015. The increase in the industry indices of computer, communication, light industry manufacturing and catering and tourism was relatively high, which demonstrated that new economic and new consumption patterns were being sought after by the market. On 30 June 2015, the SSE Composite Index closed at 4,277.22 points, representing an increase of 32.23%; the SZSE Component Index closed at 14,337.97 points, representing an increase of 30.17%; the CSI 300 Index closed at 4,473.00 points, representing an increase of 26.58%.

Actions and Achievements

Flow-based Business

For the equity flow-based business, the Company provided its corporate clients with Equity Solution services such as stock repo, stock-pledged repo, market cap management and increase in holdings by shareholders, launched OTC derivatives businesses such as structured products, total return swaps, OTC options quotation and linked structured notes for institutional clients, and continued to make great efforts in developing its market-making business through expanding its scale of the market-making business in ETF, the new OTC market listed companies and SSE 50 ETF options. In addition, the Company actively prepared for the market-making business of index options, individual stock options and SZSE ETF options to form a business model with extensive client base, a wide range of products, and relatively stable yields in general. During the reporting period, these businesses experienced rapid growth. In particular, the scale of businesses of stock-pledged repo, OTC derivatives businesses, ETF market-making, ETF options market-making and the new OTC market-making increased rapidly, maintaining the market leading position.

With respect to fixed income business, by capitalizing on its extensive clientele network, the Company actively developed new customers, new sources of demand, and further enhanced the capabilities in product innovation and design to develop flow-based business. More specifically, measures adopted included promoting innovative products such as quotation-based repo and asset-backed securitization; continuing to promote self-branded wealth management products; enhancing its capabilities in product design and sales; continuing to enhance its liquidity management and improve its market-making capability; strengthening its investment advisory services for wealth management of commercial banks and small- and medium-sized financial institutions; meeting the business demands of its clients for risk management, investment and financing.

With respect to the commodities business, the Company, by adhering to the principle of serving the real economy, continued to strengthen its business exploration in the commodities business. The Company continued to expand the scale of the precious metal trading business; the Company also commenced OTC swaps business such as freight index, thermal coal, iron ore and copper premium on the Shanghai Clearing House, commenced the commodity OTC options business and continued to carry on the carbon emissions market trading business. The Company actively expanded spot related business, pushed forward the construction of the spot and warehousing platforms, carried on metal spot trading, and accelerated the launch of the energy business and the aircraft and ship chartering business, thereby expecting to provide services to a wide range of domestic and foreign clients via a variety of means.

With respect to the prime services business, in the first half of 2015, the application of leverage was active and the development of the financing business was rapid. However, the Company insisted on the principle of prudent development and was the first securities company in the market that took the initiative to implement risk control measures such as concentration control of the margin financing and securities lending business, voluntarily reduced financing leverage and restricted development of the business scale. During the market-wide liquidity crisis that commenced in June 2015, this measure effectively protected the safety of the margin financing and securities lending business of the Company. As a result of strictly controlled market risks and liquidity risks, as at 30 June 2015, the balance of margin financing and securities accounts of the domestic margin financing and securities lending business of the Group was RMB113,061 million, among which the balance of the margin financing business and the securities lending business was RMB112,932.5 million and RMB128.5 million, respectively.

Item	Company	30 June 2015	31 December 2014
Balance of margin financing and securities lending accounts (RMB millions)	CITIC Securities	80,406	48,786
	CITIC Securities (Zhejiang)	19,331	16,077
	CITIC Securities (Shandong)	13,324	7,263
	Total	113,061	72,126

Source: Wind Info and the Company's internal statistics

Proprietary Trading

In the first half of 2015, the Company proactively pushed forward the strategic transformation of proprietary trading. By introducing the risk/reward ratio as an important reference indicator for investment decision making, the Company proactively managed risks and received better gains through fundamentals investment, hedging, arbitrage and quantitative investment, etc.

In 2015, the Company further enriched and diversified its alternative investment strategies by covering both domestic and foreign markets and flexibly utilizing all kinds of financial instruments and derivatives to grasp arbitrage opportunities brought by an increase in the market trading volume and more intense fluctuations, including stock index futures-spot arbitrage, statistical arbitrage, structured fund arbitrage, ETF arbitrage, options arbitrage and cross-border arbitrage etc. While obtaining low-risk and stable investment returns, the Company offered liquidity for the market. In addition to the trading strategy of self-development, the Company also invested in domestic and overseas hedge funds of various kinds.

Outlook for the Second half of 2015

In the second half of 2015, the Company will continue to put in great efforts in developing the equity flow-based business and continue to diversify the structure and types of products and focus on nonlinear products such as exchange traded options, OTC options and equity-linked structured notes in order to better meet its clients' demands for investment, financing and risk management. It will expand the construction of infrastructure such as trading system to improve client experience. The Company will further research and develop new trading strategies and proactively capture investment opportunities offered by the multi-market environment, multi-asset categories and multi-investment tools domestically and internationally in order to diversify sources of revenue and to steadily increase investment yields. The Company will enhance the management over liquidity of fixed income flow-based business to improve its abilities in market-making, sale and pricing; and it will proceed with scale development and internationalization of the commodities business to consolidate its competitive edges.

In the second half of 2015, the Company will adhere to the principle of the optimum risk/reward ratio and further research and develop new trading strategies for its stock proprietary trading business to diversify sources of revenue and steadily enhance the trading yields, while proactively managing risks and prudently allocating capital. The Company will further research and develop new strategies for its alternative investment business, construct a more effective trading system and capture investment opportunities emerging in various markets in order to steadily increase investment yields.

The Company will further establish a more complete risk control system for the margin financing and securities lending business and optimize the structure of sources of funds. The market scale of the margin financing and securities lending business is expected to continue to maintain a steady growth trend, with securities lending expecting to account for a greater proportion of the margin financing and securities lending business. Based on the achievements made in building up the prime services system, the Company will focus on enhancing its quality of service and, through product innovation and service innovation, maintain its leading position.

3.1.4 Asset Management

Market Conditions

In the first half of 2015, the A-share market experienced upward price shocks with the rapid growth of the performance of asset management institutions such as brokers, insurance companies, mutual funds and private equity investment. Against the backdrop of the new normal economy, the rapid development of the asset management industry is conducive to supporting the development of the real economy, improving the domestic social financing structure and increasing the property income of residents. With the deepening of the financial reform and changes in regulatory policies, the development of the asset management business of securities companies is faced with major opportunities and challenges under the situation of increased market competitors, broadened investment scope, rich product structure mode and diversified forms of business operations.

Actions and Achievements

Asset Management of the Company

As at 30 June 2015, the Company's total AUM amounted to RMB1,135,482 million, comprising CAM, TAM (including enterprise annuity and NSSF) and SAM of RMB120,697 million, RMB994,047 million and RMB20,738 million, respectively.

Type	AUM (RMB millions)		Management fees (RMB millions)	
	30 June 2015	31 December 2014	First half of 2015	First half of 2014
CAM	120,697	77,961	479.10	66.57
TAM	994,047	661,129	359.33	165.08
SAM	20,738	15,917	4.55	1.58
Total	1,135,482	755,007	842.98	233.23

Source: the Company's internal statistics

In the first half of 2015, the Company, by continuously adhering to “customer orientation”, “employees’ development”, “team cooperation” and “open innovation” as the four core philosophies of its asset management business, actively created greater values for customers, employees and shareholders.

The Company actively pushed forward the platform business strategic transformation of its asset management business. By making use of and integrating internal and external resources with Internet thinking and by virtue of big data evaluation technology and account system operation technology, the Company built a trading service platform based on “multiple products, multiple strategies and multiple investment managers” and achieved remarkable results.

AUM of the asset management business of the Company first exceeded RMB1 trillion, representing an increase of more than 50% compared to the end of 2014, of which, TAM of institutions comprising mainly banks, insurance companies and state-owned enterprises grew by more than RMB300,000 million compared to the end of 2014. CAM first exceeded RMB100,000 million. The number of subsisting products reached 299 (including priority products).

China AMC

During the reporting period, China AMC continued upholding the four driving forces of “talents, investment research, products and sales” amid a complex market environment, strived to enhance investment performance and improve management standard. Steady operation was achieved in various business segments, and it remained in the forefront of the industry in terms of AUM.

As at 30 June 2015, the AUM of China AMC was RMB565,996 million, representing an increase of 23.48% as compared to the end of 2014, of which, the AUM of its mutual funds was RMB408,205 million, representing an increase of 22.86% as compared to the end of 2014, and taking up a market share of 5.73%. The AUM of institutional business reached RMB157,791 million (excluding investment and consultation, etc.), representing an increase of 25.11% as compared to the end of 2014.

Outlook for the Second half of 2015

In the second half of 2015, the Company's asset management business will continue adhering to the philosophy of "safety and steadiness, innovation and excellence", focus on the management and control of market risks, pursue active expansion and innovations according to market conditions, further enhance investment management standards, reinforce asset reserves and innovative strategies, and strive to provide comprehensive asset allocation solutions to institutional customers and high-net-worth customers.

In the second half of 2015, China AMC will continue to reinforce the building of talent teams, strengthen investment research capabilities, and further promote innovations, improve the layout of product lines, adopt new lines of thinking for sales and enhance service quality with customer demand orientation, while insisting on regulated and sound operations to enhance comprehensive competitiveness in various aspects, such as investment research capability, innovation capability, risk control standards and operation capability.

3.1.5 Investment

Private Equity Investment

Market Conditions

In the first half of 2015, the private equity investment fund market in the PRC maintained a relatively high level of activities. The number and amounts of newly launched funds further increased year-on-year. According to the statistics of Zero2IPO, 395 private equity funds were disclosed to have completed their subscriptions in the PRC private equity investment fund market during the first half of 2015, representing a year-on-year increase of 84%, and the total fundraising amount reached USD26,350 million, representing a year-on-year growth of 14%.

In the first half of 2015, private equity investments in the PRC remained active. According to the statistics of Zero2IPO, 613 private equity investments were completed in the private equity investment market in the PRC during the first half of 2015, representing a year-on-year increase of 28%. The total investment amount of investment projects with disclosed value reached USD16,408 million, representing a decrease of 34% year-on-year, and the average investment amount of each project also decreased. Significant decrease in total investment amount related to significant decrease in investment cases of real estate with high average investment amount, which was attributable to a significant decline in the transaction value of real estate since the second half of 2014 and less favourable expectation on real estate enterprises.

With respect to the exit aspect of the private equity investment industry, under the impact of active turnover in the A-share market, exit activities continued to increase significantly. According to the statistics of Zero2IPO, a total of 412 exit cases occurred in the private equity investment market in the PRC during the first half of 2015, representing an increase of 106% year-on-year, which was more than the total number of exit cases for the full year of 2014. The reasons for hitting a new record high of exit cases were mainly due to a drastic increase in the number of exit through IPOs, with a total number of 200 cases of exit through IPO in the first half of 2015. In addition, given the advantages of the market maker system and the transfer of listing mechanism of the new OTC market, exit through the new OTC market had also become a major exit channel.

By leveraging on the Group's network and the project resources of GoldStone Investment team, GoldStone Investment, a wholly-owned subsidiary of the Company, carried out strategic investments by focusing on the trading opportunities arising from medium to large scale equity investments in the Chinese market. GoldStone Haorui, a wholly-owned subsidiary of GoldStone Investment, is the Company's PE investment platform for its proprietary capital, and mainly invests in the areas of information technology, medical services and high-end manufacturing sectors. In the first half of 2015, GoldStone Haorui completed 19 PE investment projects with an investment amount of RMB622 million. As at 30 June 2015, GoldStone Haorui completed a cumulative total of 50 PE investment projects with cumulative investment amount of RMB1,728 million.

As at 30 June 2015, Qingdao GoldStone Hongxin Investment Centre (Limited Partnership), a direct investment fund established by GoldStone Investment, invested in a cumulated number of four projects with a total investment amount of RMB892 million. CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership), a buyout fund established by GoldStone Investment, accumulated a total investment amount of more than RMB3.5 billion and had a total AUM of more than RMB7 billion. Its investment strategy focused on leading enterprises of key industries related to population and upgraded consumption and participation in the reforms of state-owned enterprises, and its investment coverage also included areas of "new economies" such as Internet, green energy environmental protection and modern agriculture, as well as cross-border investments with themes on transfer of industries and acquisition of new high technologies.

As at 30 June 2015, CITIC Qihang Securities Investment Private Fund, for which GoldStone Fund acted as the fund manager, had a total size of RMB5,188 million for investments in Grade-A office properties in Beijing and Shenzhen. Designed and based on the concepts of REITs in developed overseas markets, the underlying assets of this fund are the Company's quality self-owned properties and the fund is the Company's important innovative practice in the PRC real estate financing sector. It has great demonstrative value for the start-up of the market for securitization of real estates in the PRC.

CITIC Suning Yunchuang Private Investment Fund, for which GoldStone Fund acted as the fund manager, invested in the relevant interests of 11 outlet properties formerly held by Suning Commerce. As at 30 June 2015, a distribution in specie to Suning Commerce as investor was carried out and resulted in a decrease in the size of fund to RMB2,257 million. The fund was the first exchange-traded REITs fund investing in commercial properties in the PRC after CITIC Qihang Securities Investment Private Fund, and helped the domestic commercial enterprises to initiate their revitalization of stock assets and more effectively carry out their innovative models on asset operation.

On 15 June 2015, CITIC Suning Yunchuang Private Investment Fund II, for which GoldStone Fund acted as the fund manager, was officially established with a total size of RMB3,265 million at inception and invested in the relevant interests of 14 outlet properties formerly held by Suning Commerce. After establishment of the fund, a distribution in specie to Suning Commerce as investor was carried out and the size of fund was reduced to RMB1,588 million. The fund was a property financing model of continuous capital operations after the successful launch of CITIC Suning Yunchuang Private Investment Fund for helping domestic commercial enterprises to pursue strategic transformation and separation of light and heavy assets, which opened a new chapter on the fast development of e-commerce transformation for commercial enterprises.

Outlook for the second half of 2015

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

GoldStone Investment will make utmost effort to invest in proprietary funds, PE funds and buyout funds, while actively exploring innovative investment areas and trying new business models on the basis of the launch of innovative businesses such as REITs funds and parent funds and in response to changes in economic environment such as deep adjustment to economic structure and industry development trend such as aging of population and new types of urbanization, to build up comprehensive and multi-level equity investment capabilities and enlarge revenue scale for full utilization of financing capacity and advantages to increase revenue for the Company.

Strategic Principal Investments

CITIC PE Fund manages two funds, namely CITIC Mianyang Private Equity Fund and Beijing CITIC Investment Centre (Limited Partnership). In the first half of 2015, the two funds had a total of three additional investment projects with a total investment amount of approximately RMB687 million.

In the second half of 2015, CITIC PE Fund will continue to adhere to the dual investment strategies of “buyout investment and growth investment”, whereby it will fully utilize fund investors, shareholders of management companies and the resource network system formed by domestic and international professional investment institutions and intermediaries to develop business channels actively, enhance interflow exchange in the industry, learn from advanced experience of leading institutions in the industry and picking investment opportunities selectively. Meanwhile, CITIC PE Fund will principally focus on and pay attention to investment targets in key areas and industries with industrial experience and distribution of resources, and will conduct continuous tracking on leading enterprises with excellent management teams, core technologies and sustainable innovative capacities for key promotions.

In addition, CITIC PE Fund will also continue to focus on the exit of invested projects and carry out prudent assessment on various feasible exit channels for invested projects. At the same time of promoting IPOs for enterprises, more systematic, proactive and replicable exit models will be gradually built and suitable timing and channels will be sought for exit of investment projects.

3.1.6 Research Business

In the first half of 2015, the Company’s research business continued to increase investment in the research on Internet and achieved breakthrough in the area of overseas research services. With respect to traditional services, as at 30 June 2015, the Company provided 4,400 professional reports to clients, domestic and overseas road shows for over 3,770 man-time and organized 231 special topic telephone conferences, surpassing the numbers for the same period of 2014. Moreover, the Company’s research business followed closely hot spots in the market for providing services to clients and in addition to interim strategic meetings, a number of large-scale special topic meetings were organized, such as the thematic meetings of “Smart Agriculture”, “Bulk Commodities”, “Internet: subversion and evolution”, “New OTC Market Forum – Looking far from high points, OTC market competition”, “Internet +”, etc.

The Company strives to enhance the depth and width of overseas research services and strengthen the corporation with the CLSA Limited research team. In the first half of 2015, the Company and CLSA Limited jointly organized more than 10 special topic forums, cross served around 2,000 domestic and overseas high-end investors, and provided 26 overseas road show services, 108 telephone conferences and 41 other thematic meetings or survey researches to offshore customers. In the first half of 2015, domestic analysts provided additional coverage on 37 overseas stocks with China concept, assistance was provided to invite A-share listed companies to participate in the CLSA Limited Forum in Chengdu, invited analysts from CLSA Limited to deliver talks on Hong Kong stocks and overseas markets at interim strategic meetings, and the “Internet +” investment forum was fully open to institutional investors in Hong Kong and received unanimous praise. In June 2015, CLSA Limited successfully organized the first A-share listed company overseas road show exchange meeting in London with remarkable outcome and it was highly regarded by the domestic listed companies.

In the second half of 2015, the Company’s research business will continue to target “institution-orientation”, “high-end-orientation” and “internationalization” for transformation, catering to the demand for internationalized and cross-sector researches and enhancing its influence in overseas markets. Services provided for offshore customers will continue to be promoted in overseas business. While introducing domestic research results in overseas market, CLSA Limited’s strength in research will be introduced to the domestic sectors in China at the same time for enhancing the overall research capabilities.

3.2 Financial Statement Analysis

3.2.1 Profitability Analysis of the Company for the reporting period

During the first half of 2015, due to the active trading in the A-share market, rapid growth in the scale of business of the Company and significant rise in profitability, the total revenue and other income realized by the Group reached an aggregate amount of RMB39,301 million, representing an increase of 140.67% year-on-year, among which revenue from the brokerage business increased by 206.27% year-on-year to RMB13,736 million; revenue from the asset management business increased by 70.74% year-on-year to RMB3,898 million; revenue from the trading business increased by 191.30% year-on-year to RMB16,665 million; and revenue from the investment banking business increased by 103.58% year-on-year to RMB1,877 million.

During the first half of 2015, operating expenses of the Group increased by 116.28% year-on-year to RMB22,776 million, which was mainly attributable to a corresponding increase in all kinds of expenses resulting from an increase in revenue from all business segments.

During the first half of 2015, the Group's net profit attributable to owners of the parent increased by 205.94% year-on-year to RMB12,470 million; Basic earnings per share increased by 205.41% year-on-year to RMB1.13; Return on weighted average equity increased by 7.23 percentage points year-on-year to 11.79%.

3.2.2 Asset Structure and Asset Quality

As at 30 June 2015, the Group's equity attributable to owners of the parent amounted to RMB130,292 million, representing an increase of RMB31,193 million or 31.48%, as compared to the end of 2014, which was mainly attributable to an increase in the Group's net profit, new issue of H Shares and its proposed distribution of the 2014 final dividend.

The Group maintained a stable assets structure, with good assets quality and liquidity. As at 30 June 2015, total assets of the Group amounted to RMB775,506 million, representing an increase of RMB295,880 million or 61.69% as compared to the end of 2014. Excluding customer brokerage deposits, total assets of the Group amounted to RMB521,351 million, representing an increase of RMB143,571 million or 38.00% as compared to the end of 2014. Among which, cash and bank balances amounted to RMB77,302 million and accounted for 14.83% of the total assets; investment assets, which mainly included investments in associates/joint ventures and financial assets, represented 46.23% of the total assets; fixed assets, constructions in progress, intangible assets and investment properties in aggregate accounted for 0.61% of the total assets; and margin accounts and reverse repurchase agreements accounted for 29.79% of the total assets. During the reporting period, the Group made corresponding allowance for impairment losses in respect of available-for-sale financial assets and there was no significant impairment for other assets.

As at 30 June 2015, total liabilities of the Group were RMB642,755 million, representing an increase of RMB264,260 million or 69.82% as compared to the end of 2014. Excluding customer brokerage deposits, the Group's total liabilities were RMB388,600 million, representing an increase of RMB111,951 million or 40.47% compared to the end of 2014, with a high proportion of short-term liabilities. Among which, repurchase agreements were RMB168,736 million, accounting for 43.42% of the total liabilities; long-term loans and debt instruments issued were RMB71,849 million, accounting for 18.49% of the total liabilities; short-term loans, due to banks and other financial institutions and short-term financing instrument payables were RMB42,192 million, accounting for 10.86% of the total liabilities; financial liabilities held for trading, financial liabilities designated as at fair value through profit or loss and derivative financial liabilities were RMB39,154 million, accounting for 10.08% of the total liabilities; and other liabilities were RMB66,669 million in total, accounting for 17.15% of the total liabilities.

The gearing ratio was relatively stable. As at 30 June 2015, excluding customer brokerage deposits, the gearing ratio of the Group was 74.54%, representing an increase of 1.31 percentage points as compared to the gearing ratio of 73.23% as at 31 December 2014.

3.2.3 Cash Flow Status

In the first half of 2015, excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB39,166 million, as compared to RMB-2,398 million in the same period of 2014, which was mainly due to the net cash inflow from financing activities.

In respect of the structure, the net cash outflow from operating activities in the first half of 2015 was RMB13,906 million, as compared to an outflow of RMB9,491 million for the same period in 2014, which was primarily attributable to an outflow of funds due to a substantial increase in the scale of the margin financing and securities lending business. In the first half of 2015, net cash outflow from investing activities was RMB857 million, as compared to an outflow of RMB4,907 million for the same period in 2014, which was mainly attributable to a year-on-year decrease in the net cash outflow from available-for-sale financial assets. In the first half of 2015, net cash inflow from financing activities was RMB53,929 million, representing a year-on-year increase of RMB41,929 million as compared to RMB12,000 million for the same period in 2014, which was mainly attributable to the increase in net cash inflow from financing activities during the reporting period as a result of the issuance of subordinated bonds, corporate bonds, commercial papers, structured notes and new issue of H Shares.

3.2.4 Explanation of Change in Scope of Statement Consolidation

During the reporting period, the Company established a new wholly-owned subsidiary, i.e. CITIC Securities Overseas Investment Company Limited, and the number of primary subsidiaries of the Company increased to 13. In addition, during the reporting period, structured entities which are included in the consolidated financial statements of the Company decreased from 18 to 11. The number of primary entities that are included in the consolidated financial statements of the Company changed to 24.

3.2.5 Changes in Significant Accounting Policies and Estimates

During the reporting period, the Company did not make any change in significant accounting policies and estimates; nor did the Company make any material accounting errors which require correction.

3.3 Core Competitiveness Analysis

Under the general economic environment of the new normal, the Company has persisted in the core of serving the real economy and continued to improve its "five major roles" as financing arranger, wealth manager, trading service and liquidity provider, significant market investor and risk manager, resulting in the significant enhancement of the means and ability to serve customers.

The innovative capability of all principal businesses has been enhanced significantly. Positive results have been achieved in the transformation of the brokerage business to wealth management. For the investment banking business, the Company has increased the coverage of the new economy and improved the ability to provide investment and financing services. For the asset management business, the Company is actively promoting management business to create an open asset management platform. For the direct investment business, the Company is active in exploring an integrated industry and finance model so as to provide strong capital support for industrial transformation and innovation and entrepreneurship.

The ability to manage assets and liabilities has been significantly enhanced. In recent years, the Company has served customers with its own funds, which drove the rapid development of the flow-based business such as fixed income, margin financing and securities lending and stock-pledged. As at 30 June 2015, the total scale of the flow-based business of the Company was RMB288.8 billion, representing an increase of 43% compared to the end of 2014. To better serve customers and increase the income level, the Company has constantly enhanced the effective allocation of capital and continued to optimize the debt structure. The Company has adopted various means of financing such as commercial papers, subordinated bonds, corporate bonds, structured notes and USD-denominated bonds, which effectively eased the pressure from the regulatory indicators and released space for business development.

The capability of the international business has been significantly enhanced. In recent years, the Company is actively promoting the international business by vigorously developing the cross-border flow-based business such as fixed income, prime services, equity derivatives and alternative investments and integrating the overseas investment banking business platform.

The Company always considers that building up risk management capability is highly important so that risk management can match with the development of business innovation. In light of the new trends and new changes in the financial market, the Company has reinforced the overall ability to manage various risks such as credit risk, liquidity risk and operational risk and to ensure progress of various business developments within predictable, controllable and bearable risks.

3.4 Risk Management

3.4.1 Overview

The Company believes that, effective risk management and internal control are critical to the Company's successful operation. The Company has implemented 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, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

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 of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has now incorporated internal control and risk management as essential elements in the Company's decision-making processes.

3.4.2 Structure of Risk Management

The major framework of the risk management of the Company consists of the Risk Management Committee under the Board, the professional committees under the Executive Committee, the relevant internal control departments, business departments and business lines. The relatively comprehensive three-level risk management system enables a network of collective decision making among the respective committees, and close cooperation between internal control departments, business departments and 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 the aim of 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 recommendations to the Board.

Level 2: Executive Committee (Operation Management)

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and Executive Committee of the Company, the committee makes decisions on and reviews major issues and related systems involving application of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimizes 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 on capital commitment of the underwriting business within the authority delegated by the Board and Executive Committee of the Company. 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 risks of the Company within its designated authority, deciding on and approving material matters related to risk management and relevant system and setting limits for risk. The Risk Management Committee comprises a risk management group and a reputation risk management group. The risk management group is the main body responsible for the daily monitoring and management of the financial risks over the buy-side business and facilitating the execution of the decisions made by the Risk Management Committee. The risk management group comprises a credit risk management sub-working group, which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management; a liquidity risk management sub-working group, which is responsible for monitoring and managing the Company's liquidity risks, promoting the development of the Company's liquidity risk assessment methodology and management system, coordinating the implementation of specific assessment and management measures, and providing relevant decision-making support; and an operational risk management sub-working group, which is responsible for drafting the Company's operational risk management rules, monitoring the execution of the operational processes, collecting information on operational risk events and coordinating and improving the Company's operational risk management mechanism. The reputation risk management group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent.

The Company has established the Product Committee. This committee performs planning, coordination, decision-making and review within the authority delegated by the Board and Executive Committee on major matters such as design, sales and related systems of PE-related financial products of the Company. The committee manages relevant risks through pre-sale risk assessment of PE-related financial products and preparation of relevant post-sale risk management measures and risk event handling plans. The Product Committee has set up a risk evaluation group to review the qualification of the principal which entrusted the Company to sell PE-related financial products, manage quality control of various PE-related financial product businesses and provide supervision and guidance services during the period of subsistence of such products. The Committee has also established a sales assessment group which is responsible for reviewing 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 defence of risk management. Such departments establish business management systems and risk management systems for the respective businesses and perform supervision, assessment and reporting on the business risks and contain such risks within limits.

The Risk Management Department of the Company performs risk identification, measurement, analysis, monitoring, reporting and management of the risks the Company faces. The department analyses and assesses the overall risks of the Company and each of its business lines and makes recommendations 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 indicators such as the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the Operation Management, and regularly discloses the general risk portfolios of the Company to the Operation Management and makes recommendations on risk management; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment and fulfilment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

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

The Compliance Department of the Company organizes the establishment and implementation of the basic compliance policy of the Company, provides compliance advice to the Operation Management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs all 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 internal management policies, important decisions, new products, new businesses and key business activities launched by the Company; and fulfils the regular and non-regular obligations of reporting to regulatory authorities.

The Legal Department of the Company is responsible for oversight of the legal risks of the Company and its relevant businesses.

The Office of the Board of the Company promotes the Company's reputation risk management in conjunction with the Office of the CEO, Risk Management Department, Compliance Department, Human Resources Department and other relevant departments.

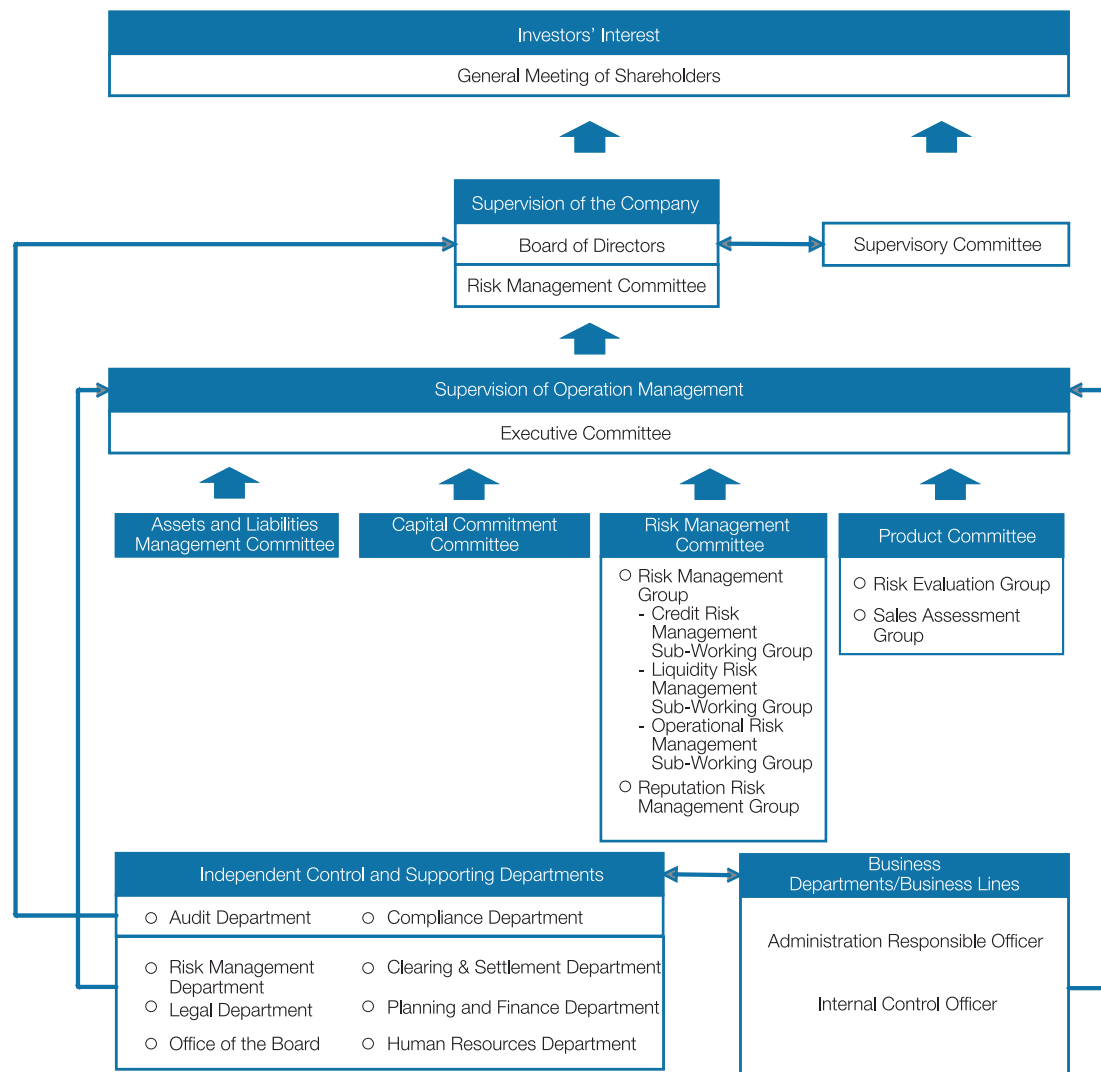


Chart: Structure of the Risk Management

3.4.3 Market Risk

Market risks represent potential losses due to movement in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions given by customers or the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price 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. Commodity price risk arises from adverse price movements of various commodities. Exchange rate risk represents exposures arising 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 departments/business lines and internal control departments. Through allocating the overall risk of the Company to different business departments/business lines, and monitoring by the internal control departments, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within an acceptable level.

The Company assesses, monitors and manages its overall market risks through the Risk Management Department, which is independent from the business departments/business lines, and its assessments and testings are reported to the respective business departments/business lines, the Operation Management and the Risk Management Committee of the Company. 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 portfolios 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 of the business departments/business lines and the Operation Management of the Company.

VaR represents the potential losses of investment portfolios held 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 in the Company's all proprietary positions 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 evaluate whether the overall market risk portfolio of the Company is within its expected limits.

The Company sets risk limits for its respective business departments/business lines to control fluctuations in profit or loss and market risk 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 issue warning alert to the relevant management officers, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the risk exposures to the risk limits, or may apply for a temporary or permanent upgrade in the risk 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 based on the existing indicators for the Company, its respective business departments/business lines and investment accounts, with a view to formulating substantive rules or guidelines to standardize the management model of the limit system.

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

For details of the market risk of the Group, please refer to Note 45 to the Financial Statements of this interim results announcement.

3.4.4 Credit Risk

Credit risk is the risk in respect of loss arising from inability of a borrower, counterparty or issuer of financial positions held to meet their obligations or whose credit qualifications deteriorate.

The credit risk of the Group mostly arises from four aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of clients, 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 securities financing businesses including margin financing and securities lending, stock repo, stock-pledged repo, 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 the 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 invested by the Group; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, equity swap, OTC options and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts upon maturity.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, measures its credit risk by means of stress test and sensitivity analysis, and manage such credit risk based on these results from the credit approval system. Meanwhile, the Company uses its information management systems to monitor its credit risk on a real time basis, keep track of the credit risk of its business products and transaction counterparties, provide analysis and pre-warning reports, and adjust its credit limits in a timely manner.

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 securities financing business 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 client education, credit reference checks, credit approval, daily mark to market, risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

In respect of investment in credit products by private equity investment, the Company has established the entrance levels and investment limits for such products and will manage the credit risk through risk assessment, risk reminders and judicial recourse. In respect of public offering investments, the Company has developed a counterparty credit approval policy by restricting investment based on credit ratings.

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions and the main risks are their failure to make payments on time, their failure to cover the security deposits in a timely manner when the losses are made on investments and discrepancy between amounts calculated by the parties. The Company sets certain proportions for the security deposits of counterparties and restrictions on the transaction size, controls the credit risk exposure of counterparties through daily mark to market, margin calls and forced liquidation of clients' positions, and carries out recourse through judicial procedures upon the forced liquidation of clients' positions and the occurrence of losses.

Due to the lack of comparability between credit rating results of bonds 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 investments in bonds (by domestic rating agencies)

In RMB millions

Investment Rating	30 June 2015	31 December 2014
China's Sovereign Credit Rating	19,445	6,457
AAA	9,359	7,871
AA	28,212	22,780
A	119	94
A-1	6,493	7,354
Others	9,935	6,086
Total exposure	73,563	50,642

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; others refer to products with ratings below A- (excluding A-) and others without external debt ratings.

Credit risk exposure of investments in bonds (by foreign rating agencies)

In RMB millions

Investment Rating	30 June 2015	31 December 2014
A	66	36
B	1,134	864
C	2,459	2,837
D	668	313
NR	3,668	3,557
Total exposure	7,995	7,607

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, 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 close-out amount of the Group's margin financing and securities lending business was RMB38 million, the Group did not incur any loss. Moreover, as at the end of the reporting period, the minimum margin ratio was 131% for the Group's clients with liability balance in margin financing and securities lending business and 146% for the Group's clients with liabilities in stock repo transactions, the minimum margin ratio was 156% for the Group's clients with liabilities in stock-plledged repo transactions and 130% for the Group's clients with liabilities in equity swap business.

3.4.5 Liquidity Risk

Liquidity risk is the risk arising from shortage of funds when fulfilling obligations relating to financial liabilities. The Company has consistently adhered to a unified fund management and operation policy and set up a liquidity risk management sub-working group responsible for continuously strengthening its fund management system. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively 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 intra-day 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 sets threshold values for relevant indicators, and once 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 departments to adjust the liquidity risks exposed to a level within the permitted ranges.

Please refer to Note 45 to the Financial Statements of this interim results announcement for the Group's liquidity risk profile.

3.4.6 Operational Risk

Operational risk is the risk of losses arising from inadequate or flawed internal processes, breakdown of information system or misconduct of staff, external events and other reasons. During the reporting period, according to the latest requirements of regulatory authorities in the PRC and with reference to the foreign regulatory requirements and the best practices of international investment banks, the Company has fully initiated the development of its governance structure, management instruments and processes, regulations and rules, IT supporting system in respect of operational risk. It has also striven to enhance the operational risk management awareness of all staff of the Company by means of online trainings and business communications with its subsidiaries. The Company has set up certain special management positions for operational risk. Each department has assigned a liaison officer in respect of operational risk. The Company has set up an operational risk management team. Through comprehensive analysis of risk loss events, business environment and internal control factors as well as implementation of rectification measures on a regular basis, the operational risk management team fully monitors and manages various operational risks which the Company has faced with, and regularly reports to the risk management group of the Company and the relevant responsible officer. Meanwhile, the Company has formulated operational risk management systems and supporting guidance on processes to further standardize its management processes.

IV. REPORT OF THE BOARD

4.1 Operation of the Principal Businesses of the Group

The Group is principally engaged in providing securities brokerage, investment banking, asset management and related financial services. The operation of the businesses of the Group is set out in “3.1 Analysis of Principal Businesses” of this interim results announcement.

4.2 Implementation and Adjustment of the 2014 Profit Distribution Plan

On 19 June 2015, the 2014 profit distribution plan was considered and approved at the 2014 Annual General Meeting of the Company. The Company’s 2014 profit distribution plan declared a distribution by way of cash dividends to A Shareholders and H Shareholders whose names appeared on the register of members on the record dates for the distribution of cash dividends for 2014. On the basis of the total number of shares of the Company as at 31 December 2014, the cash dividend was RMB3.10 (tax inclusive) for every ten shares. However, if the Company completed the issuance of new H Shares which was considered and approved at the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting respectively by the record date for distribution of H Share dividends for 2014, the cash dividend for every share for 2014 had to be adjusted accordingly based on the total distribution amount of RMB3,415,241,604.00 (tax inclusive) and the total number of shares after the issue (the total amount of actual cash dividend might deviate from the above figures due to rounding).

Since the above issuance of H Shares had been completed on 23 June 2015 (i.e. completed before the record date for distribution of H Share dividends for 2014 on 2 July 2015) and upon issuance of the 1.1 billion H Shares, such new H Shareholders would be entitled to the dividend distribution of the Company for 2014. The cash dividend for every share for 2014 was adjusted accordingly based on the total amount of RMB3,415,241,604.00 (tax inclusive) and an aggregate of 12,116,908,400 shares after the issuance of new H Shares, namely, the cash dividend for every ten shares was adjusted from RMB3.10 (tax inclusive) to RMB2.8185 (tax inclusive), which was distributed to A Shareholders and H Shareholders whose names appeared on the register of members of the Company on the record dates.

The cash dividend was denominated and declared in RMB and paid in RMB to the A Shareholders and investors of H Shares of Southbound Trading, and paid in Hong Kong dollars to the H Shareholders (excluding investors of H Shares of Southbound Trading). The actual distribution amount in Hong Kong dollars was calculated on the basis of the average benchmark exchange rate for RMB to Hong Kong dollars as published by the People’s Bank of China for the five business days prior to the convening of the 2014 Annual General Meeting of the Company (i.e. RMB0.788834 equivalent to HKD1.00) i.e. a cash dividend of HKD3.57299 (tax inclusive) for every ten H Shares.

On 29 April 2015, 19 June 2015 and 23 June 2015, the Company published announcements on the record date and the book closure period for distribution of H Share dividends, as well as announcements on the adjustment and distribution of the 2014 H Share dividends on the HKExnews website of HKEx. On 24 June 2015 and 7 August 2015, the Company published the announcements on the adjustment and distribution of the 2014 A Share dividends as well as the record date for distribution of A Share dividends, etc. on the website of the SSE, as well as in China Securities Journal, Shanghai Securities News and Securities Times. The A Share and H Share cash dividend distributions of the Company were completed on 14 August 2015.

4.3 Use of Proceeds

4.3.1 Use of Proceeds in General

In RMB100 millions

Year	Method	Total proceeds	Usage of total proceeds during the reporting period	Accumulated use of total proceeds	Unused total proceeds	Use and destination of unused proceeds
2013	corporate bonds	200.00	—	200.00	—	N/A
2014	corporate bonds	210.00	—	210.00	—	N/A
For the six months period ended 30 June 2015	corporate bonds	195.00	195.00	195.00	—	N/A
For the six months period ended 30 June 2015	Non-public issue	211.20	—	—	211.20	As at the end of the reporting period, the proceeds were preserved in a special fundraising account overseas for the time being.
Total	—	816.20	195.00	605.00	211.20	—
Description of the use of proceeds in general	In 2013, the Company issued two tranches of RMB-denominated bonds in a total size of RMB20 billion, which was utilized for supplementing the working capital of the Company; a total of 11 tranches of commercial papers were issued to supplement the liquidity of the Company. CITIC Securities Finance 2013, an indirect wholly-owned subsidiary of the Company, issued USD800 million USD-denominated bonds, which was utilized for daily operations. In 2014, the Company issued two tranches of RMB-denominated subordinated bonds in a total size of RMB13 billion; one tranche of short-term corporate bonds of securities companies was issued in the size of RMB8 billion, all of which were used to supplement the working capital of the Company; 10 tranches of commercial papers and 13 tranches of structured notes were issued to supplement the liquidity of the Company. CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company, established an offshore medium-term notes program and completed the first tranche issuance in the size of USD650 million, which was utilized for daily operations. During the reporting period, the Company issued one tranche of RMB-denominated subordinated bonds in the size of RMB11.5 billion; issued one tranche of RMB-denominated corporate bonds in the size of RMB8 billion, all of which were used to supplement the working capital of the Company; a total of seven tranches of commercial papers and 184 tranches of structured notes were issued to supplement the working capital of the Company. CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company, carried out seven drawdowns under its offshore medium-term notes program in the total size of USD414.68 million, which was utilized for daily operations. During the reporting period, the Company issued 1.1 billion H Shares at an issue price of HKD24.60 per share. According to the Capital Verification Report from PwC Zhong Tian (PwC Zhong Tian Yan Zi (2015) No. 748), the net proceeds from the issue were HKD26.784 billion, equivalent to RMB21.120 billion. As at 30 June 2015, the outstanding balance of corporate bonds issued by the Company was RMB29.5 billion; the outstanding balance of subordinated bonds was RMB18.5 billion; the outstanding balance of USD-denominated bonds was USD1.86468 billion (equivalent to approximately RMB11.4 billion); the outstanding balance of short-term corporate bonds of securities companies was RMB8 billion; and the outstanding balance of commercial papers was RMB20.8 billion. The total outstanding balance of all of the bonds was approximately RMB88.2 billion. In addition, as at the end of the reporting period, the outstanding balance of structured notes issued by the Company was approximately RMB19.9 billion.					

4.3.2 Proceeds in Project Commitments

The above utilization of proceeds was in line with the disclosure in the prospectus/offering documents. The Company will continue to utilize the proceeds in accordance with the Company's operation and development strategies with reference to the capital market conditions.

4.4 Analysis of Principal Subsidiaries and Non-Controlling Companies

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

Name of Company	Shareholding held by the Company (%)	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact number
CITIC Securities (Zhejiang) Co., Ltd.	100.00	6 February 2002	RMB785 million	22-23/F, Dikai Ginza, No. 29 Jiefang East Road, Hangzhou	22-23/F, Dikai Ginza, No. 29 Jiefang East Road, Hangzhou	SHEN Qiang	0086-571-85783737
CITIC Securities (Shandong) Co., Ltd.	100.00	2 June 1988	RMB2,500 million	20/F, Tower 1, Qingdao International Finance Centre, No. 222 Shenzhen Road, Laoshan District, Qingdao	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao	YANG Baolin	0086-532-85021179
CITIC Securities International Company Limited	100.00	9 April 1998	Paid-up Capital of HK\$6,516.05 million	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	YIN Ke	00852-22376899
GoldStone Investment Company Limited	100.00	11 October 2007	RMB7,200 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	QI Shuguang	0086-10-60837800
CITIC Securities Investment Limited	100.00	1 April 2012	RMB3,000 million	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, Qingdao International Finance Centre, No. 222 Shenzhen Road, Laoshan District, Qingdao	GE Xiaobo	0086-10-60838838
CITIC Futures Company Limited	93.47	30 March 1993	RMB1,604,792,982	Units 1301-1305 and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	Units 1301-1305 and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	ZHANG Lei	0086-755-83217504
China Asset Management Company Limited	62.20	9 April 1998	RMB238 million	16/F, 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 Company Limited	35.00	6 June 2008	RMB1,800 million	11/F, Jin Bao Building, No. 89 Jinbao Street, Dongcheng District, Beijing	District C, Incubator Building, Technology Education and Industrial Park, Technology City, Mianyang, Sichuan	TIAN Yu	0086-10-85079062
Jiantou Zhongxin Asset Management Co., Ltd.	30.00	30 September 2005	RMB1,900 million	Unit 1032, Block 2, Chang An Xing Rong Centre, No 1 Naoshikou Street, Xicheng District, Beijing	5/F, Hong An International Building, No. 188 Chaonei Avenue, Dongcheng District, Beijing	GAO Shixin	0086-10-66276508

Note: During the reporting period, CITIC Securities (Shandong) used retained profit and surplus reserve to increase its capital by RMB1.7 billion. Following the increase, its registered capital was increased to RMB2.5 billion.

- (1) CITIC Securities (Zhejiang) Co., Ltd. is a wholly-owned subsidiary of the Company with a registered capital of RMB785 million. As at 30 June 2015, the total assets and net assets of CITIC Securities (Zhejiang) amounted to RMB85,448.07 million and RMB5,329.12 million, respectively; the revenue, gross profit and net profit realized in the first half of 2015 amounted to RMB3,068.98 million, RMB1,893.25 million and RMB1,420.52 million, respectively.
- (2) CITIC Securities (Shandong) Co., Ltd. is a wholly-owned subsidiary of the Company with a registered capital of RMB2,500 million. As at 30 June 2015, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB41,877.48 million and RMB4,364.96 million, respectively, and the revenue, gross profit and net profit realized in the first half of 2015 amounted to RMB1,683.78 million, RMB1,057.83 million and RMB792.47 million, respectively.
- (3) CITIC Securities International Company Limited is a wholly-owned subsidiary of the Company with paid-up capital of HK\$6,516.05 million. As at 30 June 2015, the total assets and net assets of CSI amounted to approximately RMB86,763.10 million and RMB7,328.99 million, respectively; the revenue, gross profit and net profit realized in the first half of 2015 amounted to approximately RMB3,560.81 million, RMB1,038.73 million and RMB831.94 million, respectively.
- (4) GoldStone Investment Company Limited is a wholly-owned subsidiary of the Company with a registered capital of RMB7.2 billion. As at 30 June 2015, the total assets and net assets of GoldStone Investment amounted to RMB18,434.02 million and RMB11,791.10 million, respectively; the revenue, gross profit and net profit realized in the first half of 2015 amounted to RMB696.49 million, RMB488.50 million and RMB344.23 million, respectively.
- (5) CITIC Securities Investment Limited is a wholly-owned subsidiary of the Company with a registered capital of RMB3 billion. As at 30 June 2015, the total assets and net assets of CITIC Securities Investment amounted to RMB4,734.69 million and RMB3,938.77 million, respectively; the revenue, gross profit and net profit realized in the first half of 2015 amounted to RMB2,225.20 million, RMB90.21 million and RMB69.41 million, respectively.
- (6) CITIC Futures Company Limited is held as to 93.47% by the Company with a registered capital of RMB1,604,792,982. As at 30 June 2015, the total assets and net assets of CITIC Futures amounted to RMB41,568.77 million and RMB2,818.73 million, respectively; the revenue, gross profit and net profit realized in the first half of 2015 amounted to RMB624.44 million, RMB297.31 million and RMB222.45 million, respectively.
- (7) China Asset Management Company Limited is held as to 62.20% by the Company with a registered capital of RMB238 million. As at 30 June 2015, the total assets and net assets of China AMC amounted to RMB6,652.17 million and RMB5,110.90 million, respectively; the revenue, gross profit and net profit realized in the first half of 2015 amounted to RMB2,057.29 million, RMB799.11 million and RMB610.25 million, respectively.
- (8) CITIC Private Equity Funds Management Company Limited is held as to 35% by the Company with a registered capital of RMB1.8 billion. As at 30 June 2015, the total assets and net assets of CITIC PE Fund amounted to RMB6,559.45 million and RMB4,916.48 million, respectively; the net profit realized in the first half of 2015 amounted to RMB845.55 million.
- (9) Jiantou Zhongxin Asset Management Co., Ltd. is held as to 30% by the Company with a registered capital of RMB1.9 billion. As at 30 June 2015, the total assets and net assets of Jiantou Zhongxin amounted to RMB1,542.11 million and RMB1,467.26 million, respectively; the net loss realized in the first half of 2015 amounted to RMB6.57 million.

(Note: The above financial data are unaudited.)

V. SIGNIFICANT EVENTS

5.1 Material Litigation and Arbitration

During the reporting period, material litigation cases of the Company and its subsidiaries are as follows:

5.1.1 Case of default dispute between the Company and Zhifu Leather about private bonds

In February 2013, the Company subscribed for 2012 SME private bonds of Suqian Zhifu Leather Industry Co., Ltd. (referred to as the “12 Zhifu Bonds”) with a subscription amount of RMB44 million. The 12 Zhifu Bonds were secured by the unconditional and irrevocable guarantees provided by Sino-capital Guaranty Trust Co., Ltd. (hereinafter referred to as “Sino-capital”) and Mr. Zhou Likang, the de facto controller of Suqian Zhifu Leather Industry Co., Ltd. (hereinafter referred to as “Zhifu Leather”).

Since Zhifu Leather failed to pay the principal and interest of the bonds to the Company in accordance with the agreement, to safeguard the legitimate interests of the Company, the Company initiated an arbitration at China International Economic and Trade Arbitration Commission on 29 April 2015 to request Zhifu Leather to settle the principal and unpaid interest of the bonds totalling RMB46.09 million as well as the interest subsequently incurred, the damages in relation to the default and the expenses incurred for realizing the claim. China International Economic and Trade Arbitration Commission accepted the case on 22 May 2015 and 28 August 2015 has been scheduled for trial.

Since Sino-capital and Zhou Likang, as the guarantors, failed to fulfil their obligations under the agreement, to safeguard the legitimate interests of the Company, the Company filed a lawsuit on 3 August 2015 to the Third Intermediate People’s Court of Beijing, requesting Sino-capital and Zhou Likang to perform their joint and several guarantee obligations to settle the principal and unpaid interest of the bonds totalling RMB46.09 million as well as the interest subsequently incurred, the damages in relation to the default and the expenses for realizing the claim. The Third Intermediate People’s Court of Beijing has accepted the case on the same day.

5.1.2 Case of default dispute by a TAM plan managed by the Company against Meng Kai

In 2013 and 2014, the Company, as the manager of a TAM plan and in accordance with the instruction of the principal of the TAM plan, signed relevant agreements (including the subsequent relevant supplemental agreements) such as the agreement on the stock pledged repo transaction business of CITIC Securities Company Limited with Meng Kai, the then chairman of Cloud Live Technology Group Co., Ltd. (stock name referred to as “Cloud Live”, stock code: “002306”, previously known as “Beijing Xiangqing Group Co., Ltd.”), pursuant to which, Meng Kai raised funds of RMB479.60 million from the TAM plan established by the Company with the 181.56 million shares held by him in Cloud Live.

Since Meng Kai did not make the repurchase in accordance with the agreements and in accordance with the instruction of the principal of the TAM plan, the Company applied in May 2015 to the People’s Court of the Futian District of Shenzhen (hereinafter referred to as “Futian Court”) to claim for realisation of the security interest created by the pledge of the 181.56 million shares held by Meng Kai in Cloud Live (with its name changed into “*ST Cloud Live”). On 19 May 2015, Futian Court made a civil ruling that all 181.56 million shares held by Meng Kai in *ST Cloud Live be judicially frozen according to law. Such judicial freeze ranks behind the judicial freeze ordered by the First Intermediate People’s Court of Beijing on the aforesaid shares as a result of the “ST Xiang Bonds” case. On 18 June 2015, Futian Court commenced the trial of the case and made a civil ruling on 25 June 2015 to allow the auction of or sale of the 181.56 million shares in *ST Cloud Live registered in the name of Meng Kai. The Company was given priority for the payment of the principal sum of RMB479.60 million, the interest amounting to RMB3,252,082.19 (being the interest temporarily accrued up to 22 April 2015; the subsequently accrued interest is to be calculated in accordance with the agreements up to the actual date of performance), late payment fee and notarization fee.

In the course of carrying out the above business, the Company made investment and handled disputes fully in accordance with the relevant regulatory requirements, the terms of the agreements and the instructions of the principal. The risks are borne by the principal. It is anticipated that there will be no negative impact on the status of the Company’s own assets.

5.1.3 Case of default dispute by China AMC against Stdawee and Anhui NBO

On 7 June 2013, the SME private debt/asset management plan managed by China AMC, a subsidiary controlled by the Company, subscribed for the private bonds (referred to as “13 Std 01”) issued by Xiamen Stdawee Fashion Co., Ltd. (“Stdawee”) amounting to RMB25 million. Stdawee did not make the interest payment for “13 Std 01” bonds on schedule. To safeguard the legitimate interests of the asset management plan and the principals, China AMC filed a lawsuit on 30 June 2014 against Sino-capital, the guarantor of the “13 Std 01” private bonds, requesting Sino-capital to perform its joint and several guarantee obligations to settle the claim for damages of approximately RMB30.40 million (including the principal of the bonds and interest payments for two instalments). The People’s Court of Chaoyang District, Beijing, issued to China AMC a filing acceptance notice on 1 July 2014, and trial of the case commenced on 11 March 2015. Currently, the judgment is yet to be delivered.

In June 2013, the SME private debt/asset management plan managed by China AMC subscribed for the first tranche (referred to as “12 NBO 01”) and the second tranche (referred to as “12 NBO 02”) of private bonds issued by three enterprises under Anhui NBO Machinery Group with a subscription amount of RMB6 million and RMB45 million, respectively. The issuers of the private bonds did not fulfil the obligation to repay the principal or pay the interest on schedule. To safeguard the legitimate interests of the asset management plan and the principals, China AMC initiated an arbitration at South China International Economic and Trade Arbitration Commission on 28 April 2015 against the issuers of 12 NBO 01 and 12 NBO 02, the guarantors (Sino-capital; Lv Qingtang, the de facto controller of Anhui NBO Machinery Group; Anhui NBO Machinery Group Engineering Vehicle Co., Ltd.) and the underwriter (Capital Securities Co., Ltd.), requesting all responsible parties to fulfil the payment and compensation obligations to pay damages of approximately RMB58.0481 million. South China International Economic and Trade Arbitration Commission accepted the case on 28 April 2015 and 21 August 2015 has been scheduled for trial. No award has been rendered yet.

5.1.4 Case of default dispute by Jindingxin Microfinance against Jinghao Mining

On 25 April 2014, Jindingxin Microfinance, a subsidiary controlled by CITIC Securities (Shandong) (a wholly-owned subsidiary of the Company), granted a loan in an amount of RMB10 million to Qingdao Jinghao Mining Co., Ltd. (“Jinghao Mining”) pursuant to the Loan Contract (Jin Ding Xin 2014 Jie Zi No. 00071) signed by Jinghao Mining. The term of such loan was from 5 April 2014 to 20 August 2014. As Jinghao Mining failed to repay the principal and interest of such loan on 20 August 2014, the scheduled repayment date, in order to safeguard its legitimate interests, Jindingxin Microfinance brought a litigation action on 21 January 2015 against Jinghao Mining as the borrower as well as Lu Conggang, Lu Yan, Wang Tao, Li Xue, Zhang Yaquin, Zang Weijing, Zhang Hucheng and Ordos Yafeng Coal Group Co., Ltd., as joint liabilities guarantors, to claim a compensation of approximately RMB10.90 million. Currently, the Intermediate People’s Court of Qingdao has accepted the case and has freezed assets such as real estates and shareholdings of the joint guarantors according to law. Since none of the defendants was present on 20 April 2015 when the Intermediate People’s Court of Qingdao commenced the trial, no trial was held. The Intermediate People’s Court of Qingdao re-commenced the trial on 17 July 2015 but as no judgment was made by the court immediately after the trial, the judgment is yet to be delivered.

Jindingxin Microfinance has downgraded the grading of Jinghao Mining to “doubtful” grade of the five grading categories and made impairment provision of RMB5 million.

5.1.5 Case of contract dispute involving Zhongzheng Asset

Zhongzheng Asset, a wholly-owned subsidiary of CITIC Futures (which is a subsidiary controlled by the Company), instituted actions for breach of contract against the counterparties to a thermal coal purchasing agency contract in the People's Court of Qianhai Cooperation Zone in Shenzhen and the case was filed and accepted on 9 April 2015.

There are two litigations in the claims. Litigation One: the defendant is Shanxi Jincheng Anthracite Mining Group International Trading Co., Ltd., and the litigation amount is RMB25.7140 million; Litigation Two: the defendants are Shanghai Gongxie Jingmao Development Limited, Shanghai Xingdi Inter Satellite Navigation Limited, Shanghai Renli Import and Export Co., Ltd., Shen Xiaozhong, Li Min, Shen Peng and Zheng Xinnong, and the litigation amount is RMB45.3699 million.

The defendants of Litigation Two are being sued on the basis of their voluntary involvement by assuming joint responsibilities for the repayment of debts of the defendant in Litigation One. The litigation amount of Litigation One is included in the litigation amount of Litigation Two.

The People's Court of Qianhai Cooperation Zone in Shenzhen commenced the trial of Litigation One on 15 July 2015; and commenced the trial of Litigation Two on 30 July 2015, and no judgment for these two cases has been handed down yet.

5.2 During the reporting period, there was no event generally questioned by the mass media.

5.3 Asset Transactions

5.3.1 Acquisition of a 59.04% stake in KVB Kunlun Financial by the Company

On 29 January 2015, upon consideration and approval by the 33rd Meeting of the 5th Session of the Board, the Company signed a conditional share purchase agreement with KVB Holdings to acquire its 1.2 billion shares in KVB Kunlun Financial (60% of its issued share capital as at that date). KVB Kunlun Financial (stock code: 8077) is a company listed on the GEM board of the Hong Kong Stock Exchange. KVB Holdings was its controlling shareholder.

Pursuant to the share purchase agreement, the Company nominated its wholly-owned subsidiary, CITIC Securities Overseas Investment, as the entity for the share purchase. As at 29 May 2015, upon all conditions precedent of the share purchase agreement having been fulfilled, 1.2 billion shares in KVB Kunlun Financial (representing approximately 59.37% of the issued share capital of KVB Kunlun Financial as at that date) were transferred to CITIC Securities Overseas Investment. The consideration for the acquisition was HK\$780 million (equivalent to HK\$0.65 per share). Pursuant to Rules 26.1 and 13.5 of the Hong Kong Takeovers Code, CITIC Securities Corporate Finance (HK) Limited made a general offer to other shareholders of KVB Kunlun Financial (other than KVB Holdings) on behalf of the offeror, CITIC Securities Overseas Investment, at an offer price of HK\$0.65 per share on 5 June 2015. The offer expired at 4 pm on 26 June 2015. Up to that point, the offeror, CITIC Securities Overseas Investment, had effectively accepted 310,001 shares in KVB Kunlun Financial and paid a total offer price of HK\$201,500.65. The number of shares in KVB Kunlun Financial held by CITIC Securities Overseas Investment increased to 1,200,310,001 shares, representing approximately 59.04% of the issued share capital of KVB Kunlun Financial as at that date.

5.3.2 Transfer of 100% equity interest in Kington Securities by the Company

In order to further integrate internal resources, reduce management costs and improve operational efficiency, on 30 October 2014, it was agreed at the 28th Meeting of the 5th Session of the Board that the Company should transfer 100% equity interest in Kington Securities held by it via public bidding in a property rights exchange institution at an initial listed price of no less than the appraisal value of 100% equity interest in Kington Securities filed with the state-owned assets supervision and administration authority (i.e. RMB122.1212 million). However, the final transfer price shall be determined by the trading rules of the property rights exchange institution which is based on the market-oriented principle. The equity interest was listed on the Zhejiang Property and Stock Exchange on 4 August 2015 and the expiry date of the listing is 31 August 2015. The Company will issue interim announcements on the relevant progress.

Other than the above, the Company did not have other asset transactions during the reporting period.

5.4 Corporate Mergers

Absorption and Merger of CITIC Securities (Zhejiang)

To achieve integration of internal resources and enhance the Company's competitiveness in the relevant regional markets, the Company was granted approvals to absorb and merge CITIC Securities (Zhejiang) pursuant to the resolutions made at the 2014 First Extraordinary General Meeting of the Company and the Approval relating to the Merger by Absorption of CITIC Securities (Zhejiang) Co., Ltd. by CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 1569) issued by the CSRC. On 4 August 2015, the Company obtained the new business licence. The area of operations of the Company's brokerage business has been expanded from "securities brokerage (for areas other than Shandong Province, Henan Province, Zhejiang Province, Fujian Province and Jiangxi Province)" to "securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang Province)". Pursuant to the above approval issued by the CSRC, upon completion of the merger by absorption, CITIC Securities (Zhejiang) will be dissolved. Branches and securities branches of CITIC Securities (Zhejiang) will be changed to branches and securities branches of the Company. Currently, the Company is in the process of completing the relevant changes of registration and deregistration procedures with the industry and commerce administration. In addition, the Company and CITIC Securities (Zhejiang) will carry out the overall transfer and merger of customers and operations on 11 September 2015 after the clearance of all transactions on the same date and the customers and operations of CITIC Securities (Zhejiang) as a whole will be transferred and merged into CITIC Securities.

5.5 Implementation of the Company's Equity Incentive Scheme of the Company

During the reporting period, the Company did not implement any new equity incentive scheme.

The current equity incentive scheme implemented by the Company has been implemented after being considered and approved by the 5th Meeting of the 3rd Session of the Board of the Company 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 Company Limited on 7 September 2006 for details). On 6 September 2011, 66,081,000 shares of the equity incentive shares became listed and tradable on the market.

During the reporting period, the Company did not make any revision to the scope of eligible participants for share incentives.

5.6 Related Party/Connected Transactions

5.6.1 Related Party/Connected Transactions in the Ordinary and Usual Course of Business During the Reporting Period

During the reporting period, the Company conducted related party/connected transactions in strict compliance with the Resolution on the Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business of the Company in 2015 which was considered and approved at the 2014 Annual General Meeting of the Company and the related party/connected transactions framework agreements entered into by the Company and CITIC Group, including the Securities and Financial Products Transactions and Services Framework Agreement, the Miscellaneous Services Framework Agreement and the Supplemental Agreement I to the Property Leasing Framework Agreement, the implementation of which are set out in the table below:

In RMB thousands

Related parties/ connected counterparties	Subject matter	Estimated transaction amount in 2015	Actual transaction amount for the period from January to June 2015	Percentage to total amount of similar transactions (%)	Impact on profit of the Company
CITIC Group and its associates	Income: Securities and financial products services ^{Note}	2,500,000	196,138	0.78	196,138
CITIC Group and its associates	Expense: Securities and financial products services ^{Note}	1,100,000	59,821	0.70	-59,821
CITIC Group and its associates	Income: Lease of properties ^{Note}	35,000	1,784	0.08	1,784
CITIC Group and its associates	Expense: Lease of properties ^{Note}	45,000	6,415	0.06	-6,415
CITIC Group and its associates	Income: Miscellaneous services ^{Note}	5,000	435	0.02	435
CITIC Group and its associates	Expense: Miscellaneous services ^{Note}	110,000	25,295	0.24	-25,295
CITIC PE Fund	Fee income	30,550	12,414	0.07	12,414
CITIC PE Fund	Equity investment	300,000	—	—	—
CITIC PE Fund	Fee expense	50,000	505	0.01	-505
Qianhai Equity Exchange	Fee income	3,000	—	—	—
Qianhai Equity Exchange	Operating and administrative expenses	1,000	—	—	—
Qingdao Lanhai Equity Exchange	Fee income	200,000	—	—	—
Qingdao Lanhai Equity Exchange	Operating and administrative expenses	1,000	—	—	—
Xiamen Cross-strait Equity Exchange	Fee income	3,000	—	—	—
Xiamen Cross-strait Equity Exchange	Operating and administrative expenses	1,000	—	—	—
China Life Asset Management Company Limited	Fee income	6,000	—	—	—
New China Life Insurance Company Ltd.	Fee income	3,000	—	—	—
Sino-Ocean Land Holdings Limited	Fee income	46,000	—	—	—
Changjiang Securities Company Limited	Fee income	500	—	—	—
Changjiang Securities Company Limited	Fee expense	4,300	1,148	0.05	-1,148

Note: In December 2013, the Company and CITIC Group 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. The Company set the annual caps for the related party/connected transactions from 2014 to 2016 under each of the framework agreements, respectively. In particular, the 2015 annual caps for the three types of transactions are set out under “Estimated transaction amount in 2015” in the above table.

In respect of the securities and financial products transactions between the Company and its related/connected parties, in view of the difficulty in estimating the volume of transactions due to the unpredictability of the securities market, the volume of the relevant transactions was approved at the 2014 Annual General Meeting of the Company to be calculated based on the actual amount incurred. In particular, a waiver was granted by the Hong Kong Stock Exchange waiving the Company from setting the annual caps for the securities and financial products transactions between the Company and CITIC Group and its associates. During the reporting period, the volume of securities and financial products transactions between the Company and CITIC Group and its associates was approximately RMB12,067 million.

In addition, the Company had the following new related party/connected transactions during the reporting period up to the date of this interim results announcement:

(1) The Company has entered into the Entrusted Promotion Contract with Beijing Guoan

During the reporting period, the Company entered into the Entrusted Promotion Contract with Beijing Guoan to carry out brand promotion and marketing leveraging on Beijing Guoan's platform. The contract is valid for one year and the promotion and marketing expenses for 2015 are RMB13 million.

Beijing Guoan is a wholly-owned subsidiary of CITIC Corporation Limited, the largest shareholder of the Company, and therefore a related/connected party of the Company. As such, the transaction constitutes a related party/connected transaction. As the transaction amount is less than 0.5% of the Company's audited net assets value in 2013 and the highest of the applicable size test percentage ratios in relation to the transaction did not exceed 0.1% under the Hong Kong Listing Rules, such transaction could be carried out immediately upon the approval of more than half of the independent non-executive Directors of the Company. The independent non-executive Directors of the Company conducted a special voting and unanimously approved a resolution related to the matter on 3 March 2015, and the relevant resolution has been filed with the SSE.

(2) GoldStone Fund and Yangzhou Xintai Property Development Company Limited jointly contributed capital to establish a company

GoldStone Fund, an indirect wholly-owned subsidiary of the Company, and Yangzhou Xintai Property Development Company Limited, an indirect wholly-owned subsidiary of CITIC Pacific, have jointly established CITIC GoldStone (Tianjin) Fund Management Co., Ltd. (tentative name) to cooperate in the fund investment and management business of commercial properties. Each of them contributed a capital of RMB20 million.

CITIC Pacific is a wholly-owned subsidiary of CITIC Limited, the single shareholder of CITIC Corporation Limited which is the largest shareholder of the Company, and is a related/connected party of the Company. Therefore, this transaction is a related party/connected transaction. As the transaction amount is less than 0.5% of the Company's audited net assets in 2014 and the highest of the applicable size test percentage ratios in relation to the transaction did not exceed 0.1% under the Hong Kong Listing Rules, such transaction could be carried out immediately upon the approval of more than half of the independent non-executive directors of the Company. The independent non-executive Directors of the Company conducted a special voting on and unanimously approved a resolution related to the matter on 8 June 2015, and the relevant resolution has been filed with the SSE.

The above related/connected parties all have certain advantages in the relevant areas. Transactions conducted between the Company and these parties facilitate the carrying out of the relevant businesses of the Company and facilitate the enhancement of shareholder return. The aforesaid related party/connected transactions were conducted by reference to the market prices, following the reasonable and fair pricing principle. The prices were neither higher nor lower than normal transaction prices and not detrimental to the interests of shareholders who were not related/connected parties. The aforesaid related party/connected transactions will not have any negative impact on the independence of the Company. The Company will not be dependent on related/connected parties.

During the reporting period, the Company did not have any other related party/connected transactions in respect of assets acquisition or disposal or material related party/connected transactions involving joint external investment.

5.6.2 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-denominated corporate bonds in an amount of RMB1.5 billion for a term of 15 years guaranteed by CITIC Group. The guarantee was assigned to CITIC Corporation Limited according to the reorganization agreement of CITIC Group. As at 30 June 2015, the total amount of guarantee provided by CITIC Corporation Limited to the Company amounted to RMB1.5 billion.

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

In RMB

Related/connected parties	Capacity	Amount due from related/connected parties			Amount due to related/connected parties		
		Opening balance	Actual amount	Closing balance	Opening balance	Actual amount	Closing balance
CITIC Bank	Subsidiary of the shareholder	315,774.75	648,696.00	964,470.75	822,435.20	—	822,435.20
CITIC Bank	Subsidiary of the shareholder	—	—	—	2,269,395.85	-1,916,116.44	353,279.41
Beijing CITIC Investment Co., Ltd.	Subsidiary of the shareholder	—	—	—	103,295.37	—	103,295.37
CITIC Real Estate Co., Ltd.	Subsidiary of the shareholder	—	—	—	150,000.00	-150,000.00	—
Total		315,774.75	648,696.00	964,470.75	3,345,126.42	-2,066,116.44	1,279,009.98
The actual amount of capital provided by the Company to the controlling shareholder and its subsidiaries during the reporting period		648,696.00					
The balance of capital provided by the Company to the controlling shareholder and its subsidiaries		964,470.75					
Reason for the formation of debts and liabilities due from/owed to related/connected parties		This was mainly the rental deposit and custodian fee payable to related/connected parties by the Company.					
Settlement of debts and liabilities due from/owed to related/connected parties		Nil					
Commitments relating to debts and liabilities due from/owed to related/connected parties		Nil					
Impact of debts and liabilities due from/owed to related/connected parties on the operating results and financial position of the Company		The above debts and liabilities due from/owed to related/connected parties did not have any adverse impact on the operating results and financial position of the Company.					

5.7 Material Contracts and their Performance

5.7.1 During the reporting period, the Company was not involved in any material custody, sub-contract or lease arrangement, and no such arrangement was brought forward to the current reporting period from prior periods.

5.7.2 Material Guarantees

Guarantees Provided by the Company

In 2013, 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 Bank of China in relation to the standby letter of credit issued by Bank of China Macau Branch in respect of the first tranche of offshore bonds issued by the Company's subsidiary, CITIC Securities Finance 2013, for an amount of the counter guarantee of USD902 million, covering the principal, interest and related fees of the bonds. The guarantee is a joint liability guarantee, which will expire at the end of six months from the expiration date of the standby letter of credit.

In 2014, according to the resolution of the 2013 Annual General Meeting, the duly authorized small group approved the provision of an unconditional and irrevocable guarantee on a joint and several basis for repayment obligations under each batch of notes to be issued pursuant to an overseas medium-term notes program set up by CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company. The scope of the guarantee includes the principal, interest and other contingent payables. On 30 October 2014, CITIC Securities Finance MTN made its first drawdown and issuance of this medium-term notes program in the amount of USD650 million which was unconditionally and irrevocably guaranteed by the Company on a joint and several basis.

During the reporting period, CITIC Securities Finance MTN made seven drawdowns under the medium-term notes program with an issue size amounting to USD414.68 million, which was unconditionally and irrevocably guaranteed by the Company on a joint and several basis.

Guarantees Provided by Controlling Subsidiaries

During the reporting period, among all the controlling subsidiaries of the Company, only CSI and its wholly-owned subsidiary CLSA Limited had provided guarantees. All those guarantees were provided in favour of their relevant subsidiaries for their business operations, such guarantees mainly included loan guarantees, guarantees for medium-term notes, guarantees for property leasing, guarantees for transactions involving the execution of framework agreements for International Swaps and Derivatives Association (the "ISDA Agreements") and Global Master Securities Lending Agreements (the "GMSL Agreements") with counterparties. Details are set out as follows:

No.	Guarantors	Parties being guaranteed	Amount of guarantee	Nature
1	CSI	CITIC Securities Brokerage (HK) Limited	HKD200 million	Loan guarantee
2	CSI	CSI Capital Management Limited	USD80 million	Loan guarantee
3	CSI	CSI Starlight Company Limited	USD10 million	Loan guarantee
4	CSI	CSI Financial Products Limited	USD766.28 million	Guarantee for the USD medium-term notes issued by the guaranteed party
5	CSI	CLSA Limited and its wholly-owned subsidiaries	USD635 million	Loan guarantee
6	CSI	CSI Capital Management Limited	Not applicable	Guarantee for the ISDA Agreements and GMSL Agreements entered into between the guaranteed party and the counterparty
7	CSI	CITIC Securities International USA, LLC	USD2.4265 million	Guarantee for property leasing ^{Note 2}
8	CLSA Limited	Subsidiaries of CLSA Limited	HKD6,400 million USD200 million	Loan guarantee and other liquidity support

Note 1: The guaranteed parties from No.1 to No.7 are all 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 30 June 2015, the total amount of guarantee provided by the Company and its controlling subsidiaries amounted to approximately RMB27,578 million, accounting for approximately 27.83% of the audited net assets of the Company in 2014.

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

5.7.3 During the reporting period, there was no other material contract which should be disclosed but not yet disclosed.

5.8 Undertakings of Shareholders of the Company with Shareholding of 5% or more and their Performance

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 business days of such transfer; in addition, any such transfers shall not exceed 5% of the total issued shares of the Company within a 12-month period and not exceed 10% within a 24-month period".

Since CITIC Group has transferred all the shares held by it in the Company to CITIC Corporation Limited, this commitment is succeeded by CITIC Corporation Limited.

The above long-term commitment is still valid. On 16 January 2015, CITIC Corporation Limited entrusted the Company with making an announcement in respect of its transfer of the equity interest in the Company, the details of which are set out in the relevant announcement issued by the Company on 16 January 2015.

Undertaking in respect of non-competition

During the initial public offering of A Shares 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 in the detriment of our interests and other Shareholders."

The above long-term commitment is still valid and is succeeded by CITIC Corporation Limited. It is currently in good implementation, and will continue to be duly performed.

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

The Company did not have any open commitment that required to be performed.

5.9 Appointment of Accounting Firms

Pursuant to the *Measures for Administration of Accounting Firm Selection by Financial Enterprises through Bidding (for trial implementation)* issued by the Ministry of Finance, there is a limit on the number of years that a financial institution can continue to engage the same accounting firm (including relevant members of such accounting firm), and the Company is required to change its accounting firms from 2015. According to the requirements under such Measures, the Company adopted the means of tendering to select and appoint its external auditors for 2015, and carried out on-site bid opening and evaluation on 29 December 2014. Based on the evaluation results, upon recommendation by the Audit Committee under the Board and prior approval by the 35th meeting of the 5th session of the Board of Directors of the Company, the 2014 Annual General Meeting of the Company considered and approved the “Resolution on the Change of Accounting Firms” on 19 June 2015 and agreed to appoint PwC Zhong Tian and PricewaterhouseCoopers as the external auditors of the Company for 2015 to be responsible for the provision of the relevant audit and review services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively; and appoint PwC Zhong Tian as the auditor for internal control of the Company for 2015. In 2015, PwC Zhong Tian and PricewaterhouseCoopers will concurrently provide audit and review services for the primary consolidated subsidiaries of the Company and the relevant consolidated projects. Total audit and review remuneration relating to the Group will not exceed RMB13.90 million (including RMB13.90 million). If audit and review remuneration increased as a result of changes in audit and review scopes and contents, the Board will determine audit and review remuneration according to the real audit and review scopes and contents under the authorization of 2014 Annual General Meeting.

(Note: The member of the PricewaterhouseCoopers global network in Hong Kong is PwC Hong Kong which provides the relevant audit and review services in accordance with the International Financial Reporting Standards.)

5.10 Punishment and Remedial Actions of the Company, Directors, Supervisors, Senior Management and Shareholders with Shareholding of 5% or more

5.10.1 During the reporting period, due to the margin financing and securities lending business and the investment banking business, the Company was successively imposed administrative supervision and management measures by the CSRC, namely being ordered to suspend the opening of new credit accounts for customers of margin financing and securities lending for three months and being subject to a dialogue with the regulatory authority, details of which are as follows:

1. Being imposed administrative supervision and management measures of being ordered to suspend the opening of new credit accounts for customers of margin financing and securities lending for three months due to margin financing and securities lending business

On 19 January 2015, the Company received from the CSRC the “Decision on Implementation of Measures on CITIC Securities Company Limited to Suspend the Opening of New Credit Accounts for Customers of Margin Financing and Securities Lending for Three Months”.

The Company always attaches great importance to the risk management of margin financing and securities lending business, and has implemented stringent standards for risk control. Currently the deposit ratio of customers is 70% with relatively low leverage ratio of customer financing. Real-time trading front end control over position concentration in customers’ credit accounts has been implemented to restrict the shareholding of a specific stock in customers’ credit accounts and reduce customer liquidity risks. Meanwhile, as for the administrative supervision and management measures taken by regulatory authorities, the Company has taken specific corrective measures. Please refer to the announcement published by the Company on 19 January 2015 for details.

2. Being imposed administrative supervision and management measures to engage in a dialogue with the regulatory authority due to investment banking projects

On 26 January 2015, the Company received the “Decision on the Implementation of the Measure on CITIC Securities Company Limited to engage in a dialogue with the regulatory authority” from the Department of Supervision of Unlisted Public Companies of the CSRC (hereinafter referred to as “DSUPC”). The DSUPC of the CSRC held a regulatory dialogue with the person in charge of the relevant business of the Company. The reason for the regulatory measure was mainly about whether the entrusted loan proceeds of the restructured party in the investment banking projects of the Company was in line with the recognition of recurring gains and losses and whether book value assessment could be chosen as the method for evaluating long-term equity investment.

Having received the related regulatory letter on the abovementioned issue, the Company attached much importance and immediately proceeded with rectification and has adopted the following rectification measures:

- (1) organized investment banking staff to enhance business learning, increase the standard of professional judgement, reinforce the depth and comprehensiveness of the understanding of regulatory requirements.
- (2) enhanced the quality of control over the quality control and internal check, further improved the quality of implementing projects and strengthened the grasp of key issues.
- (3) promulgated the project as a key case to avoid the occurrence of similar issues in subsequent work.
- (4) requested investment banking staff to enhance communication with regulatory authorities in the course of carrying out business in the future to better grasp the regulatory policy and guiding principle.

5.10.2 During the reporting period, none of the Board, Directors, Supervisors, Senior Management or Shareholders with shareholding of 5% or more of the Company was subject to, investigations by competent authorities, enforcement actions by judiciary authorities or disciplinary departments, being brought before relevant judiciary authorities or investigated for involvement in criminal liabilities, investigations or administrative punishments by the CSRC, prohibitions from entering the securities markets, being identified as an inappropriate person for the posts held, punishment imposed by other administrative authorities or public censures made 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.

5.11 Interim Dividend

The Company does not distribute any interim dividends for 2015.

5.12 Repurchase, 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.

5.13 Audit

The 2015 interim report of the Company is unaudited. Each of PwC Zhong Tian and PwC Hong Kong has issued review opinions in respect of the 2015 interim report of the Company in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively.

The Audit Committee had also reviewed the unaudited interim financial statements and interim report of the Company for the six months ended 30 June 2015, and did not raise any objection to the accounting policy and practices which were adopted by the Company.

5.14 Results of Classified Assessment by Regulatory Authorities

In the 2015 classified assessment of securities companies, the Company with its subsidiaries CITIC Securities (Zhejiang) and CITIC Securities (Shandong) were together rated “A” Class at “AA” level, which was currently the highest rating in the PRC securities industry. The Company was awarded this rating for eight consecutive years.

5.15 Other Significant Events and Progress of Events after the Reporting Period

5.15.1 Changes to the Articles of Association of the Company

Pursuant to the resolutions of the 2014 First Extraordinary General Meeting, the 2014 Annual General Meeting, the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting of the Company, and the relevant approval documents of the CSRC, during the reporting period and up to the date of the disclosure of this interim results announcement, the Company made two amendments to the Articles of Association relating to the following:

- (1) Expansion of business scope. Add “the Company may establish a subsidiary to engage in other services such as financial information technical support” in Article 14 of the Articles of Association. The amendments to this article have been approved by the Shenzhen Bureau of the CSRC, and the Company completed the registration and filing procedures for changes with the competent industry and commerce administration on 3 March 2015.
- (2) Expansion of business scope. Adjust the business areas of the securities brokerage business as “securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang Province)”; and add “stock options market making”. Given the fact that the Company has completed the issuance of 1.1 billion H shares, the total number of shares of the Company has increased from 11,016,908,400 shares to 12,116,908,400 shares. The relevant content of the Articles of Association regarding registered capital and the number of shares was changed accordingly. The Company completed the registration and filing procedures for changes with the competent industry and commerce administration and obtained the new business licence on 4 August 2015.

5.15.2 Drawdown under the Offshore Medium-term Notes Program

During the reporting period and up to the date of the disclosure of this interim results announcement, CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company, made a total of seven drawdowns under the offshore medium-term notes program with a total principal amount of up to USD3 billion established by it. All drawdown notes were issued by way of private placement with an issue amount of USD414.68 million in total and secured by unconditional and irrevocable guarantee provided by the Company with joint and several liabilities. These drawdown notes were not listed on the Hong Kong Stock Exchange or any other stock exchange. As at the disclosure date of this interim results announcement, a total amount of USD1,064.68 million had been drawn under the offshore medium-term notes program.

5.15.3 The Launch of the Business of the Asset-backed Securities backed by Stock-pledged Creditor’s Rights

On 18 June 2015, the 39th Meeting of the 5th Session of the Board considered and approved the Resolution on Authorizing the Company to Launch the Business of the Asset-backed Securities backed by Stock-pledged Creditor’s Right, and authorized the management of the Company to launch the business of asset-backed securities backed by stock-pledged creditor’s rights to the extent permitted by laws, regulations and the Articles of Association. The relevant business scale shall not exceed RMB8 billion in aggregate. The asset-backed special plan project backed by stock-pledged creditor’s rights will be implemented on an one-off or multiple bases. Pursuant to the authorization and the “Letter of No Objection to the Listing for Transfer of First Tranche of Asset-backed Securities backed by Stock-pledged Creditor’s Rights of CITIC China AMC” (Shang Zheng Han [2015] No. 976) issued by the SSE, the Company established the first asset-backed special plan backed by stock-pledged creditor’s rights, i.e. First Tranche of Asset-backed Securities backed by Stock-pledged Creditor’s Rights of CITIC China AMC on 6 July 2015. Investors included various institutional investors such as fund houses, joint-stock commercial banks, rural commercial banks and foreign financial institutions. The issue size was RMB2.145 billion. The asset-backed securities were divided into priority 01 tranche, priority 02 tranche, priority 03 tranche and secondary tranche, with an issue term of 1 year, 2 years, 3 years and 3 years, respectively. The interest rate at which each tranche of the priority securities was issued was 4.7%, 5.05% and 5.2%, respectively and there was no interest rate for the issuance of the secondary securities. Each tranche of the above priority securities will be listed and traded on the SSE (the transaction code is 123744, 123745 and 123746, respectively).

5.15.4 Establishment of New Subsidiaries

Pursuant to the resolution of the 33rd meeting of the 5th Session of the Board, the Company incorporated a wholly-owned subsidiary, CITIC Securities Overseas Investment, with a registered capital of HKD10,000 on 17 April 2015 in Hong Kong. The company is an investment holding company with limited liability.

On 12 February 2015, the 34th meeting of the 5th Session of the Board considered and approved the Resolution on the Establishment of a Wholly-owned Subsidiary for Conducting the Securities Financial Service Business, approving the Company to establish a wholly-owned subsidiary to engage in the registration, custody and clearing operations services for relevant financial institutions such as acting as administrator, transaction settlement agency, cross-border operations, integrated operations and operating base. Pursuant to the resolution, the Company incorporated a wholly-owned subsidiary, CITIC Zhongzheng Investment Service Co., Ltd., with a registered capital of RMB100 million in Qianhai, Shenzhen on 24 July 2015.

5.15.5 Change of Branches for Securities Operation

The Company

During the reporting period, the Company has established 13 new securities branches and completed same city relocation of Jiangsu Branch. In addition, from 1 July 2015 to the date of the disclosure of this interim results announcement, the Company has established 19 new securities branches, has changed Shenzhen Headquarters Branch to Shenzhen Branch and changed Shengyang Fuda Road Branch to Northeast Branch. Currently, the Company owns 118 securities branches and eight branches. The details are as follows:

No.	Name of New Securities Branches	Addresses of New Securities Branches
1	Beijing Financial Street Branch	Unit 107, 1/F, No. 35 Financial Street, Xicheng District, Beijing
2	Changshu Haiyu North Road Branch	No. 48-1, Haiyu North Road, Changshu
3	Changzhou High-tech Park Branch	No. 201, Block E, Building 3, High-tech Park, Xinbei District, Changzhou
4	Chengdu Renmin South Road Branch	No. 603 and No. 604, 6/F, Building 2, Pingan Fortune Centre, No.1, Section 3, Renmin South Road, Wuhou District, Chengdu
5	Dalian Renmin East Road Branch	No. 03-1, Dalian Port West District, Renmin East Road, Zhongshan District, Dalian
6	Datong Yuhe West Road Branch	7/F, Unit 4, Tower 1, Yuhua Dijing, Yuhe West Road, Urban District, Datong
7	Foshan Shunde Ronggui Branch	Shops 107-109, No. 11 Le'an North Road, Ronggui Rongshan Neighbourhood Committee, Shunde District, Foshan
8	Guangzhou Huacheng Square Branch	906B, 906C, The Pinnacle, Huacheng Square, No. 17 Zhujiang West Road, Tianhe District, Guangzhou
9	Harbin Red Flag Avenue Branch	Room 01, 3/F, Commercial Service Unit, Building 1, No. 236 Red Flag Avenue, Nangang District, Harbin
10	Suzhou Wujiang Wen Yuan Road Branch	No. 178 Wen Yuan Road, Songling Town, Wujiang District
11	Tianjin Yellow River Road Branch	Tower 34, Style Spring Garden, southwest side of the intersection of Yellow River Road and Guangkai 4th Road, Nankai District, Tianjin
12	Xi'an Weiyang Road Branch	Room 1006, Unit 1, Building 1, Jing Fa International Tower, No. 132 Weiyang Road, Xi'an Economic and Technological Development Zone
13	Changsha Yuelu Avenue Branch	Room 820, Building 6, Lvdi Times Square, No. 31 Yinshan Road, Yuelu District, Changsha
14	Beijing Beiyuan Branch	Shangyenei 1-015, 1/F, Block C, Tianlang Park, Chaoyang District, Beijing
15	Beijing Jianguo Road Branch	Room 306-1, Nei 101, 3/F, Building 5, No. 98 Courtyard, Jianguo Road, Chaoyang District, Beijing

No.	Name of New Securities Branches	Addresses of New Securities Branches
16	Beijing Jianguomenwai Avenue Branch	Room BCD, 20/F, Building 1, No. 19 Jianguomenwai Avenue, Chaoyang District, Beijing
17	Beijing Sanyuanqiao Branch	Unit 102, Building 16, No. 5 Courtyard, Shuguang Xili Jia, Chaoyang District, Beijing
18	Beijing Zhongguancun East Road Branch	Units 503B and 807B, Block AB, Dongsheng Building, No. 8 Zhongguancun East Road, Haidian District, Beijing
19	Chengdu Wuhou Avenue Branch	No. 1001, 10/F, Building 2, No. 3 Jialing Road, Wuhou District, Chengdu
20	Kunshan Qianjin Road Branch	Room 1, No. 270 Qianjin Middle Road, Kunshan Development Zone
21	Lanzhou Xijin Road Branch	Xijin East Road, Qilihe District, Lanzhou
22	Mianyang Linyuan Road Branch	1-1-4, Fu No. 5, Linyuan Road West Section, Fucheng District, Mianyang
23	Nanjing Lushan Road Branch	Room 1004, No. 168 Lushan Road, Jianye District, Nanjing
24	Shanghai World Financial Centre Branch	Room T53, Building 63, No. 100 Century Avenue, China (Shanghai) Pilot Free Trade Zone
25	Shanghai Ruijin South Road Branch	Room 5H, No.1 Ruijin South Road, Huangpu District, Shanghai
26	Shanghai Wujiaochang Branch	Rooms 307 and 308A, No. 333 Songhu Road, Yangpu District, Shanghai
27	Tianjin Binhai New District Huanghai Road Branch	First Floor Shop, No. 9, Building F, Royal Palace, No. 10 2nd Avenue, Tianjin Economic and Technological Development Zone
28	Wuhan Dongwu Avenue Branch	Te No. 1 (6), Liushun Road, Dongxihu, Wuhan
29	Wuhan Shuiguohu Branch	No. 9 Bayi Road, Wuchang District, Wuhan
30	Zhongshan Xiaolan Branch	2/F, No. 52 Guangyuan North Road, Xiaolan Town, Zhongshan
31	Cangzhou Jiefang West Road Branch	Room 401, Yihe Building, Jiefang West Road, Yunhe District, Cangzhou
32	Dalian Jinma Road Branch	Chengrunwanjia 7#-4 public building, Economic and Technological Development Zone, Dalian

No.	Name of New Branches	Addresses of New Branches
1	Shenzhen Branch	12/F, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen (renamed from the original Shenzhen Headquarters Branch)
2	Northeast Branch	No. 335 Fengtian Street, Shenhe District, Shenyang (renamed from the original Shenyang Fuda Avenue Branch)

In addition, during the reporting period, the Jiangsu Branch of the Company was relocated from “No. 5 Gaoloumen, Xuanwu District, Nanjing” to “10/F, Sunny World Office Building II, No. 168, Lushan Road, Jianye District, Nanjing”.

CITIC Securities (Zhejiang)

During the reporting period, CITIC Securities (Zhejiang) established five new securities branches, namely, Hangzhou Yuhuangshan Nanjijin Town Branch, Hangzhou Youyi Road Branch, Ningbo Daqing South Road Branch, Yuhuan Shuanggang Road Branch and Jinjiang Changxing Road Branch; deregistered one securities branch, namely, Shangrao County Qiliu Road Branch; and established one new branch, namely, Zhejiang Branch. In addition, from 1 July 2015 to the date of the disclosure of this interim results announcement, CITIC Securities (Zhejiang) established seven new securities branches, namely, Hangzhou Gudun Road Second Branch, Hangzhou Jinhua Road Branch, Hangzhou Moganshan Road Branch, Hangzhou Xintang Road Branch, Ruian Gongruishan Road Branch, Zhuji Diankou Shengli Road Branch and Ninghai Qixiangbei Road Branch. Currently, CITIC Securities (Zhejiang) has 76 securities branches and five branches.

CITIC Securities (Shandong)

During the reporting period, CITIC Securities (Shandong) established one new securities branch, namely, Zibo Shiji Road Branch; completed the same city relocation of Qingdao Qinling Road Branch and Hong Kong Middle Road Branch; deregistered two securities branches, namely, Changyi Beihai Road Branch and Anqiu Xiangyang Road Branch. In addition, from 1 July 2015 to the date of the disclosure of this interim results announcement, CITIC Securities (Shandong) established five securities branches, namely, Jinan Luoyuan Avenue Branch, Qingdao Huangdao District Changjiang Middle Road Branch, Linyi Yinqueshan Road Branch, Yantai Development Zone Branch and Zhengzhou Jingsan Road Branch. Currently, CITIC Securities (Shandong) has 61 securities branches and one branch, and two additional securities branches and one additional branch are under preparation and construction.

CITIC Futures

During the reporting period, CITIC Futures established Beijing Branch and Shanghai Branch, and did not establish any new futures branches. Currently, CITIC Futures has 44 futures branches and two branches.

VI. CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

6.1 Share Capital Structure

As at 30 June 2015, the share capital of the Company was as follows:

Name of Shareholders	Class of Shares	Number of Shares (shares)	Percentage to the total number of shares (%)
CITIC Group Corporation ^{Note}	A Shares	1,888,758,875	15.59
Public holders of A Shares	A Shares	7,949,821,825	65.61
Public holders of H Shares	H Shares	2,278,327,700	18.80
Total	—	12,116,908,400	100.00

Note: CITIC Group held such A Shares indirectly through its subsidiaries, including CITIC Limited and CITIC Corporation Limited.

6.2 Changes in Share Capital

6.2.1 Table of Changes in Share Capital

Unit: shares

Class of shares	Before the change		Issue of new shares	Change due to this movement (+, -)				After the change	
	Number of shares	Percentage (%)		Bonus	Share conversion from reserves	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	23,919,000	0.217	—	—	—	—	—	23,919,000	0.197
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	0.197
Including: Shares held by domestic non-state owned legal persons	—	—	—	—	—	—	—	—	—
Shares held by domestic natural persons	—	—	—	—	—	—	—	—	—
Others	23,919,000	0.217	—	—	—	—	—	23,919,000	0.197
4. Shares held by foreign investors	—	—	—	—	—	—	—	—	—
Including: Shares held by foreign legal persons	—	—	—	—	—	—	—	—	—
Shares held by foreign natural persons	—	—	—	—	—	—	—	—	—
II. Shares not subject to trading moratorium	10,992,989,400	99.783	1,100,000,000	—	—	—	1,100,000,000	12,092,989,400	99.803
1. RMB denominated ordinary shares	9,814,661,700	89.087	—	—	—	—	—	9,814,661,700	81.000
2. Foreign shares listed in the PRC	—	—	—	—	—	—	—	—	—
3. Foreign shares listed overseas	1,178,327,700	10.696	1,100,000,000	—	—	—	1,100,000,000	2,278,327,700	18.803
4. Others	—	—	—	—	—	—	—	—	—
III. Total number of shares	11,016,908,400	100.000	1,100,000,000	—	—	—	1,100,000,000	12,116,908,400	100.000

Note: For details about shares subject to trading moratorium, please refer to 6.3.3 of this interim results announcement.

6.2.2 Description of Changes in Share Capital

On 16 February 2015, the Resolution on the Issuance and Listing of New H Shares of the Company on The Stock Exchange of Hong Kong Limited was considered and approved at the Company's 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting, respectively, and upon obtaining approvals from the CSRC and the Hong Kong Stock Exchange, the Company completed the issuance of 1.1 billion H Shares on 23 June 2015, which were listed on the Hong Kong Stock Exchange on the same date. After completion of the issuance, the total number of shares of the Company increased from 11,016,908,400 shares to 12,116,908,400 shares, in which the number of A Shares remained unchanged at 9,838,580,700 shares; the number of H Shares increased from 1,178,327,700 shares to 2,278,327,700 shares.

Moreover, on 8 June 2015, the 38th Meeting of the 5th Session of the Board considered and approved the Proposal on the Placement of Additional H Shares to the National Council for Social Security Fund and their Listing on The Stock Exchange of Hong Kong Limited, and approved the proposed issuance of 640 million H Shares to NSSF at the price of HKD18 per share. Such matter will be submitted to the Company's 2015 Second Extraordinary General Meeting, the 2015 Second A Shareholders Class Meeting and the 2015 Second H Shareholders Class Meeting to be convened on 25 August 2015 for consideration, and approvals from the CSRC and the Hong Kong Stock Exchange are also required after the proposal is passed.

6.3 Information on Shareholders

6.3.1 Total number of shareholders of the Company as at 30 June 2015: 698,535 shareholders including 698,399 A Shareholders and 136 registered H Shareholders.

6.3.2 Shareholdings of Top 10 Shareholders of the Company as at 30 June 2015

Name of Shareholder	Type of Shareholder ^{Note 4}	Number of shares held (shares)	Percentage (%)	Change in the number of shares during the reporting period (shares)	Class of shares (A, B, H Shares or others)
HKSCC Nominees Limited ^{Note 1}	Foreign legal person	2,277,986,480	18.80	1,099,977,880	H Shares
CITIC Corporation Limited	State-owned legal person	1,888,758,875	15.59	-348,131,745	A Shares
China Life Insurance Company Limited ^{Note 2}	Domestic non-state owned legal person	361,059,999	2.98	—	A Shares
Industrial and Commercial Bank of China Limited – Shenwan Lingxin Shenyin Wanguo Securities Industry Index Structured Securities Investment Fund	Domestic non-state owned legal person	299,755,556	2.47	104,882,973	A Shares
China Life Insurance (Group) Company – Traditional – General Insurance Products	Domestic non-state owned legal person	231,141,935	1.91	—	A Shares
China Academy of Launch Vehicle Technology	State-owned legal person	106,478,308	0.88	—	A Shares
Hong Kong Securities Clearing Company Limited ^{Note 3}	Foreign legal person	92,137,927	0.76	-3,498,809	A Shares
Industrial and Commercial Bank of China Limited – SSE 50 Traded Open Index Securities Investment Fund	Domestic non-state owned legal person	64,013,530	0.53	35,642,225	A Shares
Nanjing Gaoke Company Limited	Domestic non-state owned legal person	60,300,000	0.50	2,000,000	A Shares
China Construction Bank Co., Ltd. – Fullgoal China All Indices Securities Companies Index Structured Securities Investment Fund	Domestic non-state owned legal person	58,836,666	0.49	58,836,666	A Shares

Note 1: HKSCC Nominees Limited is the nominal holder on behalf of H Shareholders who do not register the shares under their names.

Note 2: The number of shares held by China Life Insurance Company Limited is the total number of 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. On 10 July 2015, China Life Insurance Company Limited transferred 30 million shares of the Company through the secondary market. After the transfer, the number of shares held in the Company was changed to 331,059,999 shares and the percentage of shareholding was changed to 2.73%. In addition, China Life Insurance Company Limited indirectly held 2,858,881 shares of the Company through asset management schemes, if such indirectly held shares were taken into account, after the above transfer, 333,918,880 shares of the Company were held by China Life Insurance Company Limited, representing 2.76% of the total number of shares of the Company.

Note 3: Hong Kong Securities Clearing Company Limited is the nominal holders of the stocks of the Northbound Trading.

Note 4: The type of A Shareholders represents the type of account held by the shareholders with Shanghai branch of CSDCC.

Note 5: As the shares of the Company are margin trading underlying securities, the shareholdings of shareholders are calculated by adding together the number of shares in their ordinary securities accounts and credit securities accounts, and their equity interest.

Note 6: Connected/related relationship or parties acting in concert among above shareholders: China Life Insurance Company Limited is a controlling subsidiary of China Life Insurance (Group) Company. The Company is not aware of any other connected/related relationship or any parties acting in concert among other shareholders.

6.3.3 Shareholdings of the Restricted Shareholders as at 30 June 2015

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 implementation of the share incentive scheme	—	To be determined after implementation of the share incentive scheme

6.3.4 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 HKEx as at 30 June 2015. 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 30 June 2015.

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 30 June 2015 (%)	Percentage to Total Issued Shares of the Company as at 30 June 2015 (%)
CITIC Group Corporation	Interest of controlled corporation ^{Note 1}	A Shares	1,939,757,575/ Long positions	19.72	16.01
China Life Insurance (Group) Company	Beneficial owner and interest of controlled corporation ^{Note 2}	A Shares	688,700,626/ Long positions	7.00	5.68
The NSSF	Beneficial owner	H Shares	690,359,200/ Long positions	30.30	5.70
Citigroup Inc.	Others ^{Note 3}	H Shares	244,539,175/ Long positions	10.73	2.02
			15,087,306/ Short positions	0.66	0.12
			230,285,881/ Shares available for borrowing	10.11	1.90
			236,000,000/ Long positions	10.36	1.95
Cinda Sinorock Global Portfolio Limited Partnership II	Investment manager	H Shares	81,030,700/ Long positions	3.56	0.67
Lazard Asset Management LLC	Investment manager	H Shares	144,680,303/ Long positions	6.35	1.19
BlackRock, Inc.	Interest of controlled corporation ^{Note 4}	H Shares	2,130,500/ Short positions	0.09	0.02

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 30 June 2015 (%)	Percentage to Total Issued Shares of the Company as at 30 June 2015 (%)
UBS Group AG	Others ^{Note 5}	H Shares	141,752,272/ Long positions	6.22	1.17
			107,965,947/ Short positions	4.74	0.89
FIL Limited	Investment manager	H Shares	136,103,500/ Long positions	5.97	1.12
JPMorgan Chase & Co.	Others ^{Note 6}	H Shares	124,016,284/ Long positions	5.44	1.02
			7,673,076/ Short positions	0.34	0.06
			35,788,777/ Shares available for borrowing	1.57	0.30
Banco BTG Pactual S.A.	Beneficial owner	H Shares	58,625,500/ Long positions	2.57	0.48

Note 1: CITIC Group held such A Shares indirectly through its subsidiaries, including CITIC Limited and CITIC Corporation Limited. The number of A Shares held by CITIC Group and its shareholding percentage to the number of A Shares were based on those recorded in the notices of disclosure of interests on the website of the Hong Kong Stock Exchange. As at the date of the disclosure of this interim results announcement, CITIC Group held 1,888,758,875 A Shares, representing 15.59% of the total number of shares in the Company.

Note 2: According to the number of A Shares held by China Life Insurance (Group) Company and its shareholding percentage to the number of A shares set out in the notices of disclosures of interests on the website of the Hong Kong Stock Exchange, it directly held 231,141,935 A Shares, and indirectly held 457,558,691 A Shares of the Company through its subsidiary China Life Insurance Company Limited. As at the date of the disclosure of this interim results announcement, China Life Insurance (Group) Company and its subsidiary in aggregate actually held 565,060,815 A Shares, representing 4.66% of the total number of shares in the Company.

Note 3: Citigroup Inc. held the relevant interest and short positions in the capacity as custodian corporation/approved lending agent and person with security interest in the shares through its controlled corporations.

Note 4: BlackRock, Inc. held the relevant interests and short positions through its controlled corporations.

Note 5: UBS Group AG held the relevant interest and short positions in the capacity as person with security interest in the shares through its controlled corporations.

Note 6: JPMorgan Chase & Co. held the relevant interest and short positions in the capacity as beneficial owner, investment manager and custodian corporation/approved lending agent through its controlled corporations.

Save as disclosed above, as at 30 June 2015, no other interest or short positions as recorded in the equity interest information disclosed on the HKExnews website of HKEx or the register maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

VII. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

7.1 Changes in Shareholdings of Directors, Supervisors and Senior Management

There was no change in the Company's shareholdings of Directors, supervisors and Senior Management of the Company during the reporting period.

7.2 Changes of Directors, Supervisors and Senior Management during the Reporting Period

Name	Position	Change	Reasons for the change
JU Weimin	Non-executive Director	Resignation	On 8 May 2015, Mr. JU Weimin tendered his resignation to the Board due to changes in his work and resigned from serving as a non-executive Director of the Company and all related duties in special committees under the Board. The resignation of Mr. JU Weimin became effective upon receipt of his resignation by the Board.

7.3 Other Information

Since the term of the 5th Session of the Board and the Supervisory Committee expired on 19 June 2015, as the nomination of relevant candidates for Directors and supervisors of the 6th Session has not been finished, the Company published an announcement on 29 May 2015 concerning the re-election and appointment of the Board and the Supervisory Committee, in which it was mentioned that the re-election and appointment of the 5th Session of the Board and the Supervisory Committee of the Company would be postponed until a new session of the Board and the Supervisory Committee are approved by the shareholders of the Company at a general meeting in accordance with the Articles of Association of the Company in order to maintain the continuity of the work of the Board and the Supervisory Committee. At the same time, the term of service of all the Board committees of the 5th Session and senior management officers would also be extended accordingly.

The Company will try to complete the re-election and appointment of the Board and the Supervisory Committee as soon as possible and will separately publish an announcement and circular containing particulars of the members of the new session of the Board and the Supervisory Committee as soon as practicable.

7.4 Number, Remuneration and Training Programmes of Employees

As at 30 June 2015, the Group had a total number of 14,493 employees (including brokers and despatched staff), of which 6,150 (including brokers and despatched staff) were employees of the Company.

For details of remuneration of employees of the Company during the reporting period, please refer to Note 9 to the financial statements of this interim results announcement. In addition, there was no change in the remuneration policy and training programmes of the Company, which are consistent with the disclosure in the 2014 annual report of the Company (please refer to the 2014 annual report of the Company for details).

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

As at 30 June 2015, the following persons had interests or short positions in the shares, underlying shares and 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 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 to Total Number of Shares of the Company (%)
WANG Dongming	Chairman and Executive Director	Personal interest	A Shares	2,649,750	0.022
CHENG Boming	President and Executive Director	Personal interest	A Shares	1,733,160	0.014
NI Jun	Chairman of the Supervisory Committee	Personal interest	A Shares	1,368,363	0.011
LEI Yong	Supervisor	Personal interest	A Shares	483,285	0.004
YANG Zhenyu	Supervisor	Personal interest	A Shares	81,000	0.001

Pursuant to the Securities and Futures Ordinance, the senior management member who was required to disclose his interests to the Hong Kong Stock Exchange was the President and did not include other senior management members. In addition, as at 30 June 2015, no other Directors, supervisors and senior management officers or any of their spouses or children under 18 years of age were granted equity securities or warrants of the Company.

VIII. CORPORATE GOVERNANCE

During the reporting period, the Company had strictly complied with the Company Law, Securities Law, Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 to the Hong Kong Listing Rules and the Articles of Association of the Company, continued to improve its corporate governance structure and was in full compliance with all the code provisions under the Code. The corporate governance of the Company in practice complied with the requirements of the Company Law, relevant regulations of the CSRC as well as most of the recommended best practices set out in the Code.

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 Directors, Supervisors and Senior Management (the “Management Measures”) on 13 March 2008, to regulate the holding and dealing of shares of the Company by Directors, Supervisors and Senior Management. The Management Measures are more stringent than the compulsory provisions set out 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 and Supervisors have confirmed that they had strictly complied with the relevant provisions of the Management Measures and the Model Code during the reporting period.

IX. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of CITIC Securities Company Limited

(Incorporated in the People's Republic of China with Limited Liability)

Introduction

We have reviewed the interim financial information set out on pages 60 to 103, which comprises the condensed consolidated interim statement of financial position of CITIC Securities Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2015

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Revenue			
Fee and commission income		17,321,098	6,804,968
Interest income	6	7,784,667	3,226,696
Investment income	7	12,017,496	3,963,681
		<u>37,123,261</u>	<u>13,995,345</u>
Other income	8	2,177,357	2,334,950
		<u>39,300,618</u>	<u>16,330,295</u>
Total revenue and other income			
Fee and commission expenses	9	2,365,985	622,649
Finance costs	9	6,203,500	2,967,013
Staff costs	9	7,984,249	3,988,355
Business tax and surcharges		1,456,475	482,259
Depreciation		134,872	205,245
Other operating expenses and costs	9	4,475,485	1,986,298
Impairment losses	10	155,043	279,617
		<u>22,775,609</u>	<u>10,531,436</u>
Total operating expenses			
Operating profit		16,525,009	5,798,859
Share of profits and losses of:			
Associates		404,658	34,996
Joint ventures		(2,948)	(9,864)
		<u>16,926,719</u>	<u>5,823,991</u>
Profit before income tax			
Income tax expense	11	4,184,416	1,490,481
		<u>12,742,303</u>	<u>4,333,510</u>
Profit for the period			
Attributable to:			
Owners of the Parent		12,470,274	4,075,620
Non-controlling interests		272,029	257,890
		<u>12,742,303</u>	<u>4,333,510</u>
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
– Basic	13	1.13	0.37
– Diluted	13	1.13	0.37

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit for the period	12,742,303	4,333,510
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Available-for-sale financial assets:		
Changes in fair value	3,354,560	424,798
Income tax effect on changes in fair value	(837,459)	(108,700)
Gains transferred included in the consolidated income statement, net	(1,581,895)	(424,761)
	935,206	(108,663)
Share of other comprehensive income of associates and joint ventures	145	(3,287)
Exchange differences on translation of foreign operations	(60,863)	186,196
Other	(389)	—
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods	—	—
Other comprehensive income for the period, net of tax	874,099	74,246
Total comprehensive income for the period	13,616,402	4,407,756
Attributable to:		
Owners of the Parent	13,289,061	4,195,739
Non-controlling interests	327,341	212,017
	13,616,402	4,407,756

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Non-current assets			
Property, plant and equipment	14	1,342,530	1,222,324
Investment properties		72,308	73,694
Goodwill	15	10,508,335	10,075,152
Other intangible assets	16	1,760,320	1,887,275
Investments in associates		4,362,138	3,954,167
Investments in joint ventures		13,661	7,829
Available-for-sale financial assets	17	12,260,305	10,557,598
Financial assets designated as at fair value through profit or loss	18	183,406	306,168
Held-to-maturity investments		72,331	142,585
Refundable deposits	19	4,088,753	3,353,096
Deferred income tax assets	20	2,076,417	2,596,285
Other non-current assets		176,747	197,503
Total non-current assets		36,917,251	34,373,676
Current assets			
Fee and commission receivables		897,345	662,760
Margin accounts	21	116,349,671	74,135,256
Available-for-sale financial assets	17	42,605,432	38,278,411
Financial assets held for trading	22	155,894,741	113,751,561
Financial assets designated as at fair value through profit or loss	18	12,010,379	12,127,559
Derivative financial assets	23	13,660,746	7,281,626
Reverse repurchase agreements	24	38,980,144	42,862,895
Other current assets	25	34,278,400	21,344,829
Cash held on behalf of customers	26	246,609,965	96,840,688
Cash and bank balances	27	77,301,631	37,967,189
Total current assets		738,588,454	445,252,774
Current liabilities			
Customer brokerage deposits	28	254,155,178	101,845,838
Derivative financial liabilities	23	6,915,857	5,339,085
Financial liabilities held for trading	29	5,962,100	2,608,314
Financial liabilities designated as at fair value through profit or loss	30	24,049,556	25,809,281
Repurchase agreements	31	168,735,502	124,914,446
Due to banks and other financial institutions		211,000	11,751,000
Taxes payable	32	4,653,946	3,295,465
Short-term loans	33	6,741,493	4,651,416
Short-term financing instruments payable	34	35,239,722	17,997,658
Other current liabilities	35	59,010,666	29,352,488
Total current liabilities		565,675,020	327,564,991
Net current assets		172,913,434	117,687,783
Total assets less current liabilities		209,830,685	152,061,459

	Notes	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Non-current liabilities			
Debt instruments issued	36	69,926,294	43,167,363
Deferred income tax liabilities	20	2,771,320	2,610,454
Long-term loans	37	1,922,923	2,314,393
Financial liabilities designated as at fair value through profit or loss	30	2,226,395	2,647,377
Other non-current liabilities	38	233,182	190,387
Total non-current liabilities		77,080,114	50,929,974
Net assets		132,750,571	101,131,485
Equity			
Equity attributable to Owners of the Parent			
Share capital	39	12,116,908	11,016,908
Reserves	40	76,587,527	55,371,420
Retained earnings		41,587,742	32,710,342
		130,292,177	99,098,670
Non-controlling interests		2,458,394	2,032,815
Total equity		132,750,571	101,131,485

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Approved and authorized for issue by the Board of Directors on 24 August 2015.

Chairman

Executive Director and President

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(In RMB thousands, unless otherwise stated)

	Attributable to Owners of the Parent									Non-controlling interests	Total
	Reserves						Retained earnings	Subtotal			
	Share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve					
At 1 January 2015	11,016,908	34,122,744	7,092,744	13,338,581	1,778,526	(961,175)	32,710,342	99,098,670	2,032,815	101,131,485	
Profit for the period	—	—	—	—	—	—	12,470,274	12,470,274	272,029	12,742,303	
Other comprehensive income for the period	—	—	—	—	871,318	(52,531)	—	818,787	55,312	874,099	
Total comprehensive income for the period	—	—	—	—	871,318	(52,531)	12,470,274	13,289,061	327,341	13,616,402	
Dividend — 2014	—	—	—	—	—	—	(3,415,242)	(3,415,242)	—	(3,415,242)	
Appropriation to general reserve	—	—	—	163,321	—	—	(163,321)	—	—	—	
Capital increase/(decrease) by equity holders	—	—	—	—	—	—	—	—	—	—	
– Capital contribution by equity holders	1,100,000	20,234,293	—	—	—	—	—	21,334,293	118,943	21,453,236	
– Others	—	(294)	—	—	—	—	(14,311)	(14,605)	(11,015)	(25,620)	
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(9,690)	(9,690)	
At 30 June 2015 (Unaudited)	12,116,908	54,356,743	7,092,744	13,501,902	2,649,844	(1,013,706)	41,587,742	130,292,177	2,458,394	132,750,571	

	Attributable to Owners of the Parent									Non-controlling interests	Total
	Reserves						Retained earnings	Subtotal			
	Share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve					
At 1 January 2014	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	
Profit for the period	—	—	—	—	—	—	4,075,620	4,075,620	257,890	4,333,510	
Other comprehensive income for the period	—	—	—	—	(63,765)	183,884	—	120,119	(45,873)	74,246	
Total comprehensive income for the period	—	—	—	—	(63,765)	183,884	4,075,620	4,195,739	212,017	4,407,756	
Dividend — 2013	—	—	—	—	—	—	(1,652,537)	(1,652,537)	—	(1,652,537)	
Appropriation to general reserve	—	—	—	119,286	—	—	(119,286)	—	—	—	
Capital increase/(decrease) by equity holders	—	—	—	—	—	—	—	—	—	—	
– Capital contribution by equity holders	—	—	—	—	—	—	—	—	(98,499)	(98,499)	
– Others	—	(500,778)	—	—	—	—	—	(500,778)	(1,792)	(502,570)	
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(117,509)	(117,509)	
At 30 June 2014 (Unaudited)	11,016,908	33,927,374	6,439,142	11,521,010	(397,805)	(711,648)	27,935,928	89,730,909	1,707,827	91,438,736	

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	16,926,719	5,823,991
Adjustments for:		
Financing interest expense	2,297,065	1,254,600
Share of profits and losses of associates and joint ventures	(401,710)	(25,132)
Dividend income and interest income from available-for-sale financial assets	(946,848)	(630,122)
Net gains on disposal of available-for-sale financial assets	(4,081,728)	(668,346)
Net gains on disposal of property, plant and equipment and other assets	(1,979)	(2,178,253)
Gains on disposal of subsidiaries	(3)	(36,771)
Fair value gains on financial instruments measured at fair value through profit or loss	(3,763,689)	(681,516)
Depreciation	136,259	207,491
Amortisation	182,920	177,567
Impairment on available-for-sale financial assets	134,000	274,358
Impairment on other assets	21,043	5,259
	<u>10,502,049</u>	<u>3,523,126</u>
Net increase in operating assets		
Financial assets held for trading	(41,427,664)	(32,776,422)
Cash held on behalf of customers	(149,769,277)	(9,688,770)
Other assets	(54,295,933)	(21,880,032)
	<u>(245,492,874)</u>	<u>(64,345,224)</u>
Net increase in operating liabilities		
Customer brokerage deposits	149,634,144	10,166,080
Repurchase agreements	43,821,055	28,117,288
Other liabilities	30,431,845	14,651,006
	<u>223,887,044</u>	<u>52,934,374</u>
Net cash outflow from operating activities before tax	<u>(11,103,781)</u>	<u>(7,887,724)</u>
Income tax paid	(2,802,221)	(1,603,355)
Net cash outflow from operating activities	<u>(13,906,002)</u>	<u>(9,491,079)</u>

	Notes	Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
Cash flows from investing activities			
Dividend income and interest income received from available-for-sale financial assets		1,096,435	712,769
Net cash flows from purchases, leases and sales of items of property, plant and equipment and other assets		(284,631)	(93,275)
Net cash flows from disposal of subsidiaries		(6)	4,512,183
Net cash flows from acquisition of subsidiaries		(144,675)	—
Net cash flows from investments in associates and joint ventures		8,404	4,738
Net cash flows from disposal or purchase of available-for-sale financial assets		(1,522,687)	(10,043,834)
Other cash outflows from investing activities		(9,714)	—
Net cash outflow from investing activities		(856,874)	(4,907,419)
Cash flows from financing activities			
Cash inflows from capital injection		21,508,200	22,326
Cash inflows from loans		3,410,518	7,729,383
Cash inflows from debt instruments		93,679,170	31,965,479
Repayment of loans and debt instruments		(55,527,994)	(26,249,528)
Dividends and interest expense		(3,120,069)	(1,465,971)
Other cash outflows from financing activities		(6,020,622)	(1,785)
Net cash inflow from financing activities		53,929,203	11,999,904
Net increase/(decrease) in cash and cash equivalents		39,166,327	(2,398,594)
Cash and cash equivalents at the beginning of the period		35,568,511	25,668,912
Effect of exchange rate changes on cash and bank balances		(78,404)	99,412
Cash and cash equivalents at the end of the period	41	74,656,434	23,369,730
Cash and bank balances	27	77,301,631	25,578,174
Less: Restricted funds	27	2,645,197	2,208,444
Cash and cash equivalents		74,656,434	23,369,730

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(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 and listed on H-Share market in 2011. 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.

The Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- Securities and futures brokerage;
- Securities investment fund distribution and introducing brokerage business for futures companies;
- Agency sale of financial products;
- Securities underwriting and sponsorship;
- Investment advisory and consultancy services;
- Proprietary securities activities;
- Asset management and fund management;
- Margin financing and securities lending; and
- Stock option market-making.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at and for the year ended 31 December 2014.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except as described below, the principal accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2014.

Amendments effective in 2015 and adopted by the Group:

In the current interim period, the Group has applied the following amendments to the International Financial Reporting Standards (“IFRSs”), issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for the current interim period. Descriptions of these amendments were disclosed in the Group’s annual consolidated financial statements for the year ended 31 December 2014.

Amendments to IAS 19 (as revised in 2011)

Employee Benefits - To Plans that Require Employees or Third Parties to Contribute Towards the Cost of Benefits

Amendments to IFRSs

Annual Improvements to IFRSs 2010 - 2012 Cycle

Amendments to IFRSs

Annual Improvements to IFRSs 2011 - 2013 Cycle

The adoption of these amendments did not have a significant impact on the operating results, comprehensive income, or financial position of the Group.

Standards and amendments that are not yet effective in the current interim period and have not been adopted before their effective dates by the Group:

The Group has not adopted the following new and revised IFRSs that have been issued but are not yet effective.

			Effective for annual periods beginning on or after
(1)	IFRS 14	Regulatory Deferral Account	1 January 2016
(1)	Amendments to IFRS 11	Acquisition of Interests in Joint Operations	1 January 2016
(1)	Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
(1)	Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
(1)	Amendments to IFRS 10 and IAS 28	On the Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	1 January 2016
(1)	Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016
(1)	Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 cycle	1 January 2016
(2)	Amendments to IFRS 10 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
(3)	Amendments to IAS 1	Disclosure Initiative	1 January 2016
(1)	IFRS 15	Revenue from Contracts with Customers	1 January 2018
(1)	IFRS 9	Financial Instruments	1 January 2018

- (1) Descriptions of these standards and amendments were disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2014. The Group anticipates that the adoption of these standards and amendments will not have a significant impact on the Group's consolidated financial statements.
- (2) The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in IFRS 10. The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity's investment activities, such that it acts as an extension of the investment entity.

The amendments to IAS 28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

- (3) The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2014.

4 TAXATION

According to relevant PRC tax policies, the most significant categories of taxes to which the Company is currently subject are as follows:

(1) Income tax

From 1 January 2008, the “Enterprise Income Tax Law of the PRC” and the “Regulations on the Implementation of Enterprise Income Tax Law of the PRC” 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 Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations” (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 tax is governed by the “Implementation Rules for the Interim Regulations of the PRC on Business Tax” (Ministry of Finance Order [2011] No. 65), the “Announcement of the State Administration of Taxation Regarding the Business Tax Regulation of the transfer of Financial Items” (Guo Shui [2013] No.63), the “Notice of the Ministry of Finance and the State Administration of Taxation on the Business Tax Policies for Capital Markets” (Cai Shui [2004] No.203) and other relevant policies. Business tax is calculated and paid at the 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 Business Tax Related to the Securities Investor Protection Fund” (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 levied at 7%, 3% and 2%, respectively, of the payable amount of turnover tax.

The Company and entities in Mainland China within the Group apply the same taxation policies, while entities outside Mainland China apply local applicable taxation policies.

5 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 engaged in the following activities, which are subject to risks and returns that are different from the other operating segments.

Investment Banking – Securities placement and underwriting activities, and financial advisory services;

Brokerage – Securities and futures dealing and brokerage, as well as the sale of financial products as agent;

Trading – Equity, fixed income and derivatives trading and market-making, margin financing and securities lending, alternative investment activities and bulk commodities;

Asset Management – Asset management services to collective assets management, directive assets management, special assets management, fund management and other investment account management; and

Other – Private equity investment, principal investment and other financial activities.

Management monitors the results of the Group’s operating segments separately for the purposes of resource allocation and operating decision-making. Operating segment performance is measured consistently, and on the same basis as, operating profit or loss in the Group’s consolidated financial statements.

Income taxes are managed as a whole and are not allocated to operating segments.

Six months ended 30 June 2015 (Unaudited)	Investment Banking	Brokerage	Trading	Asset Management	Others	Total
Fee and commission income	1,866,909	12,131,305	117,573	3,113,911	91,400	17,321,098
Interest income	204	1,579,044	5,979,548	120,465	105,406	7,784,667
Investment income	—	(21,233)	10,660,120	644,590	734,019	12,017,496
Other income	9,816	47,010	(92,452)	18,563	2,194,420	2,177,357
Segment revenue and other income	1,876,929	13,736,126	16,664,789	3,897,529	3,125,245	39,300,618
Operating expenses	717,116	6,560,955	10,181,017	1,993,904	3,322,617	22,775,609
Including: Finance costs	30	257,939	5,662,716	35,096	247,719	6,203,500
Impairment losses	—	154	133,235	—	21,654	155,043
Operating profit	1,159,813	7,175,171	6,483,772	1,903,625	(197,372)	16,525,009
Share of profits and losses of associates and joint ventures	—	—	—	—	401,710	401,710
Profit before income tax	1,159,813	7,175,171	6,483,772	1,903,625	204,338	16,926,719
Income tax expenses	—	—	—	—	—	4,184,416
Net profit for the period	1,159,813	7,175,171	6,483,772	1,903,625	204,338	12,742,303
Other segment information:						
Depreciation and amortisation	3,273	89,735	4,675	12,329	209,167	319,179
Capital expenditure	42,064	113,745	20,299	59,605	52,382	288,095
Six months ended 30 June 2014 (Unaudited)	Investment Banking	Brokerage	Trading	Asset Management	Others	Total
Fee and commission income	917,763	3,827,470	73,281	1,920,143	66,311	6,804,968
Interest income	201	619,719	2,458,619	79,569	68,588	3,226,696
Investment income	—	1,355	3,190,824	263,738	507,764	3,963,681
Other income	4,227	36,021	(1,717)	19,115	2,277,304	2,334,950
Segment revenue and other income	922,191	4,484,565	5,721,007	2,282,565	2,919,967	16,330,295
Operating expenses	780,239	2,917,686	4,542,330	1,340,633	950,548	10,531,436
Including: Finance costs	49	83,829	2,665,295	26,212	191,628	2,967,013
Impairment losses	—	10	239,688	—	39,919	279,617
Operating profit	141,952	1,566,879	1,178,677	941,932	1,969,419	5,798,859
Share of profits and losses of associates and joint ventures	—	—	—	—	25,132	25,132
Profit before income tax	141,952	1,566,879	1,178,677	941,932	1,994,551	5,823,991
Income tax expenses	—	—	—	—	—	1,490,481
Net profit for the period	141,952	1,566,879	1,178,677	941,932	1,994,551	4,333,510
Other segment information:						
Depreciation and amortisation	7,457	86,177	6,627	17,704	267,093	385,058
Capital expenditure	21,455	51,263	9,167	8,207	30,668	120,760

6 INTEREST INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Interest income on margin and other financing	5,665,852	2,219,581
Bank interest income	2,111,408	980,743
Others	7,407	26,372
Total	<u>7,784,667</u>	<u>3,226,696</u>

7 INVESTMENT INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Net gains from financial assets held for trading	17,361,670	2,750,018
Net gains from disposal of available-for-sale financial assets	4,081,728	668,346
Dividend and interest income from available-for-sale financial assets	946,848	630,122
Net gains/(losses) from financial liabilities held for trading	38,164	(22,753)
Net gains from disposal of subsidiaries	3	36,771
Net losses from financial instruments designated as at fair value through profit or loss	(174,192)	(61,937)
Net losses from derivative financial instruments and others	(10,236,725)	(36,886)
Total	<u>12,017,496</u>	<u>3,963,681</u>

8 OTHER INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Gains on disposal of property, plant and equipment	480	2,178,921
Others (i)	2,176,877	156,029
Total	<u>2,177,357</u>	<u>2,334,950</u>

(i) Primarily include commodity trading revenue.

9 OPERATING EXPENSES

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Fee and commission expenses:		
– Commission expense	2,305,225	584,807
– Others	60,760	37,842
Total	<u>2,365,985</u>	<u>622,649</u>

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Finance costs:		
– Due to banks and other financial institutions	3,316,899	1,599,532
– Debt instruments issued and short-term financing instruments payable	2,056,244	1,039,203
– Customer brokerage deposits	251,001	83,829
– Others	579,356	244,449
Total	<u>6,203,500</u>	<u>2,967,013</u>

An analysis of finance costs on loans is as follows:

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Finance costs on loans		
– Wholly repayable within five years	<u>240,820</u>	<u>215,397</u>

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Staff costs (including directors' and supervisors' remuneration):		
– Salaries and bonuses	7,334,063	3,565,917
– Staff benefits	405,335	239,435
– Contributions to defined contribution schemes (i)	244,851	183,003
Total	<u>7,984,249</u>	<u>3,988,355</u>

(i) Retirement benefits are included, and their nature is described below:

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. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to the government related to these government-sponsored retirement plans for active employees. The Group has no obligation for post-retirement benefits beyond these contributions, which are expensed as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or regions outside of Mainland China.

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Other operating expenses and costs:		
– Minimum lease payments under operating leases in respect of land and buildings	500,022	348,909
– Fund distribution and administration expenses	270,463	197,419
– Electronic device operating costs	226,595	204,273
– Consulting fees	214,829	288,828
– Amortisation of intangible assets	141,332	133,249
– Investor protection fund	141,115	34,048
– Business travel expenses	128,119	132,766
– Postal and communication expenses	122,246	120,476
– Marketing, advertising and promotion expenses	97,781	111,667
– Business entertainment	80,466	77,404
– Auditors' remuneration	8,742	7,188
– Others (i)	2,543,775	330,071
Total	<u>4,475,485</u>	<u>1,986,298</u>

(i) Primarily include cost of commodity trading.

10 IMPAIRMENT LOSSES

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Impairment losses on available-for-sale financial assets	134,000	274,358
Losses on bad debt	21,043	5,259
Total	155,043	279,617

11 INCOME TAX EXPENSE

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Current income tax expense	3,834,097	1,413,205
– Mainland China	3,607,517	1,335,427
– Outside Mainland China	226,580	77,778
Deferred income tax expense	350,319	77,276
Total	4,184,416	1,490,481

12 DIVIDENDS

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Dividends on ordinary shares proposed but not paid	3,415,242	1,652,537
Dividends on ordinary shares paid	—	—

The distribution of year 2014 dividends on ordinary shares approved by the General Meeting of Shareholders on 19 June 2015, was distributed on 14 August 2015.

13 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Earnings:		
Profit attributable to owners of the parent	12,470,274	4,075,620
Shares:		
Weighted average number of ordinary shares in issue (thousand)	11,059,450	11,016,908
Basic and diluted earnings per share (in RMB)	1.13	0.37

Earnings per share was calculated based on the calculation method specified in CSRC Announcement (2010) No. 2 “Rules on the Preparation and Submission of Information Disclosed by Companies Offering Securities to the Public”, CSRC Announcement (2010 Revision) No. 9 “Calculation and Disclosure of Return on Equity and Earnings per Share”, and IAS 33 “Earnings per Share”.

Basic earnings per share was calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding.

There were no dilutive items during the six months ended 30 June 2015 (Six months ended 30 June 2014: None).

14 PROPERTY, PLANT AND EQUIPMENT

	Properties and Buildings	Communication Equipment	Office Equipment	Motor Vehicles	Security Equipment	Electronic Devices	Others	Subtotal	Construction in progress	Total
30 June 2015 (Unaudited)										
Cost										
31 December 2014										
(Audited)	622,600	67,431	219,773	187,727	5,497	1,993,657	80,589	3,177,274	239,826	3,417,100
Increases	12,951	14,342	12,620	2,884	90	94,098	7,074	144,059	153,032	297,091
Decreases	914	2,639	2,740	4,318	342	17,940	8,178	37,071	15,859	52,930
Effect of exchange rate change	(1,784)	(436)	(616)	(200)	—	(3,817)	(152)	(7,005)	—	(7,005)
30 June 2015 (Unaudited)	632,853	78,698	229,037	186,093	5,245	2,065,998	79,333	3,277,257	376,999	3,654,256
Accumulated depreciation										
31 December 2014										
(Audited)	232,785	30,857	190,781	52,248	4,663	1,615,559	67,883	2,194,776	—	2,194,776
Increases	11,954	5,274	14,565	6,717	205	107,592	9,470	155,777	—	155,777
Decreases	184	1,109	2,555	3,790	321	17,556	7,976	33,491	—	33,491
Effect of exchange rate change	(1,414)	(171)	(548)	(160)	—	(2,911)	(132)	(5,336)	—	(5,336)
30 June 2015 (Unaudited)	243,141	34,851	202,243	55,015	4,547	1,702,684	69,245	2,311,726	—	2,311,726
Provisions for assets impairment										
31 December 2014										
(Audited)	—	—	—	—	—	—	—	—	—	—
Increases	—	—	—	—	—	—	—	—	—	—
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—	—	—	—	—
30 June 2015 (Unaudited)	—	—	—	—	—	—	—	—	—	—
Net carrying amount										
30 June 2015 (Unaudited)	389,712	43,847	26,794	131,078	698	363,314	10,088	965,531	376,999	1,342,530
31 December 2014										
(Audited)	389,815	36,574	28,992	135,479	834	378,098	12,706	982,498	239,826	1,222,324

	Properties and Buildings	Communication Equipment	Office Equipment	Motor Vehicles	Security Equipment	Electronic Devices	Others	Subtotal	Construction in progress	Total
31 December 2014 (Audited)										
Cost										
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
Increases	2,919	3,551	14,466	127,502	232	200,201	10,100	358,971	148,060	507,031
Decreases	1,864,460	1,363	5,559	9,268	130	77,030	4,380	1,962,190	811,940	2,774,130
Effect of exchange rate change	(1,864)	(532)	(423)	(55)	—	491	142	(2,241)	—	(2,241)
31 December 2014	622,600	67,431	219,773	187,727	5,497	1,993,657	80,589	3,177,274	239,826	3,417,100
Accumulated depreciation										
31 December 2013	325,649	20,153	156,297	52,896	4,207	1,425,352	64,482	2,049,036	—	2,049,036
Increases	30,444	11,337	40,276	7,252	562	264,976	7,604	362,451	—	362,451
Decreases	121,900	307	5,447	7,853	106	75,341	4,314	215,268	—	215,268
Effect of exchange rate change	(1,408)	(326)	(345)	(47)	—	572	111	(1,443)	—	(1,443)
31 December 2014	232,785	30,857	190,781	52,248	4,663	1,615,559	67,883	2,194,776	—	2,194,776
Provisions for assets impairment										
31 December 2013	—	—	—	—	—	—	—	—	—	—
Increases	—	—	—	—	—	—	—	—	—	—
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—	—	—	—	—
31 December 2014	—	—	—	—	—	—	—	—	—	—
Net carrying amount										
31 December 2014	389,815	36,574	28,992	135,479	834	378,098	12,706	982,498	239,826	1,222,324
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

15 GOODWILL

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Carrying amount at the beginning of the period/year:		
Cost	10,075,152	10,047,495
Accumulated impairment	—	—
Net carrying amount	10,075,152	10,047,495
Movement during the period/year:		
Net carrying amount at the beginning of the period/year	10,075,152	10,047,495
Acquisition of subsidiaries and effect of exchange rate changes	433,183	27,657
Impairment	—	—
Net carrying amount at the end of the period/year	10,508,335	10,075,152
Carrying amount at the end of the period/year:		
Cost	10,508,335	10,075,152
Accumulated impairment	—	—
Net carrying amount	10,508,335	10,075,152

As at 30 June 2015, the recoverable amount is higher than the recorded value of the goodwill, providing no indication of impairment was present. Accordingly, no provision for impairment loss was recognised.

16 OTHER INTANGIBLE ASSETS

	Seats on Stock Exchanges	Software Development	Customer Relationships	Trademarks	Land-Use Rights	Total
30 June 2015 (Unaudited)						
Cost						
31 December 2014 (Audited)	124,274	934,124	1,160,812	260,005	55,081	2,534,296
Increases	—	21,879	—	—	1,250	23,129
Decreases	1,000	—	—	—	—	1,000
Effect of exchange rate change	(693)	(669)	(714)	(180)	—	(2,256)
30 June 2015 (Unaudited)	122,581	955,334	1,160,098	259,825	56,331	2,554,169
Accumulated amortisation						
31 December 2014 (Audited)	94,788	403,667	143,176	—	5,390	647,021
Increases	768	87,785	58,005	—	819	147,377
Decreases	—	—	—	—	—	—
Effect of exchange rate change	(169)	(281)	(99)	—	—	(549)
30 June 2015 (Unaudited)	95,387	491,171	201,082	—	6,209	793,849
Allowance for assets impairment						
31 December 2014 (Audited)	—	—	—	—	—	—
Increases	—	—	—	—	—	—
Decreases	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—
30 June 2015 (Unaudited)	—	—	—	—	—	—
Net carrying amount						
30 June 2015 (Unaudited)	27,194	464,163	959,016	259,825	50,122	1,760,320
31 December 2014 (Audited)	29,486	530,457	1,017,636	260,005	49,691	1,887,275

	Seats on Stock Exchanges	Software Development	Customer Relationships	Trademarks	Land-Use Rights	Total
31 December 2014 (Audited)						
Cost						
31 December 2013	122,872	876,299	1,030,535	259,158	11,386	2,300,250
Increases	3,200	75,929	126,909	—	43,695	249,733
Decreases	1,800	19,750	—	—	—	21,550
Effect of exchange rate change	2	1,646	3,368	847	—	5,863
31 December 2014	124,274	934,124	1,160,812	260,005	55,081	2,534,296
Accumulated amortisation						
31 December 2013	91,686	244,711	42,939	—	3,479	382,815
Increases	4,396	174,679	101,050	—	1,911	282,036
Decreases	1,315	16,820	—	—	—	18,135
Effect of exchange rate change	21	1,097	(813)	—	—	305
31 December 2014	94,788	403,667	143,176	—	5,390	647,021
Allowance for assets impairment						
31 December 2013	1,544	—	—	—	—	1,544
Increases	—	—	—	—	—	—
Decreases	1,544	—	—	—	—	1,544
Effect of exchange rate change	—	—	—	—	—	—
31 December 2014	—	—	—	—	—	—
Net carrying amount						
31 December 2014	29,486	530,457	1,017,636	260,005	49,691	1,887,275
31 December 2013	29,642	631,588	987,596	259,158	7,907	1,915,891

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
At fair value:		
Equity investments	688,516	357,848
At cost:		
Equity investments	11,571,789	10,199,750
Total	12,260,305	10,557,598
Analysed into:		
Listed	688,516	357,848
Unlisted	11,571,789	10,199,750

Current

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
At fair value:		
Debt securities	18,704,049	10,847,436
Equity investments	10,935,006	11,288,850
Others	12,966,377	16,142,125
Total	42,605,432	38,278,411
Analysed into:		
Listed	27,986,509	20,062,011
Unlisted	14,618,923	18,216,400

18 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Non-current		
Equity investments	—	122,635
Others	183,406	183,533
	<u>183,406</u>	<u>306,168</u>
Analysed into:		
Listed	—	—
Unlisted	183,406	306,168
Current		
Equity investments	7,419,621	8,378,051
Others	4,590,758	3,749,508
	<u>12,010,379</u>	<u>12,127,559</u>
Analysed into:		
Listed	7,412,149	8,359,578
Unlisted	4,598,230	3,767,981

19 REFUNDABLE DEPOSITS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Credit deposits	3,246,230	2,497,855
Margin trading deposits	819,735	852,987
Performance bonds	22,788	2,254
	<u>4,088,753</u>	<u>3,353,096</u>

20 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets (Unaudited)	Depreciation allowance	Change in the fair value of financial assets measured at fair value through profit or loss	Allowance for impairment losses on available- for-sale financial assets	Change in the fair value of derivatives	Salaries, bonuses and allowances payable	Others	Total
At 31 December 2014 (Audited)	35,842	—	150,928	1,368,203	993,845	47,467	2,596,285
Credited/(debited) to the statement of profit or loss	3,937	1,155	32,675	(918,395)	413,797	(53,010)	(519,841)
Credited/(debited) to other comprehensive income	(59)	—	—	—	(43,815)	43,170	(704)
Others	—	—	—	—	257	420	677
	<u>39,720</u>	<u>1,155</u>	<u>183,603</u>	<u>449,808</u>	<u>1,364,084</u>	<u>38,047</u>	<u>2,076,417</u>
At 30 June 2015 (Unaudited)							

Deferred income tax assets (Audited)	Depreciation allowance	Change in the fair value of financial assets measured at fair value through profit or loss	Change in the fair value of available- for-sale financial assets	Allowance for impairment losses on available- for-sale financial assets	Change in the fair value of derivatives	Salaries, bonuses and allowances payable	Others	Total
At 31 December 2013	12,824	112,319	274,822	153,023	80,988	543,215	146,063	1,323,254
Credited/(debited) to the statement of profit or loss	23,212	(112,319)	—	(2,095)	1,287,215	451,527	(99,081)	1,548,459
Credited/(debited) to other comprehensive income	(194)	—	(274,822)	—	—	(897)	485	(275,428)
At 31 December 2014	<u>35,842</u>	<u>—</u>	<u>—</u>	<u>150,928</u>	<u>1,368,203</u>	<u>993,845</u>	<u>47,467</u>	<u>2,596,285</u>

Deferred income tax liabilities (Unaudited)	Amortisation allowance	Change in the fair value of financial assets measured at fair value through profit or loss	Change in the fair value of available- for-sale financial assets	Change in fair value of derivatives	Change in the fair value of financial liabilities measured at fair value through profit or loss	Others	Total
At 31 December 2014 (Audited)	555,138	1,450,136	573,508	—	5,977	25,695	2,610,454
Debited/(credited) to the statement of profit or loss	(37,661)	(192,827)	35,304	61	23,978	1,623	(169,522)
Debited/(credited) to other comprehensive income	(289)	—	330,589	—	—	(11)	330,289
Others	—	—	—	—	—	99	99
At 30 June 2015 (Unaudited)	<u>517,188</u>	<u>1,257,309</u>	<u>939,401</u>	<u>61</u>	<u>29,955</u>	<u>27,406</u>	<u>2,771,320</u>

Deferred income tax liabilities (Audited)	Amortisation allowance	Change in the fair value of financial assets measured at fair value through profit or loss	Change in the fair value of available- for-sale financial assets	Change in fair value of derivatives	Change in the fair value of financial liabilities measured at fair value through profit or loss	Others	Total
At 31 December 2013	628,263	218	217,822	154	1,697	24,132	872,286
Debited/(credited) to the statement of profit or loss	(75,507)	1,450,260	—	(154)	4,280	1,440	1,380,319
Debited/(credited) to other comprehensive income	2,382	(342)	355,686	—	—	123	357,849
At 31 December 2014	<u>555,138</u>	<u>1,450,136</u>	<u>573,508</u>	<u>—</u>	<u>5,977</u>	<u>25,695</u>	<u>2,610,454</u>

21 MARGIN ACCOUNTS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Margin accounts	116,349,671	74,135,256

Margin accounts are the funds the Group lends to its customers through margin financing and securities lending business. Margin accounts are secured by collateral, and no impairment was made as at 30 June 2015 (31 December 2014: None).

22 FINANCIAL ASSETS HELD FOR TRADING

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Debt securities	72,994,624	64,050,942
Equity investments (i)	79,515,752	46,269,983
Others	3,384,365	3,430,636
Total	155,894,741	113,751,561
Analysed into:		
Listed	144,284,374	103,623,461
Unlisted	11,610,367	10,128,100

(i) Included RMB 91 million of securities lent out under securities lending arrangements as at 30 June 2015 (31 December 2014: RMB 95 million).

23 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015		31 December 2014	
	Assets (Unaudited)	Liabilities (Unaudited)	Assets (Audited)	Liabilities (Audited)
Interest rate derivative	444,246	472,527	259,065	219,616
Currency derivative	86,593	85,822	82,874	163,557
Equity derivative	12,513,543	6,176,393	6,664,763	4,717,018
Credit derivative	76,165	165,797	165,676	209,927
Others	540,199	15,318	109,248	28,967
Total	13,660,746	6,915,857	7,281,626	5,339,085

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in futures were settled daily and the corresponding payments or receipts were included in "cash and bank balances" as at 30 June 2015. Accordingly, the amount of mark-to-market gain or loss of unexpired futures contracts included in derivative financial instruments above was nil.

24 REVERSE REPURCHASE AGREEMENTS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Analysed by collateral:		
Securities	36,833,883	33,114,142
Debts	2,061,516	9,367,198
Others	84,745	381,555
Total	<u>38,980,144</u>	<u>42,862,895</u>
Analysed by counterparty:		
Banks	1,900,000	2,878,703
Other financial institutions	458,516	4,109,297
Others	36,621,628	35,874,895
Total	<u>38,980,144</u>	<u>42,862,895</u>

In connection with reverse repurchase agreements, the Group has received securities that it is generally permitted to repledge. If the securities decrease in value, the Group may, subject to collateral maintenance requirements, deliver additional collateral to, or receive excess collateral returned from, the related counterparty. The Group has an obligation to return the collateral to its counterparties at the maturity of the contracts. As at 30 June 2015, the Group had no securities as collateral that can be repledged (31 December 2014: RMB 6,288.93 million). In addition, no securities have been repledged (31 December 2014: RMB 2,542.29 million).

25 OTHER CURRENT ASSETS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Accounts due from clients	15,578,826	7,966,725
Accounts due from brokers	5,959,160	1,692,822
Interest receivable	3,226,843	3,152,563
Settlement deposits receivable	2,028,411	2,291,044
Deferred expenses	239,441	248,843
Dividends receivable	5,493	2,852
Others	7,300,566	6,028,704
Less: Impairment loss	60,340	38,724
Total	<u>34,278,400</u>	<u>21,344,829</u>

26 CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as customer brokerage deposits (Note 28). In the PRC, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the “Securities and Futures (Client Money) Rules” implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by authorised institutions.

27 CASH AND BANK BALANCES

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Cash on hand	722	283
Deposits in banks	77,300,909	37,966,906
Total	<u>77,301,631</u>	<u>37,967,189</u>

As at 30 June 2015, the Group had restricted funds of RMB 2,645.20 million (31 December 2014: RMB 2,398.68 million).

28 CUSTOMER BROKERAGE DEPOSITS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Customer brokerage deposits	<u>254,155,178</u>	<u>101,845,838</u>

Customer brokerage deposits represent the amount received from and repayable to clients arising in the ordinary course of the Group's securities brokerage activities. For more details, please refer to Note 26 "Cash held on behalf of customers".

29 FINANCIAL LIABILITIES HELD FOR TRADING

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Current		
Debt securities	1,948,132	687,253
Equity investments	1,731,050	772,938
Others	2,282,918	1,148,123
Total	<u>5,962,100</u>	<u>2,608,314</u>

30 FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 June 2015 (Unaudited)	31 December 2014 (Audited)
Non-current			
Others	(i)	<u>2,226,395</u>	<u>2,647,377</u>
Total		<u>2,226,395</u>	<u>2,647,377</u>
Current			
Others	(ii)	<u>24,049,556</u>	<u>25,809,281</u>
Total		<u>24,049,556</u>	<u>25,809,281</u>

(i) Primarily include investors' interests in the consolidated structured entities.

(ii) Primarily include equity linked notes.

31 REPURCHASE AGREEMENTS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Analysed by collateral:		
Securities	547,934	376,491
Debts	53,017,311	52,611,995
Others	115,170,257	71,925,960
Total	168,735,502	124,914,446
Analysed by counterparty:		
Banks	117,044,366	56,737,966
Other financial institutions	24,414,475	39,228,371
Others	27,276,661	28,948,109
Total	168,735,502	124,914,446

(i) Primarily includes repurchase agreements of beneficial right of margin financing and reverse repurchase agreements.

32 TAXES PAYABLE

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Income tax	3,102,626	2,106,380
Business tax	343,846	235,559
Others	1,207,474	953,526
Total	4,653,946	3,295,465

33 SHORT-TERM LOANS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Analysed by nature:		
Credit loans	4,759,547	3,447,346
Mortgage loans	1,981,946	1,204,070
Total	6,741,493	4,651,416
Analysed by maturity:		
Maturity within one year	6,741,493	4,651,416

As at 30 June 2015, the annual interest rates related to short-term loans were between 0.21% and 3.08% (31 December 2014: between 0.21% and 7.00%).

34 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

From January to June 2015 (Unaudited)

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending balance
14 CITICS CP009	15/10/2014	14/01/2015	4.40%	4,999,743	257	5,000,000	—
14 CITICS CP010	03/12/2014	04/03/2015	4.50%	4,998,777	1,223	5,000,000	—
14 CITICS D1	15/12/2014	15/12/2015	5.50%	7,999,138	443	—	7,999,581
15 CITICS CP001	12/01/2015	13/04/2015	4.93%	—	5,001,792	5,001,792	—
15 CITICS CP002	05/02/2015	07/05/2015	5.10%	—	5,001,793	5,001,793	—
15 CITICS CP003	06/03/2015	05/06/2015	4.90%	—	5,001,792	5,001,792	—
15 CITICS CP004	03/04/2015	03/07/2015	5.00%	—	5,001,753	1,793	4,999,960
15 CITICS CP005	22/04/2015	22/07/2015	4.00%	—	5,801,787	2,326	5,799,461
15 CITICS CP006	14/05/2015	13/08/2015	3.09%	—	5,000,944	1,792	4,999,152
15 CITICS CP007	12/06/2015	11/09/2015	3.25%	—	5,000,373	1,792	4,998,581
Structured notes	14/01/2015	15/04/2015	4.50%	—	—	—	—
	to 10/04/2015	to 28/03/2016	to 6.10%	—	9,234,441	2,791,454	6,442,987
Total				17,997,658	45,046,598	27,804,534	35,239,722

Year 2014 (Audited)

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending Balance
13 CITICS CP009	17/10/2013	16/01/2014	5.19%	3,999,762	238	4,000,000	—
13 CITICS CP010	11/11/2013	10/02/2014	5.75%	3,999,366	634	4,000,000	—
13 CITICS CP011	04/12/2013	05/03/2014	6.40%	3,999,002	998	4,000,000	—
14 CITICS CP001	09/01/2014	10/04/2014	6.15%	—	4,002,875	4,002,875	—
14 CITICS CP002	14/02/2014	16/05/2014	5.56%	—	5,003,586	5,003,586	—
14 CITICS CP003	06/03/2014	05/06/2014	4.99%	—	5,003,585	5,003,585	—
14 CITICS CP004	10/04/2014	10/07/2014	4.90%	—	5,004,085	5,004,085	—
14 CITICS CP005	09/05/2014	08/08/2014	4.39%	—	3,002,163	3,002,163	—
14 CITICS CP006	12/06/2014	11/09/2014	4.49%	—	4,003,102	4,003,102	—
14 CITICS CP007	14/08/2014	13/11/2014	4.58%	—	5,003,585	5,003,585	—
14 CITICS CP008	04/09/2014	04/12/2014	4.57%	—	5,001,792	5,001,792	—
14 CITICS CP009	15/10/2014	14/01/2015	4.40%	—	5,001,535	1,792	4,999,743
14 CITICS CP010	03/12/2014	04/03/2015	4.50%	—	5,000,568	1,791	4,998,777
14 CITICS D1	15/12/2014	15/12/2015	5.50%	—	8,000,040	902	7,999,138
Total				11,998,130	54,028,786	48,029,258	17,997,658

As at 30 June 2015, short-term financing instruments payable comprised of commercial paper, short-term corporate bonds and structured notes with an original tenor of less than one year.

As at 30 June 2015 and 31 December 2014, there was no default related to any short-term financing instruments payable issued.

35 OTHER CURRENT LIABILITIES

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Settlement deposits payable	33,703,290	11,596,232
Accounts due to brokers	9,082,029	2,854,093
Salaries, bonuses and allowances payable	7,199,787	5,266,610
Dividends payable	3,417,291	12,715
Interest payable	2,320,625	1,566,572
Fee and commissions payable	417,648	306,232
Long-term loans due within one year	395,000	5,000,000
Funds payable to securities holders	185,272	184,777
Funds payable to securities issuers	12,769	7,792
Others	2,276,955	2,557,465
Total	<u>59,010,666</u>	<u>29,352,488</u>

As at 30 June 2015, the interest rate on the long-term loans due within one year was 8.00% °

36 DEBT INSTRUMENTS ISSUED

By category	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Bonds and medium term notes issued (1)	59,217,263	43,167,363
Structured notes issued (2)	10,709,031	—
	<u>69,926,294</u>	<u>43,167,363</u>

By maturity	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Maturity within five years	53,952,531	29,693,984
Maturity over five years	15,973,763	13,473,379
	<u>69,926,294</u>	<u>43,167,363</u>

(1) Bonds and medium term notes issued

Item	30 June 2015 (Unaudited)	31 December 2014 (Audited)
06 CITICS Bond (i)	1,500,000	1,500,000
13 CITICS 01 (ii)	3,000,000	3,000,000
13 CITICS 02 (iii)	12,000,000	12,000,000
13 CITICS 03 (iv)	5,000,000	5,000,000
14 CITICS C1 (v)	—	6,000,000
14 CITICS C2 (vi)	7,000,000	7,000,000
CITIC SEC B1805 (vii)	4,942,752	4,942,752
15 CITICS 01 (viii)	5,500,000	—
15 CITICS 02 (ix)	2,500,000	—
15 CITICS C1 (x)	11,500,000	—
CITIC SEC MTN (xi)	6,532,881	3,994,965
Total nominal value	59,475,633	43,437,717
Less: Unamortized issuance cost and discount	(258,370)	(270,354)
Carrying amount	<u>59,217,263</u>	<u>43,167,363</u>

- (i) Pursuant to the approval by the CSRC, the Company issued a 15-year bond with a face value of RMB 1.5 billion from 25 May to 2 June 2006, which was guaranteed by CITIC Corporation Limited. The coupon rate of the bond is 4.25% and the maturity date is 31 May 2021.
- (ii) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB 3 billion from 7 June to 14 June 2013. The coupon rate of the bond is 4.65% and the maturity date is 7 June 2018.
- (iii) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB 12 billion from 7 June to 14 June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.
- (iv) Pursuant to the approval by the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB 5 billion from 5 August to 7 August 2013. The coupon rate of the bond is 5.00% and the maturity date is 5 August 2016.
- (v) Pursuant to the approval by the CSRC, the Company issued a 4-year unguaranteed subordinated bond with a face value of RMB 6 billion on 28 April 2014. The coupon rate of the bond is 5.90% and the maturity date is 28 April 2018. The Company exercised its option to redeem all of the bonds at their face value on 16 March 2015.
- (vi) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed subordinated bond with a face value of RMB 7 billion on 24 October 2014. The coupon rate of the bond is 5.65% and the maturity date is 24 October 2019. The Company has an option to redeem all of the bonds at their face value on their second anniversary.
- (vii) CITIC Securities Finance 2013 Co., Ltd. issued a 5-year bond with a face value of USD 0.8 billion (RMB 4.94 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. The coupon rate of the bond is 2.50% and the maturity date is 3 May 2018.
- (viii) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB 5.5 billion from 24 June to 25 June 2015. The coupon rate is 4.60% and the maturity date is 25 June 2020.
- (ix) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB 2.5 billion from 24 June to 25 June 2015. The coupon rate is 5.10% and the maturity date is 25 June 2025.
- (x) The company issued a 5-year unguaranteed subordinated bond with a face value of RMB 11.5 billion on 16 March 2015. The coupon rate of the bond is 5.50% and the maturity date is 16 March 2020. The Company has an option to redeem all of the bonds at their face value at their third anniversary. If the Company does not exercise the option, the coupon rate of the bond will increase to 8.51%.
- (xi) CITIC Securities Finance MTN Co., Ltd. established a USD 3 billion Medium Term Note Programme on 17 October 2014, guaranteed by the Company with no counter-guarantee arrangement. On 23 October 2014, CITIC Securities Finance MTN Co., Ltd. had its first drawdown under the Programme to issue notes with a face value of USD 650 million. From 16 March to 2 June 2015, CITIC Securities Finance MTN Co., Ltd. had seven additional drawdowns, with an aggregate nominal face value of USD 414.68 million.

(2) Structured notes issued

As at 30 June 2015, the structured notes, with original tenors greater than one year, issued by the Company amounted to RMB 10.71 billion. The coupon rates were between 3.80% and 5.55% (31 December 2014: Nil).

37 LONG-TERM LOANS

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Analysed by nature:		
Credit loans	1,295,275	1,686,802
Mortgage loans	60,648	—
Collateralised loans	567,000	567,000
Guaranteed loans	—	60,591
Total	<u>1,922,923</u>	<u>2,314,393</u>
Analysed by maturity:		
Maturity within five years	<u>1,922,923</u>	<u>2,314,393</u>

As at 30 June 2015, the interest rates on the long-term loans were between 2.43% and 7.10% (As at 31 December 2014: 3.28% and 8.00%).

38 OTHER NON-CURRENT LIABILITIES

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Risk provision payables	233,182	190,387

39 SHARE CAPITAL

	30 June 2015		31 December 2014	
	Number of shares (Thousand) (Unaudited)	Nominal Value (Unaudited)	Number of shares (Thousand) (Audited)	Nominal Value (Audited)
Registered, issued and fully paid:				
A shares of RMB1 each	9,838,580	9,838,580	9,838,580	9,838,580
H shares of RMB1 each	2,278,328	2,278,328	1,178,328	1,178,328
	12,116,908	12,116,908	11,016,908	11,016,908

As at 30 June 2015, the number of shares of the Company outstanding was 12,116,908,400 (31 December 2014: 11,016,908,400).

40 RESERVES

The amounts of the Group's reserves and the related movements are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve primarily 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 this 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 China Accounting Standards, to its discretionary surplus reserve upon approval by the equity holders 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, including 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. This reserve may be used to offset accumulated losses of the Company and shall not be converted into dividends or share capital. Regulatory reserve represents reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside Mainland China in accordance with the regulatory requirements in their respective territories are also included herein. 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.

41 CASH AND CASH EQUIVALENTS

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Cash on hand	722	391
Deposits in banks	74,655,712	23,369,339
Total	74,656,434	23,369,730

42 COMMITMENTS

(a) Capital commitments

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Contracted, but not provided for	359,435	302,086

These capital commitments principally relate to the construction of properties and purchase of equipment by the Group.

(b) Operating lease commitments

(i) Operating lease commitments - as a lessee

At the end of the reporting period, the Group leased certain office properties under operating lease arrangements. The total future minimum lease payments of the Group under irrevocable operating lease arrangements are summarized below:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Within one year	981,634	728,524
After one year but no more than two years	709,379	638,574
After two years but no more than three years	643,925	577,159
After three years	1,127,821	1,202,622
Total	3,462,759	3,146,879

(ii) Operating lease commitments - as a lessor

At the end of the reporting period, the Group did not have material lease commitments as a lessor.

43 RELATED PARTY DISCLOSURES

(1) Largest equity holder 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 Corporation Limited	Largest Equity Holder	State-controlled	Beijing	Zhenming Chang	Financial industrial and other services	RMB 128 billion	15.59%	15.59%	71783170-9

(2) Related party transactions

(a) Largest equity holder of the Company – CITIC Corporation Limited

Transactions during the period

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Interest expense	—	5

(b) Subsidiaries

Transactions during the period

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Interest income	589,382	44,100
Investment income	59,494	214,867
Income from providing services	8,007	1,201
Lease fees received	1,956	—
Interest expense	127,403	80
Expense from receiving services	36,040	2,639
Lease expenses paid	—	64,037

Balances at the end of the period/year

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Available-for-sale financial assets	8,088,203	8,051,446
Refundable deposits	1,553,677	1,393,891
Deposits for investments - Stock index futures	6,460,394	968,992
Derivative financial assets	1,106,733	314,148
Reverse repurchase agreements	1,420,800	982,350
Financial assets held for trading	49,990	401,090
Due from banks and other financial institutions	—	150,000
Other current assets	28,164,522	20,052,620
Financial liabilities designated as at fair value through profit or loss	1,000,000	2,522,226
Derivative financial liabilities	1,315,818	532,572
Customer brokerage deposits	42,432	37,911
Short-term financing instruments payable	440,000	—
Debt instruments issued	710,000	—
Other current liabilities	9,167,855	6,396,132

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 equity holder of the Company*

Transactions during the period

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Interest income	183,849	170,157
Income from providing services	4,369	9,329
Lease fees received	1,784	9,085
Investment income	(6,315)	12,035
Expense from receiving services	74,125	32,625
Interest expense	18,887	560
Lease expenses paid	5,733	4,131

Balances at the end of the period/year

	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
Other current assets	964	316
Cash held on behalf of customers (i)	25,759,068	14,168,906
Cash and bank balances (i)	15,658,002	3,961,201
Other current liabilities	1,176	3,242

(i) Represents bank deposits placed with subsidiary banks of the largest equity holder of the Company.

(d) *Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries*

Transactions during the period

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Income from providing services	20,825	4,997
Expense from receiving services	2,101	2,621
Lease expenses paid	682	12,974
Interest expense	2	12

Balances at the end of the period/year

	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
Other current liabilities	103	103

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 (the ultimate parent of the largest equity holder of the Company). As at 30 June 2015, the total guarantees amounted to RMB 1.5 billion (31 December 2014: RMB 1.5 billion). The guarantee was inherited by CITIC Corporation Limited according to the reorganization agreement of CITIC Group Corporation.

(e) *Associates*

Transactions during the period

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Income from providing services	12,414	193
Lease fees received	—	1,964
Interests expense	505	—
Expense from receiving services	—	100

(f) *Other transactions during the period*

As at 30 June 2015, the collective asset management plans managed by the Company which were invested by the Company and its subsidiaries amounted to RMB 1,877 million (31 December 2014: RMB 341 million).

44 FAIR VALUE AND FAIR VALUE HIERARCHY

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, customer brokerage deposits, repurchase agreements, loans, due to banks and other financial institutions and short-term financing instruments payable approximate to their carrying amounts, largely due to the remaining maturities of these instruments generally being less than one year.

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, in which the Group principally trades, for identical financial assets or financial liabilities at the measurement date.

Level 2: Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the financial asset or financial liability, either directly or indirectly.

Level 3: Valuation techniques using inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

The Group uses valuation techniques or counterparty quotations to determine fair value when it is unable to obtain market quotation in active markets.

The main parameters used in valuation techniques include underlying securities prices, interest rates, foreign exchange rates, volatilities, correlations and counterparty credit spreads and others, which are all observable and obtainable from an active market.

For certain unlisted or thinly traded equity securities, unlisted funds, and certain over-the-counter derivatives transactions, management obtains valuation quotations from counterparties or uses valuation techniques to determine fair value, including discounted cash flow analysis, net asset value and market comparison approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, and price to book ratio. As at 30 June 2015, fair value changes resulting from changes in the unobservable inputs were not significant. The Group has implemented internal control procedures to control the Group's exposure to such financial instruments within specified limits.

(a) *Financial instruments recorded at fair value*

30 June 2015 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Debt securities	12,114,901	60,585,645	294,078	72,994,624
Equity investments	75,506,536	987,778	3,021,438	79,515,752
Others	223,882	3,160,483	—	3,384,365
Financial assets held for trading	87,845,319	64,733,906	3,315,516	155,894,741
Financial assets designated as at fair value through profit or loss	8,278,523	3,907,722	7,540	12,193,785
Derivative financial assets	—	13,660,746	—	13,660,746
Debt securities	1,069,588	17,634,461	—	18,704,049
Equity investments	7,985,974	990,343	2,647,205	11,623,522
Others	209,460	12,756,917	—	12,966,377
Available-for-sale financial assets	9,265,022	31,381,721	2,647,205	43,293,948
Total	105,388,864	113,684,095	5,970,261	225,043,220
Financial liabilities:				
Financial liabilities held for trading	3,209,587	2,752,513	—	5,962,100
Financial liabilities designated as at fair value through profit or loss	—	26,255,812	20,139	26,275,951
Derivative financial liabilities	1,116	6,914,741	—	6,915,857
Total	3,210,703	35,923,066	20,139	39,153,908

31 December 2014 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Debt securities	15,543,307	48,507,635	—	64,050,942
Equity investments	43,955,156	681,124	1,633,703	46,269,983
Others	16,620	3,414,016	—	3,430,636
Financial assets held for trading	59,515,083	52,602,775	1,633,703	113,751,561
Financial assets designated as at fair value through profit or loss	8,360,869	3,933,041	139,817	12,433,727
Derivative financial assets	27,445	7,254,181	—	7,281,626
Debt securities	725,005	10,122,431	—	10,847,436
Equity investments	5,177,749	770,847	5,698,102	11,646,698
Others	53,032	16,089,093	—	16,142,125
Available-for-sale financial assets	5,955,786	26,982,371	5,698,102	38,636,259
Total	73,859,183	90,772,368	7,471,622	172,103,173
Financial liabilities:				
Financial liabilities held for trading	1,041,444	1,566,870	—	2,608,314
Financial liabilities designated as at fair value through profit or loss	—	28,435,440	21,218	28,456,658
Derivative financial liabilities	4,665	5,334,420	—	5,339,085
Total	1,046,109	35,336,730	21,218	36,404,057

(b) Movements in Level 3 financial instruments measured at fair value

The reconciliations of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value are presented below:

Unaudited	As at 31 December 2014	Total gains/ (losses) recorded in profit or loss	Total gains recorded in other comprehensive income	Increases	Decreases	Transfers to Level 1 from Level 3	As at 30 June 2015
Financial assets:							
Debt investments	—	3,800	—	560,910	270,632	—	294,078
Equity investments	1,633,703	859,163	—	575,353	46,781	—	3,021,438
Financial assets held for trading	1,633,703	862,963	—	1,136,263	317,413	—	3,315,516
Financial assets designated as at fair value through profit or loss	139,817	—	—	—	132,277	—	7,540
Available-for-sale financial assets-Equity investments	5,698,102	427,144	1,069,485	791,037	673,378	4,665,185	2,647,205
Financial liabilities:							
Financial liabilities designated as at fair value through profit or loss	21,218	(1,079)	—	—	—	—	20,139

Audited	As at 31 December 2013	Total gains/(losses) recorded in profit or loss	Total gains recorded in other comprehensive income	Increases	Decreases	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	As at 31 December 2014
Financial assets:								
Financial assets held for trading								
-Equity investments	498,950	205,847	—	1,371,203	42,154	2,032	402,175	1,633,703
Financial assets designated as at fair value through profit or loss	134,614	4,732	471	—	—	—	—	139,817
Available-for-sale financial assets								
-Equity investments	3,227,543	209,867	1,731,343	801,030	152,774	—	118,907	5,698,102
Financial liabilities:								
Financial liabilities designated as at fair value through profit or loss	23,252	(2,115)	81	—	—	—	—	21,218

Gains on Level 3 financial instruments included in profit or loss are summarized below:

	Six months ended 30 June 2015		
	Realised	Unrealised	Total
Total gains in the profit or loss for the period	432,685	858,501	1,291,186

	Realised	Year 2014 Unrealised	Total
Total gains in the profit or loss for the year	299,251	123,310	422,561

(c) Transfers between Level 1 and Level 2

During the six months ended 30 June 2015 and the year ended 31 December 2014, there were no transfers between Level 1 and Level 2.

(d) Financial instruments not measured at fair value

At the end of the reporting periods, except for the debt instruments issued, the fair value of the Group's other financial assets and liabilities not measured at fair value are not significantly different from their carrying amounts.

The recorded amounts and fair values of debt instruments issued on the date of financial reporting are summarized below.

	Carrying amount		Fair value	
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Debt instruments issued	69,926,294	43,167,363	71,634,465	44,279,150

45 FINANCIAL INSTRUMENTS RISK MANAGEMENT

Overview

The Company believes that, effective risk management and internal control are critical to the Company's successful operation. The Company has implemented 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, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

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 of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has now incorporated internal control and risk management as essential elements in the Company's decision-making processes.

Structure of Risk Management

The major framework of the risk management of the Company consists of the Risk Management Committee under the Board, the professional committees under the Executive Committee, the relevant internal control departments, business departments and business lines. The relatively comprehensive three-level risk management system enables a network of collective decision making among the respective committees, and close cooperation between internal control departments, business departments and 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 the aim of 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 recommendations to the Board.

Level 2: Executive Committee (Operations Management)

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and Executive Committee of the Company, the committee makes decisions on and reviews major issues and related systems involving application of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimizes 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 on capital commitment of the underwriting business within the authority delegated by the Board and Executive Committee of the Company. 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 risks of the Company within its designated authority, deciding on and approving material matters related to risk management and relevant system and setting limits for risk. The Risk Management Committee comprises a risk management sub-working group and a reputation risk management sub-working group. The risk management sub-working group is the main body responsible for the daily monitoring and management of the financial risks over the buy-side business and facilitating the execution of the decisions made by the Risk Management Committee. The risk management sub-working group comprises a credit risk management sub-working group, which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management; a liquidity risk management sub-working group, which is responsible for monitoring and managing the Company's liquidity risks, promoting the development of the Company's liquidity risk assessment methodology and management system, coordinating the implementation of specific assessment and management measures, and providing relevant decision-making support; and an operational risk management sub-working group, which is responsible for drafting the Company's operational risk management rules, monitoring the execution of the operational processes, collecting information on operational risk events and coordinating and improving the Company's operational risk management mechanism. The reputation risk management sub-working group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent.

The Company has established the Product Committee. This committee performs planning, coordination, decision-making and review within the authority delegated by the Board and Executive Committee on major matters such as design, sales and related systems of PE-related financial products of the Company. The committee manages relevant risks through pre-sale risk assessment of PE-related financial products and preparation of relevant post-sale risk management measures and risk event handling plans. The committee has set up risk and evaluation group to review the qualification of the principal which entrusted the Company to sell PE-related financial products, manage quality control of various PE-related financial product businesses and provide supervision and guidance services during the period of subsistence of such products. The committee has also established a sales assessment group which is responsible for reviewing of the marketability of such products.

Level 3: Division/Business Units

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 defence of risk management. Such departments establish business management systems and risk management systems for the respective businesses and perform supervision, assessment and reporting on the business risks and contain such risks within limits.

The Risk Management Department of the Company performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyses and assesses the overall risks of the Company and each of its business line and makes recommendations 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 indicators such as the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the Operation Management, and regularly discloses the general risk portfolios of the Company to the Operation Management and makes recommendations on risk management; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment and fulfilment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

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

The Compliance Department of the Company organizes the establishment and implementation of the basic compliance policy of the Company, provides compliance advice to the Operation Management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs all 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 internal management policies, important decisions, new products, new businesses and key business activities launched by the Company; and fulfils the regular and non-regular obligations of reporting to regulatory authorities.

The Legal Department of the Company is responsible for oversight of the legal risks of the Company and its relevant businesses.

The Office of the Board of the Company promotes the Company's reputation risk management of the Company in conjunction with the Office of the CEO, Risk Management Department, Compliance Department, Human Resources Department and other relevant departments.

(a) **Credit risk**

Credit risk is the risk in respect of loss arising from inability of a borrower, counterparty or issuer of financial positions held to meet their obligations or whose credit qualifications deteriorate.

The credit risk of the Group mostly arises from four aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of clients, 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 securities financing businesses including margin financing and securities lending, stock repo, stock-pledged repo, 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 the 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 invested by the Group; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, equity swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts upon maturity.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, measures its credit risk by means of stress test and sensitivity analysis, and manages such credit risk based on these results from the credit approval system. Meanwhile, the Company uses its information management systems to monitor its credit risk on a real time basis, keep track of the credit risk of its business products and transaction counterparties, provide analysis and pre-warning reports, and adjust its credit limits in a timely manner.

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 securities financing business 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 client education, credit reference checks, credit approval, daily mark to market, risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

In respect of investment in credit products by private equity investment, the Company has established the entrance levels and investment limits for such products and will manage the credit risk through risk assessment, risk reminders and judicial recourse. In respect of public offering investments, the Company has developed a counterparty credit approval policy by retraining investment based on credit ratings.

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions and the main risks are their failure to make payments on time, their failure to cover the security deposits in a timely manner when the losses are made on investments and discrepancy between amounts calculated by the parties. The Company sets certain proportions for the security deposits of counterparties and restrictions on the transaction size, controls the credit risk exposure of counterparties through daily mark to market, margin calls and forced liquidation of clients' positions, and carries out recourse through judicial procedures upon the forced liquidation of clients' positions and the occurrence of losses.

(i) **Maximum exposure to credit risk without taking account of any collateral and other credit enhancements**

The maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is presented below:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Available-for-sale financial assets	24,398,735	27,187,276
Held-to-maturity investments	72,331	142,585
Refundable deposits	4,088,753	3,353,096
Margin accounts	116,349,671	74,135,256
Financial assets held for trading	82,424,512	72,953,646
Derivative financial assets	13,660,746	7,281,626
Reverse repurchase agreements	38,980,144	42,862,895
Cash held on behalf of customers	246,609,965	96,840,688
Bank balances	77,300,909	37,966,906
Others	34,657,194	21,590,537
Total maximum credit risk exposure	638,542,960	384,314,511

(ii) **Risk concentrations**

The breakdown of the Group's maximum credit risk exposure, without taking account of any collateral or other credit enhancements, as categorised by geographical area are summarized below.

30 June 2015 (Unaudited)	By geographical area		Total
	Mainland China	Outside Mainland China	
Available-for-sale financial assets	24,398,735	—	24,398,735
Held-to-maturity investments	72,331	—	72,331
Refundable deposits	4,019,288	69,465	4,088,753
Margin accounts	113,159,084	3,190,587	116,349,671
Financial assets held for trading	70,775,170	11,649,342	82,424,512
Derivative financial assets	3,424,490	10,236,256	13,660,746
Reverse repurchase agreements	38,521,629	458,515	38,980,144
Cash held on behalf of customers	241,860,743	4,749,222	246,609,965
Bank balances	46,131,370	31,169,539	77,300,909
Others	9,657,998	24,999,196	34,657,194
Total maximum credit risk exposure	552,020,838	86,522,122	638,542,960

31 December 2014 (Audited)	By geographical area		Total
	Mainland China	Outside Mainland China	
Available-for-sale financial assets	27,187,276	—	27,187,276
Held-to-maturity investments	142,585	—	142,585
Refundable deposits	3,290,462	62,634	3,353,096
Margin accounts	72,035,141	2,100,115	74,135,256
Financial assets held for trading	65,061,008	7,892,638	72,953,646
Derivative financial assets	803,969	6,477,657	7,281,626
Reverse repurchase agreements	42,404,063	458,832	42,862,895
Cash held on behalf of customers	92,509,248	4,331,440	96,840,688
Bank balances	31,073,518	6,893,388	37,966,906
Others	8,534,733	13,055,804	21,590,537
Total maximum credit risk exposure	343,042,003	41,272,508	384,314,511

(b) **Liquidity risk**

Liquidity risk is the risk arising from shortage of funds when fulfilling obligations relating to financial liabilities. The Company has consistently adhered to a unified fund management and operation policy and set up a liquidity risk management sub-working group responsible for continuously strengthening its fund management system. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively 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 intra-day 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 sets threshold values for relevant indicators, and once 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 departments to adjust the liquidity risks exposed to a level within the permitted ranges.

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:

	30 June 2015 (Unaudited)						
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative financial liabilities:							
Customer brokerage deposits	254,155,178	—	—	—	—	—	254,155,178
Financial liabilities held for trading	—	689,512	2,800,763	419,960	428,068	1,724,412	6,062,715
Financial liabilities designated as at fair value through profit or loss	3,842,300	3,353,262	1,507,741	202,873	62,780	17,313,634	26,282,590
Repurchase agreements	—	75,403,647	80,043,017	17,767,195	—	—	173,213,859
Due to banks and other financial institutions	—	52,624	165,096	—	—	—	217,720
Short-term loans	—	6,744,805	—	—	—	—	6,744,805
Short-term financing instruments payable	—	21,774,264	14,455,776	—	—	—	36,230,040
Debt instruments issued	—	1,328,439	3,935,978	59,478,290	18,519,250	—	83,261,957
Long-term loans	—	9,674	29,021	2,021,722	—	—	2,060,417
Others	35,953,514	11,373,564	433,763	1,226	—	417	47,762,484
Total	293,950,992	120,729,791	103,371,155	79,891,266	19,010,098	19,038,463	635,991,765
Cash flows from derivative financial liabilities settled on a net basis	4,355	1,254,859	2,159,263	2,237,205	164,345	1,057,545	6,877,572
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(4,759,366)	(1,428,538)	—	—	—	(6,187,904)
Contractual amounts payable	—	4,855,378	1,498,040	—	—	—	6,353,418
	—	96,012	69,502	—	—	—	165,514

	31 December 2014 (Audited)						
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative financial liabilities:							
Customer brokerage deposits	101,845,838	—	—	—	—	—	101,845,838
Financial liabilities held for trading	—	422,670	1,054,651	320,629	86,992	801,337	2,686,279
Financial liabilities designated as at fair value through profit or loss	10,803,128	7,000	354,753	—	—	17,293,481	28,458,362
Repurchase agreements	—	68,297,145	40,849,511	17,890,921	—	—	127,037,577
Due to banks and other financial institutions	—	11,089,465	825,778	—	—	—	11,915,243
Short-term loans	—	4,665,379	—	—	—	—	4,665,379
Short-term financing instruments payable	—	10,110,945	8,440,000	—	—	—	18,550,945
Debt instruments issued	—	—	2,070,337	36,726,829	16,051,500	—	54,848,666
Long-term loans	—	9,674	29,021	2,358,273	—	—	2,396,968
Others	13,315,015	7,959,121	495	1,227	—	394	21,276,252
Total	125,963,981	102,561,399	53,624,546	57,297,879	16,138,492	18,095,212	373,681,509
Cash flows from derivative financial liabilities settled on a net basis	—	293,217	2,353,656	1,855,982	613	603,973	5,107,441
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(12,483,505)	(368,964)	—	—	—	(12,852,469)
Contractual amounts payable	—	12,651,610	409,003	—	—	—	13,060,613
	—	168,105	40,039	—	—	—	208,144

(c) Market risk

Market risks represent potential losses due to movement in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions given by customers or the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price 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. Commodity price risk arises from adverse price movements of various commodities. Exchange rate risk represents exposures arising 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 departments/business lines and internal control departments. Through allocating the overall risk of the Company to different business departments/business lines, and monitoring by the internal control departments, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within an acceptable level.

The Company assesses, monitors and manages its overall market risks through the Risk Management Department, which is independent from the business departments/business lines, and its assessments and testings are reported to the respective business departments/business lines, the Operation Management and the Risk Management Committee of the Company. 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 portfolios 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 of the business departments/business lines and the Operation Management of the Company.

VaR represents the potential losses of investment portfolios held 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 in the Company's all proprietary positions 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 evaluate whether the overall market risk portfolio of the Company is within its expected limits.

The Company sets risk limits for its respective business departments/business lines to control fluctuations in profit or loss and market risk 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 issue warning alert to the relevant management officers, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the risk exposures to the risk limits, or may apply for a temporary or permanent upgrade in the risk 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 based on the existing indicators for the Company, its respective business departments/business lines and investment accounts, with a view to formulating substantive rules or guidelines to standardize the management model of the limit system.

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

(i) *VaR*

The Group adopts 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's VaR analysis by risk categories is summarised as follows:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Price-sensitive financial instruments	692,812	116,579
Interest rate-sensitive financial instruments	30,931	22,537
Currency rate-sensitive financial instruments	16,818	13,759
Total portfolio VaR	691,958	123,516

(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 is as follows:

Sensitivity of revenue	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Change in basis points		
+25 basis points	(163,033)	(153,676)
- 25 basis points	164,840	155,646

Sensitivity of equity	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Change in basis points		
+25 basis points	(49,648)	(22,921)
- 25 basis points	50,252	23,153

(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.

Currency	Change in currency rate	Sensitivity of revenue Six months ended 30 June	
		2015 (Unaudited)	2014 (Unaudited)
USD	-3%	76,723	187,724
HKD	-3%	(339,155)	(47,571)

Currency	Change in currency rate	Sensitivity of equity	
		30 June 2015 (Unaudited)	31 December 2014 (Audited)
USD	-3%	(179,255)	(133,111)
HKD	-3%	(224,192)	(195,897)

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 exposure to foreign currency exchange rate risk as at 30 June 2015 and 31 December 2014. The Group'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 in RMB equivalent, categorised by the original currencies.

	RMB	As at 30 June 2015 (Unaudited)			Total
		USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	102,853,952	(6,903,103)	27,874,967	8,924,755	132,750,571

	RMB	As at 31 December 2014 (Audited)			Total
		USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	94,248,935	(6,712,246)	4,671,362	8,923,434	101,131,485

(iv) *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 30 June 2015, the proportion of the 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 11.21% of the total assets as at 30 June 2015 with a decrease of 0.21 percentage points as compared to 31 December 2014, while the available-for-sale financial assets accounted for approximately 1.5% of the total assets with a decrease of 0.93 percentage points.

46 EVENTS AFTER THE REPORTING PERIOD

Consolidation by Merger of CITIC Securities (Zhejiang) Company Limited (“CITIC Securities (Zhejiang)”)

According to the resolution of the 2014 first extraordinary shareholders’ meeting and the CSRC’s approval on 8 July 2015 with an issue of “About the Approval of CITIC Securities Company Limited Absorbed CITIC Securities (Zhejiang) Company Limited” (CSRC Approval [2015] No. 1569), the Company is permitted to absorb the CITIC Securities (Zhejiang). After the completion of absorption merger, CITIC Securities (Zhejiang) will be dissolved, the securities business departments and branches of the original CITIC Securities (Zhejiang) will belong to the Company.

Transfer of 100% equity interest in Kington Securities by the Company

In order to further integrate internal resources, reduce management costs and improve operational efficiency, on 30 October 2014, it was agreed at the 28th Meeting of the 5th Session of the Board that the Company should transfer 100% equity interest in Kington Securities held by it via public bidding in a property rights exchange institution at an initial listed price of no less than the appraisal value of 100% equity interest in Kington Securities filed with the state-owned assets supervision and administration authority (RMB 122.12 million). However, the final transfer price shall be determined by the trading rules of the property rights exchange institution which is based on the market-oriented principle. The equity interest was listed on the Zhejiang Property and Stock Exchange on 4 August 2015 and the expiry date of the listing is 31 August 2015.

Proposed profit distribution plan

According to the profit distribution plan passed in the General Meeting of the Shareholders of the Company held on 19 June 2015, the Company offers cash dividends on its year 2014’s profits. The distribution was completed on 14 August 2015.

47 APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The financial information was approved and authorised for issue by the Board of Directors on 24 August 2015.

X. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available at the Company office for perusal by shareholders and investors:

Financial statements with the signatures and seals of the Company's head, the person-in-charge of accounting affairs and the head of the accounting department.

The original copy of the review 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.

Interim reports posted on other stock exchanges.

The Articles of Association of the Company.

By order of the Board
CITIC Securities Company Limited
WANG Dongming
Chairman

Beijing, the PRC
24 August 2015

As at the date of this announcement, the executive Directors of the Company are Mr. WANG Dongming, Mr. CHENG Boming, Mr. YIN Ke and Mr. LIU Lefei; the non-executive Director is Mr. FANG Jun; and the independent non-executive Directors are Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway, and Mr. RAO Geping.

APPENDIX 1: INDEX OF INFORMATION DISCLOSURE

Information disclosures made by the Company in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE (<http://www.sse.com.cn>) during the reporting period are set out as follows:

No.	Date of Publication	Subject Matter
1	2015-1-6	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2014
2	2015-1-10	Announcement on the Financial Data for December 2014
3	2015-1-13	Announcement on the Results of Issuance of Tranche 1 of Commercial Papers in 2015
4	2015-1-16	Announcement on the Resolutions Passed at the 32nd Meeting of the 5th Session of the Board
5	2015-1-17	Indicative Announcement on Changes in Shareholding
6	2015-1-19	Announcement on Admission as a Stock Options Trading Participant on the Shanghai Stock Exchange and Margin Financing and Securities Lending Business Corrective Measures
7	2015-1-20	Illustrative Announcement on the Reduction of Shareholding by the Largest Shareholder of the Company
8	2015-1-23	Announcement on Approval of the Establishment of 22 New Securities Branches
9	2015-1-28	Announcement on Preliminary Financial Data for the Year 2014
10	2015-1-29	Announcement on Permission to Commence the Stock Options Proprietary Trading Business
11	2015-1-31	Announcement on the Acquisition of 60% of the Issued Share Capital of KVB Kunlun Financial Group Limited; Second Notice and Supplemental Notice of the 2015 First Extraordinary General Meeting and the 2015 First A Shareholders Class Meeting
12	2015-2-3	Announcement on Approval relating to the Qualification of the Stock Options Market Making Business
13	2015-2-4	Announcement on Approval relating to the Commencement of the SSE 50 ETF Options Market Making Business; H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2015
14	2015-2-6	Announcement on the Financial Data for January 2015; Announcement on the Results of Issuance of Tranche 2 of Commercial Papers in 2015
15	2015-2-10	Announcement on the Approval relating to the Amendments to the Material Clauses of the Articles of Association
16	2015-2-13	Announcement on the Resolutions Passed at the 34th Meeting of the 5th Session of the Board
17	2015-2-17	Announcement on the Resolutions Passed at the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting and Legal Opinion
18	2015-2-27	Further Announcement on the Acquisition of 60% Shares in KVB Kunlun Financial Group Limited
19	2015-3-3	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2015
20	2015-3-4	Announcement on the Changes to the Articles of Association; Articles of Association (revised for the second time in 2014)
21	2015-3-6	Announcement on the Financial Data for February 2015
22	2015-3-7	Announcement on the Results of Issuance of Tranche 3 of Commercial Papers in 2015
23	2015-3-12	H Share Announcement – Notification of Board Meeting
24	2015-3-18	Announcement on the Results of Issuance of 2015 First Tranche of Subordinated Bonds
25	2015-3-20	H Share Announcement – Joint Announcement in relation to the Delay in Despatch of the Composite Document
26	2015-3-24	2014 Annual Report and its Summary; Announcement on the Resolutions Passed at the 35th Meeting of the 5th Session of the Board; Announcement on the Resolutions Passed at the 13th 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 2015; 2014 Annual Audit Report; 2014 Annual Internal Control Evaluation Report; 2014 Audit Report on Internal Control; Special Statement Regarding the Appropriation of the Company's Funds by the Largest Shareholder and Other Related Parties; 2014 CSR Report; 2014 Work Reports of the Independent Non-executive Directors; Annual Report of the Audit Committee under the 5th Session of the Board on the Performance of Duties in 2014; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Relevant Matters at the 35th Meeting of the 5th Session of the Board
27	2015-4-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2015
28	2015-4-3	H Share Announcement – Joint Announcement in relation to the Extension of Long Stop Date of the Share Purchase Agreement

No.	Date of Publication	Subject Matter
29	2015-4-7	Announcement on the Results of Issuance of Tranche 4 of Commercial Papers in 2015
30	2015-4-10	Announcement on the Financial Data for March 2015
31	2015-4-18	Announcement on the Resolutions Passed at the 36th Meeting of the 5th Session of the Board; H Share Announcement – Notification of Board Meeting
32	2015-4-23	Announcement on the Results of Issuance of Tranche 5 of Commercial Papers in 2015
33	2015-4-24	Trustee Report (2014) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2014) for the Corporate Bonds (Tranche 2) in 2013
34	2015-4-30	2015 First Quarterly Report; Notice of the 2014 Annual General Meeting; Documents of the 2014 Annual General Meeting
35	2015-5-5	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2015
36	2015-5-8	Announcement on the Financial Data for April 2015
37	2015-5-9	Announcement on the Resignation of A Non-executive Director
38	2015-5-15	Announcement on the Results of Issuance of Tranche 6 of Commercial Papers in 2015
39	2015-5-23	Announcement on the CSRC Approval relating to the New H Share Issue; Announcement on Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013; Follow-up Rating Report (2015) on the Corporate Bonds (Tranche 1) in 2013; Follow-up Rating Report (2015) on the Corporate Bonds (Tranche 2) in 2013
40	2015-5-30	Announcement on the Completion of the Acquisition of 59.37% Shares in KVB Kunlun Financial Group Limited; Indicative Announcement on the Postponed Re-election and Appointment of the Board and the Supervisory Committee; Announcement on Interest Payment in 2015 for the Corporate Bonds (Tranche 1) in 2013
41	2015-6-2	Second Notice of the 2014 Annual General Meeting; H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2015
42	2015-6-5	Announcement on the Financial Data for May 2015
43	2015-6-6	H Share Announcement – Joint Announcement and Circular in relation to the Despatch of the Composite Document relating to Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun
44	2015-6-9	Announcement on the Resolutions Passed at the 38th Meeting of the 5th Session of the Board; Announcement on Proposed Additional Issue of H Shares to the National Council for Social Security Fund of the PRC
45	2015-6-13	Announcement on the Results of Issuance of Tranche 7 of Commercial Papers in 2015
46	2015-6-16	Announcement on the Entering into of the Placing Agreement in relation to the Issuance of H Shares under the 2015 First Specific Mandate of the Company
47	2015-6-17	Announcement on the CSRC Approval in relation to Public Issuance of Corporate Bonds to the Qualified Investors
48	2015-6-19	Announcement on the Resolutions Passed at the 39th Meeting of the 5th Session of the Board; Announcement on Public Issuance of the 2015 Corporate Bonds; Credit Rating Report on the 2015 Corporate Bonds; Prospectus and its Summary on Public Issuance of the 2015 Corporate Bonds
49	2015-6-20	Announcement on the Resolutions Passed at the 2014 Annual General Meeting; Legal Opinion of the 2014 Annual General Meeting
50	2015-6-24	Announcement on the Results of Issuance of H Shares under the 2015 First Specific Mandate and Changes in Share Capital and Announcement on the Adjustment to the 2014 Cash Dividend Per Share; H Share Announcement – Next Day Disclosure Return; Announcement on the Coupon Interest Rate of the 2015 Corporate Bonds
51	2015-6-26	Announcement on the Results of Issuance of the 2015 Corporate Bonds
52	2015-6-27	Announcement on the Results of the Offers to Acquire KVB Kunlun Financial Group Limited

Note: The dates set out in the above table under the column entitled “Date of Publication” are dates on which the relevant announcements were published in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the Shanghai Stock Exchange. Each of these announcements was published on the HKExnews website of HKEx in the morning on its respective “Date of Publication” or in the evening on the immediately preceding date.

Information disclosures made by the Company on the HKExnews websites of HKEx (<http://www.hkexnews.hk>) during the reporting period are set out as follows:

No.	Date of Publication	Subject Matter
1	2015-1-5	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2014
2	2015-1-9	Announcement on the Financial Data for December 2014
3	2015-1-12	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 1 of Commercial Papers in 2015
4	2015-1-14	Proposed Specific Mandate to Issue New H Shares and Proposed Consequential Amendments to the Articles of Association
5	2015-1-15	Engagement in the Stock Options Business
6	2015-1-16	Indicative Announcement on Changes in Shareholding
7	2015-1-18	Admission as a Stock Options Trading Participant on the Shanghai Stock Exchange; Margin Financing and Securities Lending Business Corrective Measures
8	2015-1-19	Illustrative Announcement on the Reduction of Shareholding by the Largest Shareholder of the Company
9	2015-1-22	Overseas Regulatory Announcement – Announcement on Approval of the Establishment of 22 New Securities Branches
10	2015-1-27	Announcement on Preliminary Financial Data for the Year 2014
11	2015-1-28	Permission to Commence the Stock Options Proprietary Trading Business
12	2015-1-30	Announcement on the Acquisition of 60% of the Issued Share Capital of KVB Kunlun Financial Group Limited; Second Notice of the 2015 First Extraordinary General Meeting
13	2015-2-2	Approval relating to the Qualification of the Stock Options Market Making Business
14	2015-2-3	Approval relating to the Commencement of the SSE 50 ETF Options Market Making Business; Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2015
15	2015-2-5	Announcement on the Financial Data for January 2015; Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 2 of Commercial Papers in 2015
16	2015-2-9	Approval relating to the Amendments to the Material Clauses of the Articles of Association
17	2015-2-12	Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 34th Meeting of the 5th Session of the Board
18	2015-2-17	Poll Results of the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting
19	2015-2-26	Joint Announcement – (1) Sale and Purchase of 60% Shares in KVB Kunlun (2) Possible Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of CITIC Securities to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun and (3) Resumption of Trading in the Shares of KVB Kunlun
20	2015-3-2	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2015
21	2015-3-3	Completion of the Formalities for Change and Filing relating to the Articles of Association; Articles of Association
22	2015-3-5	Announcement on the Financial Data for February 2015
23	2015-3-6	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 3 of Commercial Papers in 2015
24	2015-3-11	Notification of Board Meeting
25	2015-3-17	Completion of Issuance of 2015 First Tranche of Subordinated Bonds
26	2015-3-19	Joint Announcement – Delay in Despatch of Composite Document
27	2015-3-23	2014 Annual Results Announcement; Announcement – (1) Proposed Issuances of Onshore and Offshore Corporate Debt Financing Instruments; (2) Potential Related Party/Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments; (3) Change of External Auditors; and (4) Proposed Amendments to the Articles of Association; Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 35th Meeting of the 5th Session of the Board; Announcement on the Resolutions Passed at the 13th 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 2015; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Relevant Matters at the 35th Meeting of the 5th Session of the Board; 2014 Work Reports of the Independent Non-executive Directors; 2014 Annual Internal Control Evaluation Report; Audit Report on Internal Control; Special Statement Regarding the Appropriation of the Company's Funds by the Largest Shareholder and Other Related Parties; 2014 CSR Report; Annual Report of the Audit Committee under the 5th Session of the Board on the Performance under Duties in 2014
28	2015-4-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2015
29	2015-4-2	Joint Announcement in relation to the Extension of Long Stop Date of the Share Purchase Agreement

No.	Date of Publication	Subject Matter
30	2015-4-7	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 4 of Commercial Papers in 2015
31	2015-4-9	Announcement on the Financial Data for March 2015
32	2015-4-17	Notification of Board Meeting; Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 36th Meeting of the 5th Session of the Board
33	2015-4-22	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 5 of Commercial Papers in 2015
34	2015-4-23	Overseas Regulatory Announcement – Trustee Report (2014) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2014) for the Corporate Bonds (Tranche 2) in 2013
35	2015-4-29	2015 First Quarterly Results; 2014 Annual Report; Circular and Notice of Annual General Meeting; Proxy Form; Reply Slip
36	2015-5-4	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2015
37	2015-5-7	Announcement on the Financial Data for April 2015
38	2015-5-8	Resignation of A Non-executive Director; List of Directors and their Roles and Functions
39	2015-5-14	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 6 of Commercial Papers in 2015
40	2015-5-22	The CSRC Approval relating to the New H Share Issue; Overseas Regulatory Announcement – Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013
41	2015-5-29	The Postponed Re-election and Appointment of the Board and the Supervisory Committee; Joint Announcement – (1) Completion of the Share Purchase Agreement and (2) Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun; Overseas Regulatory Announcement – Announcement on Interest Payment in 2015 for the Corporate Bonds (Tranche 1) in 2013
42	2015-6-1	Second Notice of 2014 Annual General Meeting; Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2015
43	2015-6-4	Announcement on the Financial Data for May 2015
44	2015-6-5	Joint Announcement – Despatch of the Composite Document relating to Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun; Form of Share Offer Acceptance and Transfer of Ordinary Shares of HK\$0.01 Each in the Issued Share Capital of KVB Kunlun; Form of Option Offer Acceptance and Cancellation of the Outstanding Share Options of KVB Kunlun; Circular – Composite Document relating to Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun
45	2015-6-8	Announcement – (1) Strategic Cooperation Framework Agreement with NSSF; (2) Conditional Subscription of New H Shares by NSSF; Proposed 2015 Second Specific Mandate to Issue New H Shares; Proposed Consequential Amendments to the Articles of Association; Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 38th Meeting of the 5th Session of the Board; Announcement on Proposed Additional Issue of H Shares to the National Council for Social Security Fund of the PRC
46	2015-6-12	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 7 of Commercial Papers in 2015
47	2015-6-15	Placing of New H Shares under 2015 First Specific Mandate
48	2015-6-16	Overseas Regulatory Announcement – Announcement on the CSRC Approval in relation to Public Issuance of Corporate Bonds to the Qualified Investors
49	2015-6-18	Announcement on the Resolutions Passed at the 39th Meeting of the 5th Session of the Board; Overseas Regulatory Announcement – Announcement on Public Issuance of the 2015 Corporate Bonds; Credit Rating Report on the 2015 Corporate Bonds; Prospectus and its Summary of Public Issuance of the 2015 Corporate Bonds
50	2015-6-19	Poll Results of the 2014 Annual General Meeting and Distribution of the 2014 Final Dividend
51	2015-6-23	Announcement – (1) Completion of the Placing of New H Shares under the 2015 First Specific Mandate (2) Adjustment to the 2014 Final Dividend Per Share; Next Day Disclosure Return; Overseas Regulatory Announcement – Announcement on the Coupon Interest Rate of the 2015 Corporate Bonds
52	2015-6-25	Overseas Regulatory Announcement – Announcement on the Results of Issuance of the 2015 Corporate Bonds
53	2015-6-26	Joint Announcement – (1) Close of Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun and (2) Results of the Offers

APPENDIX 2: ADMINISTRATIVE CONSENTS AND APPROVALS OBTAINED DURING THE REPORTING PERIOD

No.	Date of approval	Title and number of approval
1	2015-1-19	Approval for the Establishment of 22 Branches by CITIC Securities Company Limited issued by the Shenzhen Bureau of the CSRC (Shen Zheng Ju Xu Ke Zi [2015] No. 15)
2	2015-1-28	Approval relating to Qualification of the Stock Options Market Making Business of CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 158)
3	2015-2-3	Approval relating to Amendments to the Material Clauses of the Articles of Association of CITIC Securities Company Limited issued by the Shenzhen Bureau of the CSRC (Shen Zheng Ju Xu Ke Zi [2015] No. 17)
4	2015-5-19	Approval relating to Additional Issuance of Overseas Listed Foreign Shares of CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 936)
5	2015-6-10	Approval relating to Public Issuance of Corporate Bonds to Qualified Investors by CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 1215)