Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中信证券股份有限公司
CITIC Securities Company Limited

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

(Stock Code: 6030)

2017 INTERIM RESULTS ANNOUNCEMENT

The Board 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 2017. This interim results announcement, containing the full text of the 2017 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 announcement of interim results. The 2017 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 and the Supervisory Committee of the Company and the Directors, Supervisors and Senior Management warrant the truthfulness, accuracy and completeness of contents of this interim results announcement and that there is no false representation, misleading statement contained herein or material omission from this interim results announcement, for which they will assume joint and several liabilities.

This interim results announcement was approved at the 15th Meeting of the Sixth Session of the Board. All Directors attended the meeting. No Director raised any objection to this interim results announcement.

The 2017 interim financial statements of the Group were unaudited. PwC Zhong Tian LLP and PwC Hong Kong issued review opinions in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively.

Mr. ZHANG Youjun, head of the Company, Mr. GE Xiaobo, the Chief Financial Officer and Ms. KANG Jiang, head of the Company's accounting department, warrant that the financial statements set out in this interim results announcement are true, accurate and complete.

There was no profit distribution plan or plan of conversion of capital reserve into share capital of the Company for the first half of 2017.

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 investment risks.

There was no appropriation of funds of the Company by the 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 between the English version and Chinese version of this announcement, the Chinese version shall prevail.

CONTENTS

CHAPTER I	DEFINITIONS	4
CHAPTER II	COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS	6
CHAPTER III	MANAGEMENT DISCUSSION AND ANALYSIS	11
CHAPTER IV	SIGNIFICANT EVENTS	35
CHAPTER V	CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS	49
CHAPTER VI	DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES	53
CHAPTER VII	CORPORATE GOVERNANCE	54
CHAPTER VIII	UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	55
CHAPTER IX	DOCUMENTS AVAILABLE FOR INSPECTION	114
APPENDIX: INDEX OF INFORMATION DISCLOSURE		115

CHAPTER I DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this results announcement:

"A Shareholder(s)"	holder(s) of A Shares
"A Shares"	the domestic Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE (stock code: 600030)
"Board"	the board of directors of the Company
"China AMC"	China Asset Management Company Limited (華夏基金管理有限公司)
"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 Global Trade"	CITIC Global Trade (Shanghai) Co., Ltd. (中信寰球商貿（上海）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 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 (Shandong)"	CITIC Securities (Shandong) Co., Ltd. (中信証券（山東）有限責任公司)
"CITIC Securities Finance MTN"	CITIC Securities Finance MTN Co., Ltd.
"CITIC Securities Investment"	CITIC Securities Investment Limited (中信証券投資有限公司)
"CLSA Limited"	CLSA Limited (中信里昂證券有限公司)
"Company" or "CITIC Securities"	CITIC Securities Company Limited (中信証券股份有限公司)
"Company Law"	the Company Law of the People's Republic of China
"connected transaction(s)"	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 Limited
"CSI"	CITIC Securities International Co., Ltd. (中信証券國際有限公司)
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"ECT"	E-Capital Transfer Co., Ltd. (證通股份有限公司)
"GoldStone Investment"	GoldStone Investment Co., Ltd. (金石投資有限公司)
"GoldStone Zexin"	GoldStone Zexin Investment Management Co., Ltd. (金石澤信投資管理有限公司)
"Group"	CITIC Securities Company Limited and its subsidiaries
"H Share(s)"	the overseas-listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on Hong Kong Stock Exchange (stock code: 6030)
"H Shareholder(s)"	holder(s) of H Shares

"HKEx"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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)
"New Third Board" or "NEEQ"	National Equities Exchange and Quotations
"NSSF"	National Council for Social Security Fund of the PRC
"PRC" or "China"	the People's Republic of China which, for the purpose of this interim results announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"PwC Hong Kong"	PricewaterhouseCoopers
"PwC Zhong Tian"	PricewaterhouseCoopers Zhong Tian LLP
"related party transaction(s)"	has the meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time, unless otherwise stated
"Reporting Period"	the six months ended 30 June 2017
"Securities Law"	the Securities Law of the People's Republic of China
"Senior Management"	the senior management of the Company
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the domestic Share(s) or the overseas-listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE and the Hong Kong Stock Exchange, respectively
"SME"	small and medium-sized enterprise
"SOE"	state-owned enterprise
"SSE"	Shanghai Stock Exchange
"SSE Listing Rules"	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"SZSE"	Shenzhen Stock Exchange
"Tianjin Jingzheng"	Tianjin Jingzheng Property Services Limited (天津京證物業服務有限公司)
"Tianjin Shenzheng"	Tianjin Shenzheng Property Services Limited (天津深證物業服務有限公司)
"Wind Info"	Wind Information Co., Ltd.

CHAPTER II COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

2.1 COMPANY INFORMATION

Company Name in Chinese	中信証券股份有限公司
Company Abbreviation in Chinese	中信証券
Company Name in English	CITIC Securities Company Limited
Company Abbreviation in English	CITIC Securities Co., Ltd.
Legal Representative of the Company	ZHANG Youjun
President of the Company	YANG Minghui
Authorized Representatives	YANG Minghui, ZHENG Jing

Registered Capital and Net Capital

In RMB Yuan

	As at the end of the Reporting Period (30 June 2017)	As at the end of last year (31 December 2016)
Registered Capital	**12,116,908,400.00**	12,116,908,400.00
Net Capital	**78,830,415,662.51**	93,504,021,274.87

Note: As at the disclosure date of this results announcement, the total number of issued Shares of the Company was 12,116,908,400 Shares, of which 9,838,580,700 Shares were A Shares and 2,278,327,700 Shares were H Shares.

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 business.

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 business; pilot business of stock return swap; treasury bonds 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 stock exchange: market maker of stock exchange fixed income platform; warrants trading; stock-pledged repo business; Southbound Trading Link business; financing business with respect to exercising rights 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 SAC: 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 primary dealer of open market.

5. Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of CSDCC; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); qualified enterprise annuity fund management institution; qualified member of underwriting syndicate 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; market maker of the New Third Board; and the qualifications for consultancy services relating to the secrecy-involved business of the military industry.

2.2 Contact Person and Methods

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

2.3 Basic Information

During the Reporting Period, there was no change in the basic information of the Company.

Registered Address of the Company	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Postal Code of Registered Address of the Company	518048
Office Address of the Company	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 of the Company	518048, 100026
Office Address in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website of the Company	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 Business	95548, 4008895548
Investor Relations Hotline	0086-755-2383 5383, 0086-10-6083 6030
Business License United Social Credibility Code	914403001017814402
Directory to the Changes During the Reporting Period	Not applicable

2.4 Changes of Information Disclosure and Availability Places

Newspapers Designated for Information Disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
The Websites for the Publication of the Interim Report of the Company	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)
Places Where the Interim Report of the Company is Available	16/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province 10/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

2.5 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

2.6 Financial Summary

2.6.1 Key Accounting Data and Financial Indicators

In RMB million

Items	30 June 2017	31 December 2016	Variance in comparison with the end of last year (%)
Total assets	**605,912**	597,439	1.42
Total liabilities	**458,868**	451,650	1.60
Equity attributable to owners of the parent	**143,703**	142,696	0.71
Issued share capital	**12,117**	12,117	—
Net assets per Share attributable to owners of the parent (RMB yuan/share)	**11.86**	11.78	0.68
Gearing ratio (%)[Note]	**69.85**	68.51	Increased by 1.34 percentage points

Items	Six months ended 30 June 2017	Six months ended 30 June 2016	Variance in comparison with the corresponding period of last year (%)
Total revenue and other income	**25,141**	24,291	3.50
Operating profit	**6,592**	7,284	-9.50
Profit before income tax	**6,836**	7,330	-6.74
Net profit attributable to owners of the parent	**4,927**	5,242	-6.01
Net cash inflow/(outflow) from operating activities	**-22,500**	-32,985	N/A
Basic earnings per Share (RMB yuan/share)	**0.41**	0.43	-4.65
Diluted earnings per Share (RMB yuan/share)	**0.41**	0.43	-4.65
Return on weighted average equity (%)	**3.39**	3.73	Decreased by 0.34 percentage points

Note: Gearing ratio = (total liabilities – customer brokerage deposits)/(total assets – customer brokerage deposits).

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

As at 30 June 2017, the net capital of the parent company was RMB78,830 million, decreasing by 15.69% as compared to the end of 2016, mainly due to capital increase in subsidiaries and increase in dividends payable during the Reporting Period.

Items	30 June 2017	31 December 2016
Net capital (RMB million)	**78,830**	93,504
Net assets (RMB million)	**118,343**	118,870
Total risk capital reserves (RMB million)	**55,682**	54,746
Risk coverage ratio (%)	**141.57**	170.79
Capital leverage ratio (%)	**17.70**	21.62
Liquidity coverage ratio (%)	**163.16**	166.77
Net stable funding ratio (%)	**126.97**	143.29
Net capital/net assets (%)	**66.61**	78.66
Net capital/liabilities (%)	**30.02**	37.02
Net assets/liabilities (%)	**45.06**	47.06
Value of proprietary equity securities and derivatives held/net capital (%)	**38.99**	35.01
Value of proprietary non-equity securities and derivatives held/net capital (%)	**127.18**	143.30

Note: The risk control indices for every business of the parent company are in compliance with the relevant requirements of Measures for the Risk Control Indices of Securities Companies issued by the CSRC.

3.1 Operation Discussion and Analysis

The investment banking business of the Group consists of equity financing, debt and asset-based securitization as well as financial advisory services.

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 is engaged in CAM, TAM, SAM, fund management and other investment accounts management.

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

The Group provides services such as custody and research.

The international business of the Group mainly focuses on the areas of institutional broking, fixed income and other trading activities, and the provision of corporate finance, financial advisory and research services to a wide range of corporate and institutional clients globally.

3.1.1 Investment Banking

Domestic Equity Financing

Market Conditions

In the first half of 2017, the issuance of IPOs maintained a stable pace. However, under the impact of the tightening policy, the size of re-financing in the whole market experienced a relatively large decline. In the first half of 2017, the size of A-share equity financing amounted to RMB839,724 million (including private placements of assets), representing a year-on-year decrease of 13.30%. Among which, the proceeds of IPOs amounted to RMB116,789 million, representing a year-on-year increase of 255.15%. The size of equity re-financing amounted to RMB722,935 million, representing a year-on-year decrease of 22.74%.

The total market share of the top ten securities companies in A-share equity underwriting amounted to 67.56%, representing a slight increase as compared to the market concentration of the top ten securities companies in the first half of 2016 (with a market share of 65.75%).

Actions and achievements

In response to the transformation of economic structure, supply-side reform and changes in market policies, the Company seized the business opportunities arising from a new round of SOE reforms from large SOE clients on the basis of consolidating its client advantages in traditional industries, put more attention on private enterprises, foreign enterprises and other clients, and made greater efforts in developing SME clients with growth potential in emerging industries. On the other hand, the Company continued to implement the business strategy of "full-product coverage", strengthened its efforts in developing international businesses and endeavored to enhance its comprehensive competitive advantages.

In the first half of 2017, the Company completed a total of 40 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB113,457 million (including private placements of assets), accounting for a market share of 13.51%, ranking the first and the second in the market in terms of the lead underwriting amount and the number of lead underwriting projects, respectively. Among them, 12 were IPO projects, with an aggregate lead underwriting amount of RMB7,181 million; 28 were re-financing issuances projects, with a total lead underwriting amount of RMB106,276 million.

Projects	**First half of 2017 Lead Underwriting Amount (RMB million)**	**Number of Issuances**	First half of 2016 Lead Underwriting Amount (RMB million)	Number of Issuances
IPOs	**7,181**	**12**	1,975	4
Re-financing issuances	**106,276**	**28**	144,871	35
Total	**113,457**	**40**	146,846	39

Source: Wind Info and the Company's internal statistics

Note: ① *When compiling the above table, the date of completion of an IPO project is the date of online issuance; the date of completion of a public issuance of additional shares or a non-public issuance of shares or preference shares project is the date of the issuance results announcement; the date of completion of a rights issue project is the ex-dividend date; and the date of completion of a convertible bonds or exchangeable bonds project is the value date.*

② *Underwriting amount of joint-lead underwriting projects is calculated by dividing total project size by number of lead underwriters.*

Outlook for the second half of 2017

In the second half of 2017, the Company will continue to implement the client-centered business strategy characterized as "full-product coverage"; enhance the coverage of regional markets and emerging market clients, put emphasis on training of industry experts, deepen its understanding of diversified client needs; enhance its capabilities in providing integrated services, consolidate and strengthen its market leading position. Through integration of its internal and external sales channels, the Company will actively promote innovative business, develop cross-border business and continue to transform into an investment bank as "a trading counterparty" and "an industry service provider".

Domestic debt and asset securitization

Market conditions

In the first half of 2017, the domestic economy was in stable operation as a whole. The central bank maintained a neutral and slightly tight monetary policy, focusing on curbing asset bubbles and guarding against financial risks. In January to May 2017, the environment of "deleveraging and guarding against risks" and the expected strengthening of financial regulation led to the continuous increase in yields. Since June 2017, the market was in relatively stable operation and the economic performance was weak as a whole. The short-term capital supply was slightly loose and the regulatory environment was slightly eased. The central bank did not follow the Federal Reserve to raise interest rates. Meanwhile, the central bank used open market operations to increase funding, which led to the improved liquidity expectation and a warming market sentiment. As such, the yields in the debt market showed a downward trend.

In the first half of 2017, the financing size of the domestic bond market decreased significantly. The aggregate issuance size of bonds (excluding interbank certificates of deposit) amounted to RMB8.54 trillion, representing a year-on-year decrease of 30.77%. The aggregate issuance size of debenture bonds (net of treasury bonds, policy bank financial bonds and local government bonds) amounted to RMB3.59 trillion, representing a year-on-year decrease of 33.54%. Among which, the issuance size of bonds on stock exchanges amounted to RMB414,598 million, representing a year-on-year decrease of 87.45%, which was mainly due to the significant decrease in the issuance size of corporate bonds on stock exchanges.

Actions and achievements

In the first half of 2017, the Company undertook a total of 196 lead underwriting projects relating to different debenture bonds, with a lead underwriting amount of RMB199,652 million, representing 4.34% of the market share. The Company ranked the first in the industry in terms of both the underwriting amount and the number of underwriting projects. The Company had a full pipeline for projects, maintaining its leading position in the bond underwriting market. As the sector leader in asset-backed securitization business, it has apparent advantages in personal automobile pledged loans securitization, etc.

Projects	**First half of 2017 Lead Underwriting Amount (RMB million)**	**Number of Issuances**	First half of 2016 Lead Underwriting Amount (RMB million)	Number of Issuances
Enterprise bonds	**14,297**	**10**	—	—
Corporate bonds	**8,175**	**16**	77,107	52
Financial bonds	**91,416**	**30**	55,100	14
Medium-term notes	**16,373**	**24**	16,786	22
Commercial papers	**3,800**	**5**	2,300	4
Asset-backed securities	**56,591**	**109**	32,553	46
Convertible bonds/exchangeable bonds	**9,000**	**2**	5,961	3
Total	**199,652**	**196**	189,807	141

Source: Wind Info and the Company's internal statistics

Outlook for the second half of 2017

In the second half of 2017, the Company will continue to increase its inputs in underwriting direct debt financing projects, enhance internal synergy, capitalize its overall business advantages, provide clients with comprehensive and integrated debt financing services, consolidate and enhance the competitive edge for traditional bond underwriting business, focus on exploring business opportunities with local state-owned enterprises and quality private enterprises; seize the opportunity of asset revitalization, focus on corporate asset-backed securitization business; strengthen project risk management to effectively control operational risks, credit risks and issuance risks.

Besides, with the further opening up of the domestic financial market and domestic enterprises' adoption of globalization strategies, financing opportunities including panda bonds and offshore USD-denominated bonds will gradually increase. The Company will further integrate its domestic and foreign client resources to explore cross-border business opportunities, and enhance its diversified full-product coverage for clients, both domestically and internationally.

Financial advisory services

Market conditions

According to the Bloomberg statistics, the total value of global merger and acquisition transactions announced in the first half of 2017 reached USD1.5 trillion, representing a year-on-year decrease of 6%; the number of announced transactions amounted to 20,101, representing a year-on-year increase of 1.9%. Geographically, most of the mergers and acquisitions were concentrated in North America, Asia-Pacific and Europe region and the value of merger and acquisition transactions announced amounted to USD668.2 billion, USD409.8 billion and USD403.2 billion respectively and the number of announced transactions amounted to 7,946, 6,288 and 4,964, respectively. On a sector basis, the financial sector was the most active with the value of merger and acquisition transactions announced in the first half of 2017 amounted to USD411.4 billion, which accounted for 27.42% of the total value of merger and acquisition transactions announced; followed by the non-cyclical consumer goods and cyclical consumer goods with announced transaction amounts of USD341.3 billion and USD183.3 billion, accounting for 22.76% and 12.22% of the amount of merger and acquisition transactions announced, respectively.

According to the Bloomberg statistics, as at 30 June 2017, the value of announced merger and acquisition transactions involving Chinese enterprises amounted to USD286.6 billion, representing a year-on-year decrease of 16.2% and accounting for 69.95% of the value of merger and acquisition transactions in the Asia-Pacific region. The number of transactions amounted to 2,633, representing a year-on-year increase of 40.67%. The sectors leading in amount of merger and acquisition transactions involving Chinese enterprises were the financial, industrial and non-cyclical consumer goods sectors.

Actions and achievements

In the first half of 2017, based on the preliminary layout, the Company effectively grasped the market hot spots and completed certain complex mergers and acquisitions transactions with great market influence and innovation, further deepening the layout of cross-border mergers and acquisitions of the listed company. Meanwhile, the Company actively developed diversified mergers and acquisitions transactions and investment opportunities outside the regular business channel, thereby further enhancing the market influence and exploring new business profit model.

In the first half of 2017, the size of A-share major assets restructuring transactions completed by the Company amounted to RMB95,782 million, ranking the first in the industry in terms of transaction size. The Company completed the merge of Wuhan Iron and Steel Company Limited into Baoshan Iron and Steel Company Limited by way of absorption and shares swap, the major asset reorganization of Zhejiang Orient, and other mergers and acquisitions transactions, further strengthening the Company's advantages in mergers and acquisitions transactions of A shares companies. Meanwhile, the Company launched a new attempt in diversifying the mergers and acquisitions business and completed the acquisition by Shenzhen Metro Group of the A shares of China Vanke Co., Ltd. held by China Resources (Holding) Co., Ltd by means of entering into the equity transfer agreement.

In the first half of 2017, with a transaction amount of USD15.2 billion and transaction number of 10, the Company ranked the sixth and the eighth among the financial consultants in the world in terms of transaction amount and transaction number of the announced merger and acquisition transactions involving Chinese enterprises. The Company maintained a leading position among the Chinese brokers in terms of transaction amount and transaction number. In particular, the Company completed the cross-border transactions such as APAT Optoelectronics acquiring target assets of the US and Francisco partner selling equity of the optical device production and sales company, and continued to explore the opportunities of cross-border mergers and acquisitions business.

Outlook for the second half of 2017

In the second half of 2017, the Company will give full play to the overall advantages of resources, explore project opportunities, grasp the trading opportunities, focus on expanding the domestic market share, expanding cross-border business, completing projects of great market influence and undertaking diversified mergers and acquisitions business. Meanwhile, the Company will actively develop the dual drivers based on the business of "investment – consultation", in order to increase business income and value.

New Third Board business

Market conditions

In the first half of 2017, the number of companies listed on the New Third Board maintained rapid growth. As at the end of the Reporting Period, the number of companies listed on the New Third Board amounted to 11,314, with a total share capital of 665.1 billion shares and a total capitalization of RMB4,879,840 million. In the first half of 2017, the total trading volume of the New Third Board amounted to RMB124,551 million, and the total funds raised from the issuance of shares amounted to RMB62,675 million. On 30 June 2017, the NEEQ component index closed at 1,246.79, representing an increase of 0.26% as compared to the end of 2016; the NEEQ market-making component index closed at 1,064.92, representing a decrease of 4.24% as compared to the end of 2016.

Actions and achievements

Under the hierarchical management of the New Third Board and the strengthened regulation, the Company continued to implement its strategy to focus on quality products and brand enhancing and provided integrated services for listed companies with market influence. In addition, the Company also put emphasis on quality control and continuously improved its risk management system and procedures.

As at the end of the Reporting Period, the Company lead sponsored a total of 159 enterprises for listing and provided market-making services for 180 listed companies, among which, 123 companies entered the innovative layer, and total turnover amount for market-making activities was approximately RMB2.2 billion.

Outlook for the second half of 2017

In the second half of 2017, the Company will continue to improve the business management system and market development system with value realization as the core, to drive the development of other relevant business and provide quality integrated services for the full industry chain in the New Third Board by selecting quality enterprises, and deepening exploration of enterprise value, with a view to create good returns. Meanwhile, the Company will effectively use the market-making capital, enhance its capabilities in quotations for transactions in the secondary market and promote the improvement in liquidity in the New Third Board market.

3.1.2 Brokerage Business

Market conditions

In the first half of 2017, the domestic economic growth slowed down and the volatility of fundamental market kept increasing. There was an emerging trend of increase in interest rates and the stock market structure differentiation was obvious. The overall trading significantly declined as compared to 2016. The average daily turnover of stock funds amounted to RMB446.5 billion, representing a year-on-year decrease of 18.1%.

Actions and achievements

In the first half of 2017, the Group's brokerage business remained among the frontrunners in the market, with improving key market indicators. Among which, the trading turnover of equity funds was RMB6.08 trillion with a market share of 5.72%, ranking the second highest in the industry. Net income from brokerage commission fee accounted for a market share of 5.45%, ranking the second highest in the industry.

In the first half of 2017, in response to the requirement of "expanding customer market size and enhancing comprehensive service capabilities", the brokerage business continued to enlarge customer base, enhance customer service and put emphasis on the synergies effect of the Group. In terms of client development, we relied on the channel operation management system, to fully carry out the bulk development of individual clients; optimized the precise marketing development model and provided competitive financial products to meet the product allocation demand of wealth management clients on the basis of effective combing and analyzing their market demand; integrated the resources of the Group and promoted the collaborative development to continuously promote the development and management of institutional clients, mainly including listed companies, securities companies and interbank agencies, as well as asset management institutions. In terms of customer service, the Group implemented the standardized customer service system, enriched the services and standardized the service process; promoted the training of the investment consulting team, built intelligent investment consulting platform, optimized the investment research products and the investment consulting service system; enriched product categories, enhanced the comprehensive income, and strengthened the standardized management and operation of the product life cycle.

In the first half of 2017, the total number of new customers in brokerage business of the Group amounted to 0.65 million, the newly added customer assets amounted to RMB336.9 billion and customer assets in custody amounted to RMB4.5 trillion. As at the end of the Reporting Period, the number of retail customers of the Group amounted to over 7.3 million and the number of general legal person clients reached 32,000.

Outlook for the second half of 2017

In the second half of 2017, the Group's brokerage business will adhere to the established route with an aim of maintaining and strengthening its leading position in the market, establish and improve a classified and layered customer service system mainly through model innovation with focus on customer management, allocate resources according to the categories of customers to create core competitive edges.

3.1.3 Trading

Market conditions

In the first half of 2017, the SSE Composite Index closed at 3,192.43 points, increasing by 2.86% as compared to the end of 2016. After deducting sub-new stocks, the number of A-share companies with rising price was 649 and the number of A-share companies with declining price was 2,355, showing a clear structural market. The performance of value stocks, represented by SSE 50 Index, was relatively good, while growth stocks on the ChiNext showed a clear downfall, which showed an obvious differentiation in the market. At the beginning of the year, the market warmed up, as driven by the supply-side reforms and the stable real estate market. Afterwards, the market focused on guarding against financial risks. The interest rates showed an upward trend and the A-share market suffered a correction in a certain degree. In June 2017, the capital tension was better than expectation and the market rebounded in a certain degree.

Actions and achievements

Flow-based business

For the equity derivatives business, the Company provided its corporate clients with equity management services such as stock repo, stock-pledged repo and market cap management; launched OTC derivatives products such as structured products, total return swaps, OTC options quotation and equity-linked beneficiary certificates for institutional clients; and the Company continued to make great efforts in overcoming the adverse market environment and developing its market-making business, including the market-making business in ETF, the SSE 50 ETF options and the sugar options markets. As at the end of the Reporting Period, the scale of equity management business of the Company ranked the first among peers. Its OTC derivatives business was at a leading market position. Market-making business had a diversified development as its SSE 50 ETF options market-making ranked at the forefront in the market. A business model with extensive client base, a wide range of products, and relatively stable yields in general has been formed.

In respect of the fixed income business, the Company made good use of its customer resources and enhanced its customer service comprehensive capabilities. In the first half of 2017, the Company ranked the first in the industry in terms of the total sales of interest rate products. Meanwhile, through strengthened cooperation among various business segments, enriched transaction categories, our trading and market-making business covered various fixed income products, market and clients. The Company improved market and credit research and enhanced its ability of risk management. Moreover, the Company actively promoted the investment advisory services for financial institutions such as joint-stock banks and urban commercial banks to meet the wealth management demand of customers.

In respect of the commodities business, the Company, by adhering to the principle of "financial institution serving the real economy", continued to strengthen its business exploration in the commodities business. The Company continued to expand the scale of metal and precious metal trading business; it also commenced OTC swaps business on freight index, thermal coal, iron ore and copper premium, copper full price etc. on the Shanghai Clearing House. Trading volume of the OTC commodities market-making business ranked first in the market. The Company also commenced onshore and offshore commodities OTC option business and continued to develop the carbon emissions trading business. The Company actively expanded the spot trading related business with a view to providing comprehensive financial services related to commodities to a wide range of domestic and foreign clients via various means.

In respect of the prime brokerage business, with market influence in the first half of 2017, a significant decrease was seen in financing balance, and due to the lack of hedging instrument, securities lending business was temporarily suspended and then slowly recovered. By adhering to the principle of prudent development, the Group steadily carried out the margin financing and securities lending business premised on ensuring measurable, controllable and tolerable risks and the balance of the margin financing business maintained a stable level. As at the end of the Reporting Period, the size of the Group's margin financing and securities lending business was approximately RMB61,328 million, accounting for 6.97% of the aggregate business size in the whole market and ranking the first in the market. Among which, the size of margin financing business and the size of securities lending business was RMB61,025 million and RMB303 million, respectively.

Item	Company	30 June 2017	31 December 2016
Balance of margin financing and securities lending *(RMB million)*	CITIC Securities	**56,155**	56,661
	CITIC Securities (Shandong)	**5,173**	6,015
	Total	**61,328**	62,676

Source: Wind Info and the Company's internal statistics

Proprietary trading

In the first half of 2017, the Company continued to push forward the strategic transformation of its proprietary trading business. Through proactively seizing of market opportunities and strict risk management and taking risk/reward ratio as an important reference indicator for investment decision making, the Company enhanced fundamental and prospective research, improved the support function of research on investment and has achieved good results.

In the first half of 2017, the traditional stock quantitative strategy faced challenges from the changing market structure. Based on the enhanced quantitative trading capabilities, the alternative investment business strengthened the analysis and judgment of macro fundamentals and continued to enrich the trading strategy, and applied the machine learning and artificial intelligence related knowledge to the investment transactions. The Company flexibly utilized various financial instruments and derivatives to manage risks, and overcame the adverse market impacts. Meanwhile, the diversified multi-market investment strategy has effectively dispersed investment risks and enriched the sources of revenue. Currently, the businesses or strategies the Company commenced include: index arbitrage, domestic macroeconomic strategy, statistical arbitrage, fundamental quantification, convertible arbitrage, commodity strategy, options strategies, portfolio hedge fund investment, global multi-strategy funds and global statistical arbitrage. The Company also actively developed clients and succeeded in introducing capitals from institutional clients such as banks for the domestic quantification strategy and FOF strategy.

Outlook for the second half of 2017

In the second half of 2017, for the equity derivatives business, the Company will adhere to the vision and business position of "becoming the major equity solution suppliers in the corporate customer market, becoming the major trader (market maker) for OTC derivatives in the institutional customer market and becoming the major market maker for exchange based derivatives in the retail customer market", continue to enlarge its business size, nurture and strengthen its capabilities in providing extensive products and risk hedging management and continue to establish and improve the product matrix, forming the three product matrices of equity financing, OTC derivatives and market making transactions. The Company will speed up its business upgrading and transformation, enhancing from the meeting of customer standard demand to specified demand, broaden the customer base, strengthen its capabilities in product services and refine construction of system platform to improve customer experience. For fixed income business, the Company will further strengthen specialized division of labor and business collaboration, in order to further enrich its trading strategies of bonds and derivatives products, increase its efforts in sales and trading, market-making and bonds sales and strengthen liquidity management and bond credit research.

In the second half of 2017, the Company will adhere to the principle of the optimum risk/reward ratio for its equity proprietary trading business and further strengthen its research and actively capture market opportunities to diversify revenue sources and steadily enhance the rate of trading returns, while proactively managing risks and prudently allocating capital. The Company will fully make the layout of investment strategies for its alternative investment business, in order to establish excellent hedge fund platform, further research and develop new trading strategies, build up a more efficient trading system and capture investment opportunities emerging in various markets to steadily increase the return on investment. Meanwhile, the Company will regard internationalization and product development as the main development directions, accelerate customer fund raising and implementation to provide hedge fund products for domestic and overseas clients and form a scale effect.

In the second half of 2017, in respect of prime brokerage business, the Company will further establish a more complete grading system, to reduce the return collection risk and to provide service to quality client, at the same time, the Company will take Hong Kong as the key overseas market to expand prime brokerage and other flow-based business. The Company will further establish a more complete compliance and risk control system for its margin financing and securities lending business, optimize the structure of fund sources and improve the active fund management mechanism. Based on the achievements in building the prime brokerage services system, the Company will focus on enhancing its quality of service and, through product innovation and service innovation, maintain its leading position in the industry.

3.1.4 Asset Management

Market conditions

In the first half of 2017, with the deepening financial reforms and changes in regulatory policies related to asset management sector, the asset management business of securities companies is facing great opportunities as well as challenges with increasing number of market competitors, varied product structures, and diversified business operations.

Actions and achievements

Asset management business of the Company

In the first half of 2017, the Company continued to adhere to the development path of "enlarging platform based on institutional business", in order to strengthen the investment and research construction, expand the customer market, improve our products and services and enhance the management level.

As at the end of Reporting Period, the AUM of asset management business of the Company was RMB1,870,957 million with a market share of 10.57%, representing a decrease of RMB49,993 million compared with that at the end of 2016. Among these, the size of CAM, TAM (including those of corporate annuities and the National Social Security Fund) and SAM were RMB165,841 million, RMB1,703,214 million and RMB1,902 million respectively. The Company continued to maintain the first position in the sector in terms of total size of AUM and market share of the asset management business.

Type	AUM *(RMB million)*		Management fees *(RMB million)*	
	30 June 2017	31 December 2016	**For the first half of 2017**	For the first half of 2016
CAM	**165,841**	181,596	**253.08**	261.47
TAM	**1,703,214**	1,736,788	**746.02**	732.37
SAM	**1,902**	2,566	**12.58**	21.18
Total	**1,870,957**	1,920,950	**1,011.68**	1,015.02

Source: *Asset Management Association of China and the Company's internal statistics.*

Note: ① *The CAM excluded the pension collection products of RMB8,405 million and the SAM excluded the asset securitization products of RMB39,712 million.*

② *The statistics of AUM were based on the statistical caliber of Asset Management Association of China, of which, data of 2016 was adjusted accordingly.*

China AMC

During the Reporting Period, China AMC continued to uphold the four driving forces of "talents, investment research, products and sales", endeavored to enhance the product investment performance, increased the introduction of new products, facilitated the diversification of institutional clients and carried out a series of forward-looking strategic layout actions, resulting in the sound operation of business. As at the end of Reporting Period, the AUM of China AMC was RMB836,415 million, of which, the AUM of public funds reached RMB342,032 million and the AUM of institutional business reached RMB494,383 million (excluding investment consultancy business, etc.).

Outlook for the second half of 2017

In the second half of 2017, in respect of asset management, the Company will further "strengthen revenue, strengthen active management, intensify investment and research and emphasize cross-sales", explore social security funds, annuities, insurance companies, banks and non-financial corporate clients, push forward online sales of wealth management products, enhance product innovation, and further promote strategic product development. The Company will strengthen its operation management, promote business-oriented team culture, enhance interaction between domestic and overseas asset management platforms to actively make overseas layout.

In the second half of 2017, China AMC will continue to fully enhance its overall investment research capacity, constantly improve the product line layout, and steadily promote the public funds business and institutional business, in order to seize market opportunities, grasp the international trend and maintain the comprehensive competitive advantages in the industry.

3.1.5 Custody

Market conditions

In the first half of 2017, the domestic asset management industry continued the steady growth trend and the public funds and private funds have become the main investors in the domestic capital market. The wholly foreign-owned and joint venture private funds managers were approved for registration, introducing a new professional asset management agency. Meanwhile, the channel-based business, capital pool business and short-term capital-driven products have been suppressed. The Provisional Measures for the Administration of the Business of Private Equity Investment Funds Service launched in March 2017, has played a guiding role in the development of norms in the funds service industry. As the new asset custody and fund services institutions are approved for conducting business, the fund services industry is becoming increasingly competitive.

Actions and achievements

In the first half of 2017, the Company continued to optimize the fund service system, refine the service process, utilize the advantages of the Company's integrated financial services platform to maintain the rapid growth of sizes of the asset custody and fund services. Meanwhile, the Company strictly complied with the laws and regulations of the assets management sector, diligently fulfilled the obligations of the asset custody and fund service, and safeguarded the legitimate rights and interests of investors. As at the end of Reporting Period, the Company provided asset custody service to a total of 3,605 securities investment funds and asset management schemes, and provided fund service to 3,247 securities investment funds and asset management schemes.

Outlook for the second half of 2017

With the improving economic environment, the asset management industry will usher in new development opportunities. The Company will continue to deepen the construction of the service system, enhance the level of intelligent operation and service and strictly guard against business risks, in order to maintain the benign development of the asset custody and fund services.

3.1.6 Investment

Market conditions

In the first half of 2017, China's private equity market maintained certain activities in terms of fundraising, investment amount and divestment. As shown in the Zero2 IPO data:

In the first half of 2017, a total of 1,604 private equity investment funds completed raising in the PRC private equity investment market, with increasing fund size which amounted to a total of RMB376.2 billion.

In the first half of 2017, there were a total of 1,832 investment cases in China's private equity investment market and the investment cases with disclosed investment amounts involved a total investment of RMB340.9 billion with investment size maintaining at high level. In respect of the average investment amount, single investment amount by PE institutions slightly increased in the first half of 2017, mainly due to the increase in the size of single investment resulting from various large investments.

Actions and achievements

By fully leveraging on the Group's network and its own efforts, the equity investment business of the Company focused on the strategic investments in equities of medium to large scale enterprises in the Chinese market.

Pursuant to the Management Regulations on Subsidiaries for Alternative Investments of Securities Companies promulgated on 30 December 2016 by SAC, since 2017, alternative investment businesses other than proprietary trading of the Company shall be fully conducted by CITIC Securities Investment, a wholly-owned subsidiary of the Company, including direct proprietary capital investment previously operated by GoldStone Investment. In the first half of 2017, the number of new equity investment projects of CITIC Securities Investment amounted to nearly 20 with a total amount of approximately RMB1.7 billion.

Pursuant to the Management Regulations on Private Equity Subsidiaries of Securities Companies promulgated on 30 December 2016 by SAC, since 2017, GoldStone Investment, a wholly-owned subsidiary of the Company, transformed to a private equity investment fund management platform company to raise external funds, manage funds, charge management fees and search for suitable investment opportunities to achieve investment gains, so as to increase the value of funds of the investors. Meanwhile, GoldStone Investment also shares a portion of investment gains. The investment direction changed to focusing on the industry consolidation investment and supplemented by other investments. The organizational structure was also adjusted to the specialized division of labor based on fund raising, investment, management and divestment, thereby establishing specialized organizations. The investment team of the Company was divided into seven investment departments according to the different industries, i.e., industrial energy, technology manufacturing, TMT, consumer leisure, healthcare, mergers and acquisitions and real estate. The Company increased the efforts in industry research and industry projects, focusing on industries, deepening the knowledge of the industries and becoming a professional of the industry. In the first half of 2017, GoldStone Investment completed dozens of equity investment projects, with an investment amount of over RMB1 billion. In the first half of 2017, GoldStone Investment established China Travel Industry Fund Management Co., Ltd jointly with China Travel Financial Investment Holding (Shenzhen) Co., Limited. As an equity investment cooperation platform between GoldStone Investment and industry capital, China Travel Industry Fund Management Co., Ltd initiated the China Travel Industry Fund, the first tranche of which amounted to RMB10 billion.

Outlook for the second half of 2017

In the second half of 2017, CITIC Securities Investment will continue to focus on the in-depth industrial research and understanding, follow the supply-side economic structural adjustments and develop investment projects beneficial to the development of real economy based on the economic development trend.

In the second half of 2017, GoldStone Investment will continue to carry out the fund-raising works, complete the initial fund raising works based on relevant plans and complete the preliminary business transformation to meet the regulatory requirements. In the second half of 2017, based on the system advantages established from the business transformation, structural adjustment and unified decision-making, GoldStone Investment will increase its investment efforts and make use of the opportunities of industrial upgrading and the mixed reforms of state-owned enterprises, maintain a balanced development of domestic and international business. In response to the "going global" and "the Belt and Road" strategies, it will actively explore innovative investment areas and try new business models, with a view to building up comprehensive and multi-level equity investment capabilities, enlarging management scale and revenue scale to enhance the brand effect of Gold Stone and generate satisfactory returns for shareholders.

3.1.7 Research Business

In the first half of 2017, based on market needs and customers' demands, the research department recruited talents through market and campus recruitment. At present, there are totally 34 professional research teams which cover all research areas. In the first half of 2017, the research department issued a total of 3,224 research reports, provided 4,349 road show services for clients, covering 40 new H-share companies. Besides, the department has also organized 21 large- and medium-sized investor forums, including the "Theme Forum of Universal Connectivity", "CITIC Securities Seminar on SOE Reform" and "2017 Interim Strategy Seminar" serving a total of over 6,400 clients.

In addition, the research department actively promoted the depth and breadth of cooperation with CLSA Limited, strengthened overseas research services to speed up the progress of research internationalization, and enhanced the branding of the Company's research business and its influence overseas. In the first half of 2017, the Company provided a total of 961 reports in English to overseas institutional investors, 120 road shows to global institutional investors, averaging 20 road shows per month. In addition to the Hong Kong market, the Company actively developed the markets research services in the United States, Japan, Korea and Singapore.

In the second half of 2017, the research department of the Company will strive to increase its influence. The department will continue to promote synergy and cooperation with CLSA Limited, enhance the level of overseas research service while strengthening support for and cooperation with the Company's other business lines.

3.1.8 International Business

In the first half of 2017, the integration of offshore platforms previously operating under CLSA and CSI respectively was completed, achieving a holistic management and operational structure to further promote the development of cross-border businesses. Among these, CLSA Limited operates from 20 cities across Asia, Australia, Europe and the Americas, with businesses covering brokerage, corporate finance and capital markets and asset management. CLSA has membership in 13 exchanges in Asia. Its global sales platform has more than 41,000 client contacts and serving 2,200 institutional clients.

For the institutional broking business, during the first half of 2017, the trading volume of the Hong Kong market increased by 12% comparing to 2016. In general, in the first half of 2017, the average monthly trading volume in Asian markets increased by 6% over 2016. In contrast, the average monthly trading volume of CLSA Limited increased by 13% over 2016, reflecting a gain in market share.

For the investment banking business, the Hong Kong IPO market remained lacklustre in the first half of 2017, while the issuance volume generated by the DCM team increased significantly over the first half of 2016, mainly due to a surge in the issuance of overseas bonds by Chinese enterprises to meet their funding requirements. The DCM team participated in some iconic "Belt and Road" projects during the first half of 2017, such as the issuance of the first USD bonds by the Sri Lankan Government.

For the fixed income business, during the first half of 2017, our market-making business for USD bonds ranked No. 1 among Chinese brokers and our RMB bonds transactions ranked within the top three among Chinese brokers. Our FICC business in London was launched more than a year ago and both the trading volume and profits have been rising steadily. In February 2017, we officially launched our FICC business in Singapore.

Going forward, the international businesses of CITIC Securities is committed to providing Chinese enterprises with a full range of financial services, including improving facilitation of their participation in the national strategy of "Belt and Road". We also remain committed to building out our overseas teams and networks and strive to create diversified business opportunities.

3.2 Financial Statement Analysis

3.2.1 Profitability Analysis of the Company for the Reporting Period

For the first half of 2017, the total revenue and other income realized by the Group was RMB25,141 million, representing a year-on-year increase of 3.50%, of which the revenue from the brokerage business amounted to RMB6,760 million, representing a year-on-year decrease of 9.70%; the revenue realized by the asset management business decreased by 4.58% year-on-year to RMB3,482 million; the revenue realized by the trading business increased by 11.30% year-on-year to RMB7,526 million; the revenue realized by the investment banking business decreased by 32.45% year-on-year to RMB2,019 million; the revenue realized by other businesses increased by 57.24% year-on-year to RMB5,354 million. For the first half of 2017, operating expenses of the Group amounted to RMB18,549 million, representing a year-on-year increase of 9.07%.

For the first half of 2017, the Group's net profit attributable to owners of the parent decreased by 6.01% year-on-year to RMB4,927 million; basic earnings per share decreased by 4.65% year-on-year to RMB0.41; and return on weighted average equity was 3.39%, decreased by 0.34 percentage points year-on-year.

3.2.2 Assets Structure and Assets Quality

As at 30 June 2017, the Group's equity attributable to owners of the parent amounted to RMB143,703 million, representing an increase of RMB1,007 million or 0.71% as compared to the end of 2016.

As at 30 June 2017, the total assets of the Group amounted to RMB605,912 million, representing an increase of RMB8,473 million or 1.42% as compared to the end of the previous year; excluding customer brokerage deposits, the total assets of the Group amounted to RMB487,738 million, representing an increase of RMB24,697 million or 5.33% as compared to the end of the previous year. As at 30 June 2017, the total liabilities of the Group amounted to RMB458,868 million, representing an increase of RMB7,218 million or 1.60% as compared to the end of the previous year; excluding customer brokerage deposits, the total liabilities of the Group amounted to RMB340,694 million, representing an increase of RMB23,442 million or 7.39% as compared to the end of the previous year. During the Reporting Period, the Group made corresponding provisions for impairment losses in respect of assets which had indication of impairment.

The structure of assets and liabilities was stable. As at 30 June 2017, the total assets of the Group excluding customer brokerage deposits amounted to RMB487,738 million, among which investment assets mainly included investments in associates/joint ventures and financial assets, accounting for 48.24% of the total assets; margin accounts and reverse repurchase agreements, accounting for 32.16% of the total assets; cash and bank balances, accounting for 8.65% of the total assets; and fixed assets, construction in progress, land-use rights and intangible assets, and investment properties, in aggregate, accounting for 2.66% of the total assets.

As at 30 June 2017, excluding customer brokerage deposits, the Group's total liabilities amounted to RMB340,694 million, among which repurchase agreements amounted to RMB97,782 million, accounting for 28.70% of the total liabilities; debt instruments issued and long-term loans were RMB83,979 million, accounting for 24.65% of the total liabilities; short-term loans, due to banks and other financial institutions, short-term financing instruments payable and non-current liabilities due within one year amounted to RMB56,753 million, accounting for 16.66% 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 RMB44,324 million, accounting for 13.01% of the total liabilities; and other liabilities amounted to RMB57,856 million in aggregate, accounting for 16.98% of the total liabilities.

The gearing ratio increased slightly. As at 30 June 2017, excluding customer brokerage deposits, the gearing ratio of the Group was 69.85%, increased by 1.34 percentage points as compared to the end of the previous year.

3.2.3 Cash Flow Status

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB6,147 million in the first half of 2017, as compared to RMB-28,655 million for the same period in 2016, which was mainly due to an increase in net inflow of cash generated from investing and financing activities.

From a structural perspective, during the first half of 2017, the Group's net cash outflow from operating activities was RMB22,500 million, as compared to an outflow of RMB32,985 million for the same period in 2016, which was mainly attributable to a year-on-year increase in net inflow of cash in repurchase agreements and financial assets held for trading.

Net cash inflow generated from investing activities in the first half of 2017 was RMB6,452 million, as compared to an outflow of RMB2,988 million for the same period in 2016, which was mainly attributable to a year-on-year increase in the net cash inflow from the Group's available-for-sale financial assets.

Net cash inflow generated from financing activities in the first half of 2017 was RMB22,195 million, as compared to RMB7,318 million for the same period in 2016, representing a year-on-year increase of RMB14,877 million, which was mainly attributable to the increase in the issuance of bonds and structured notes during the Reporting Period.

3.2.4 Explanation of Change in Scope of Financial Statements Consolidation

During the Reporting Period, the Company added two first-level subsidiaries, namely Tianjin Jingzheng Property Services Limited and Tianjin Shenzheng Property Services Limited. The number of structured entities which were included in the consolidation of the first-level financial statements decreased from 12 to 11. The number of first-level units included in the consolidation of the Company's financial statements changed to 28.

3.2.5 Changes in Major Accounting Policy and Accounting Estimates

During the Reporting Period, the Company did not make any significant change in major accounting policies and estimates; nor did the Company make any significant correction which is caused by material accounting errors.

3.2.6 Fair Value Measurement

During the Reporting Period, the principle in determination of fair value is: the fair value of the relevant assets or liabilities of the Group is measured by prices in principal markets. If no principal market exists, the fair value of the relevant assets and liabilities will be measured by the prices in the most advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For a financial asset or financial liability with an active market, the Group will adopt quotation in the active market to determine the fair value. If no active market exists for a financial instrument, the Group will adopt valuation techniques to determine its fair value. The valuation techniques used by the Group mainly includes market method, revenue method and cost method. In applying the valuation technique, the Group will prioritize to use relevant observable inputs, and unobservable inputs are used when relevant one are unavailable or impractical.

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

3.2.7 Analysis of the Operation and Results of Principal Subsidiaries and Companies with Non-controlling Interest

The Company has six principal subsidiaries and two principal companies with non-controlling interest, a summary of which is set out below:

Name	Shareholding of the Company (%)	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
CITIC Securities (Shandong)	100.00	1988.6.2	RMB2,500 million	2/F, East Wing, Tower 1, Longxiang Plaza, No. 28 Dong Hai Xi Road, Shinan District, Qindao	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao	JIANG Xiaolin	0532-85022309
CSI	100.00	1998.4.9	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	TANG Zhenyi	00852-22376899
GoldStone Investment	100.00	2007.10.11	RMB7,200 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	ZHANG Youjun	010-60837800
CITIC Securities Investment	100.00	2012.4.1	RMB14,000 million	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, International Finance Plaza, No. 222 Shenzhen Road, Laoshan District, Qingdao	GE Xiaobo	010-60838838
CITIC Futures	93.47	1993.3.30	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 Hao	0755-83217780
China AMC	62.20	1998.4.9	RMB238 million	Building 7, No. 1 Yuetan South Street, Xicheng District, Beijing	Zone A, Tianzhu Airport Industrial Zone, Shunyi District, Beijing	YANG Minghui	010-88066688
CITIC PE Fund	35.00	2008.6.6	RMB1,800 million	10/F, Jin Bao Building, No. 89 Jinbao Street, Dongcheng District, Beijing	District C, Incubator Building, Technology Education and startup Park, Technology City, Mianyang, Sichuan	TIAN Yu	010-85079062
Jiantou Zhongxin	30.00	2005.9.30	RMB1,900 million	9/F, Easyhome Tower, No. 3 Dongzhimen South Street, Dongcheng District, Beijing	9/F, Easyhome Tower, No. 3 Dongzhimen South Street, Dongcheng District, Beijing	GAO Shixin	010-66276508

Particulars of the principal subsidiaries and companies with non-controlling interest are as follows:

(1) CITIC Securities (Shandong) is a wholly-owned subsidiary of the Company with a registered capital of RMB2,500 million. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB18,095.95 million and RMB5,482.96 million, respectively, and the revenue, gross profit and net profit realized in the first half of 2017 amounted to RMB656.40 million, RMB275.53 million and RMB208.14 million, respectively.

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

(2) CSI is a wholly-owned subsidiary of the Company with paid-up capital of HK$6,516.05 million. As at the end of the Reporting Period, the total assets and net assets of CSI amounted to approximately RMB106,036.76 million and approximately RMB7,226.63 million, respectively; the revenue, gross profit and net profit realized in the first half of 2017 amounted to approximately RMB2,430.88 million, approximately RMB145.13 million and approximately RMB92.19 million, respectively.

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

(3) GoldStone Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB7.2 billion. As at the end of the Reporting Period, the total assets and net assets of GoldStone Investment amounted to RMB30,591.14 million and RMB13,605.30 million, respectively; the revenue, gross profit and net profit realized in the first half of 2017 amounted to RMB744.22 million, RMB642.10 million and RMB504.86 million, respectively.

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

(4) CITIC Securities Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB14 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities Investment amounted to RMB21,723.76 million and RMB15,247.56 million, respectively; the revenue, gross profit and net profit realized in the first half of 2017 amounted to RMB4,194.75 million, RMB459.90 million and RMB346.00 million, respectively.

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

(5) CITIC Futures is held as to 93.47% by the Company with a registered capital of RMB1,604,792,982. As at the end of the Reporting Period, the total assets and net assets of CITIC Futures amounted to RMB36,598.90 million and RMB3,470.73 million, respectively; the revenue, gross profit and net profit realized in the first half of 2017 amounted to RMB661.74 million, RMB274.30 million and RMB204.26 million respectively.

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

(6) China AMC is held as to 62.20% by the Company with a registered capital of RMB238 million. As at the end of the Reporting Period, the total assets and net assets of China AMC amounted to RMB8,739.39 million and RMB7,253.73 million, respectively; the revenue, gross profit and net profit realized in the first half of 2017 amounted to RMB1,622.42 million, RMB691.49 million and RMB533.81 million, respectively.

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

(7) CITIC PE Fund is held as to 35% by the Company with a registered capital of RMB1.8 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC PE Fund amounted to RMB6,551.97 million and RMB4,892.09 million, respectively; the net profit realized in the first half of 2017 amounted to RMB333.25 million.

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

(8) Jiantou Zhongxin is held as to 30% by the Company with a registered capital of RMB1.9 billion. As at the end of the Reporting Period, the total assets and net assets of Jiantou Zhongxin amounted to RMB2,222.38 million and RMB2,035.43 million, respectively; the net profit realized in first half of 2017 amounted to RMB-9.50 million.

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

Note: all the above financial data are unaudited.

3.2.8 Branch Offices of the Company

The Company has established a total of 27 branch offices in Beijing, Shanghai, Guangdong, Hubei, Jiangsu, Shanghai Pilot Free Trade Zone, Shenzhen, Northeast, Zhejiang, Fujian, Jiangxi, Wenzhou, Ningbo, Sichuan, Shaanxi, Tianjin, Inner Mongolia, Anhui, Shanxi, Yunnan, Hebei, Hunan, Chongqing, Hainan, Gansu, Ningxia, Guangxi, particulars of which are as follows:

Branch Office	Responsible Officer	Place of Business	Contact Method
Beijing branch office	ZHANG Qing	4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing	010-65648685
Shanghai branch office	WANG Lihua	Units 01, 06, 07, 8/F (Actual Floor: 7/F), and Units 01-03A, 07, 10/F (Actual Floor: 9/F), 1568 Century Avenue, Pudong New District, Shanghai	021-61768697
Guangdong branch office	FANG Qingli (Acting officer)	Rooms 01–08 (self-numbered), Level 57, No. 15 Zhujiang West Road, Tianhe District, Guangzhou, Guangdong	020-66609960
Hubei branch office	SHI Xiangrong	Level 51, Guangdong Development Bank Building, 737 Jianshe Avenue, Jianghan District, Wuhan, Hubei	027-85355210
Jiangsu branch office	YANG Haifeng	Level 10, Phase II of Sunny World, 168 Lushan Road, Jianye District, Nanjing, Jiangsu	025-83282416
Shanghai Pilot Free Trade Zone branch office	ZHENG Yonghan	19/F, 20/F, 1568 Century Avenue, Pilot Free Trade Zone, Shanghai	021-20262006
Shenzhen branch office	YIN Hongwei	20/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen	0755-23911600
Northeast branch office	XU Xin	Level 30, No. 286 Qingnian Avenue, Heping District, Shenyang City, Liaoning	024-23972693
Zhejiang branch office	LI Yongjin	Units 2201, 2202, 2203 and 2204 of Dikai Yinzuo, Jianggan District, Hangzhou, Zhejiang	0571-85783714
Jiangxi branch office	KUANG Wenqiang	28/F, Lianfa Plaza, No. 129 Lvyin Road, Honggutan New District, Nanchang, Jiangxi	0791-83970561
Fujian branch office	SUI Yanping	Units 1901, 1902, 1905A and 1907 of Sino Plaza, No. 137 Wusi Road, Gulou District, Fuzhou, Fujian	0591-87905705
Ningbo branch office	Xu Xunjian	Block 2 (15-1), No. 235 Heji Street, Jiangdong District, Ningbo, Zhejiang	0574-87033718
Wenzhou branch office	YANG Qiaowu	Rooms 701, 702 and 703, 7/F, Fortune Center, No. 577 Station Avenue, Wenzhou, Zhejiang	0577-88107230
Sichuan branch office	LUO Nan	1/F, La Defense, No. 1480, north Section of Tianfu Avenue, High-tech Industrial, Development Zone, Chengdu, Sichuan	028-65728888
Shaanxi branch office	SUN Jiayu	Room 11301, Building 1, E-Yang International Building, 27 Keji Road, Hi-tech Zone, Xi'an City, Shaanxi Province	029-88222554
Tianjin branch office	LIU Jinkun	Level 7, Tianjin Technology Building, No. 23 Youyi Road, Hexi District, Tianjin	022-28138825
Inner Mongolia branch office	HAN Rui	3/F, Block D, CITIC Building, 42 Ruyihe Street, Saihan District, Hohhot, Inner Mongolia	0471-5983322
Anhui branch office	WU Jianfeng	Rooms 101 and 1-701 to 1-708, 1-Shang, Block A, Jinding International Square, 287 Suixi Road, Luyang District, Hefei City, Anhui Province	0551-65662888
Shanxi branch office	ZHENG Wenhui	4/F, International Energy Center, 100 Yingzexi Avenue, Wanbailin District, Taiyuan City, Shanxi Province	0351-6191968

Branch Office	Responsible Officer	Place of Business	Contact Method
Yunnan branch office	ZHANG Rui	11/F, Block 2, Huahai Xinjingjie Commercial Building, Milesi New Village, Huancheng Road West, Xishan District, Kunming, Yunnan Province	0871-68353618
Hunan branch office	CHEN Keke	2/F, New Century Building, Second Section 198 Furongzhong Road, Tianxin District, Changsha, Hunan	0731-85175358
Hebei branch office	ZHANG Xinyu	3501–3504, 35/F, Tower B, Letai Center, 39 Zhongshan East Road, Chang'an District, Shijiazhuang, Hebei Province	0311-66188908
Chongqing branch office	HAN Han	Room 208, Block E, Fortune Building, 11 East Honghu Road, Yubei District, Chongqing	023-63025786
Hainan branch office	FENG Guan	Block B, East Area of Sheng Da Jing Du, 61 Guoxing Avenue, Haikou, Hainan	0898-65369740
Gansu branch office	TIAN Chuanjin	Level 2, Jiangong Times Building, 575 East Xijin Road, Qilihe District, Lanzhou, Gansu	0931-2146699
Ningxia branch office	REN Gaopeng	Room 503, Block C, Yinchuan International Trade Center, West Wenhua Street, Yinchuan, Ningxia, Guangxi Zhuang Autonomous Region	0951-5102568
Guangxi branch office	CHEN Xiao	Units 1802 and 1805, 18F, Building C China Resources Building, No. 136-5 Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region	0771-2539003

3.2.9 Contingent Liabilities

According to the investigation initiated by CSRC into the Company in 2015, the provision for accrued liabilities of relevant investigated accounts was RMB436 million in 2015. On 24 May 2017, the Company received the Prior Notification Letter of Administrative Penalty (Chu Fa Zi [2017] No. 57) issued by the CSRC. As of the date of this results announcement, the Company has not received the notification of final administrative penalty from the CSRC or other information beyond the scope of the above investigation. Thus, it is impossible to anticipate the impacts of such contingent liabilities on the financial statements at the present stage. The final result of the investigation and the amount of administrative penalty will be based on the final conclusion of the regulatory authority.

3.2.10 Access to and Ability of Financing

Currently, the Company obtains short-term funds from commercial banks and other investors primarily by way of bond repurchases, inter-bank lending, collateralized loans, issuance of commercial papers, issuance of beneficiary certificates, issuance of short-term corporate bonds of securities companies etc., at the platforms such as commercial banks through SSE, SZSE and inter-bank market in accordance with the relevant policies and regulations.

In addition, the Company may, subject to market conditions and its own demands, finance by way of refinancing issuance, rights issue, issuance of bonds, and convertible bonds, subordinated bonds, private placement bonds, notes and other financing methods as approved by the regulatory authorities.

To maintain a balance between liquidity and profitability, the Company held a number of fixed income products, and changes in interest rates will have direct impact on the interests received from the cash deposit held by the Company, as well as the market price of the bond investment and the investment income. Meanwhile, equity investment of the Company is also impacted, though indirectly, by changes in interest rates. In addition, the Company has subsidiaries which are registered outside mainland China, with the amounts invested by the Company denominated in foreign currencies. As the Company has foreign currency denominated capital and assets and has raised funds through the issuance of bonds denominated in foreign currencies by its overseas subsidiaries, changes in exchange rates and overseas market interest rate levels will have certain impacts on the financial conditions of the Company.

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

Please refer to Note 35 "Short-term loans", Note 36 "Short-term financing instruments payable", Note 38 "Debt instruments issued", Note 39 "Long-term loans" to the condensed consolidated interim financial statements for the information on the debt financing instruments and liquidity of the Company in the first half of 2017.

3.3 Potential Risks

The Company faces the risk from the market, credit, exchange rate, interest rate and so on. The Chinese economy stabilizes gradually and shows an upward trend. The Central Economic Work Conference determined the overall tone of steady progress. Fiscal policy is expected to be more active and the monetary policy remains steady and moderate. Meanwhile, the problem of overcapacity and demand structure in the Chinese economy is outstanding. The economic growth is lack of endogenous motivation, accumulating financial risks. The RMB Yuan is still facing a great pressure to devalue and the inflation is expected to further enlarge. The turning point of interest rate is coming. All the above will bring corresponding risks to the Company.

3.4 Core Competitiveness Analysis

In the first half of 2017, the Company had steadfastly focused on serving the real economy and further expanded the size of customer market, reinforced and enhanced its market position, thereby strengthening its capabilities in integrated services.

The principal business maintained its market leading position. The equity financing lead underwriting size amounted to RMB113,457 million with a market share of 13.51%, ranking the first in the industry. The bond lead underwriting size amounted to RMB199,652 million, with a market share of 4.34%, ranking the first in the market. The transaction size of completed domestic merger and acquisition (issuance of share to purchase assets and material asset restructuring) amounted to RMB95,782 million, ranking the first in the industry. The total trading volume of equity funds handled was RMB6.08 trillion, with a market share of 5.72%, ranking the second in the industry. The size of AUM was RMB1.87 trillion, with a market share of 10.57%, ranking the first in the industry. The balance of margin financing and securities lending amounted to RMB61,328 million, with a market share of 6.97%, ranking the first in the industry. The balance of stock-pledged repo amounted to RMB114,219 million, with a market share of 7.56%, ranking the first in the industry.

3.5 Risk Management

3.5.1 Overview

Company has always believed 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 supports 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 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.

In first half of 2017, the Company continued to push forward and enhance construction of comprehensive risk management system, implementing the requirements of Norms for Overall Risk Management of Securities Companies issued by the Securities Association of China from aspects of management system, organizational structure, information technology system, risk index system, talent team and risk coping mechanism to protect the Company's business for steady and sustainable development.

3.5.2 Structure of Risk Management

The major framework of the risk management of the Company consists of the Risk Management Committee under the Board, the related professional committees under the Operation Management, the relevant internal control departments and business departments/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 and business departments/business lines, and manages risks through review, decision, execution and supervision.

Level 1: The Board

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 recommendation to the Board.

Level 2: The Operation management

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and Operation Management 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 Operation Management 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 the operation management 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. With regular working meeting, the Risk Management Sub-Working Group has set up specific working groups led by specific risk management control experts with the involvement of related business departments/business lines separately in accordance with market risks, credit risks, liquidity risks and operational risks to respond to matters from daily monitoring to be dealt with or decisions made by the higher authorities in a timely manner through the establishment of coordination on implementation level. 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 appoints the Chief Risk Officer to coordinate the overall risk management.

The Company has established the Product Committee. The Company has renewed the relevant system for the Product Committee in 2017 and specified that the Product Committee should be responsible for the guidance and implementation of the appropriateness management works of investors. Under the authority of the Board and Operation Management, the Product Committee uniformly plans, coordinates and decides the products and service business of the Company. It reviews the issuance or sales of products and providing related service and is the decision-making body of the appropriateness management of the Company. Besides the Risk Evaluation Group, the Product Committee also newly set up the permanent Appropriateness Management Group. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, establishing the classification criteria and methods of products or service risks of the Company, performing risk assessment and risk rating on the specific products or services, managing the internal filing of various products, as well as supervising the management during the period of its existence on the products. Through convening the product evaluation meetings, it performs extensive and in-depth analysis on the proposed products and makes a comprehensive and appropriate evaluation. The Appropriateness Management Group is responsible for the formulation of the classification criteria of investors, performing the principle and process matching the investors' appropriateness and urging the departments to implement the appropriate management of investors, as well as organizing appropriateness training and the self-examination and rectification of the appropriateness levels of the Company, in order to establish and improve the appropriateness assessment database and other related works.

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 risk defense 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 analyzes and assesses the overall risks of the Company and each of its business lines and recommends on optimized allocation of risk resources; assists the Risk Management Committee in the preparation of risk management indicators such as risk limits, as well as supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the operation management, and regularly discloses the general risk portfolio 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 fulfillment 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 management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the business departments/business lines and branches to assess, develop, modify and improve internal management policies, procedures and business processes based on changes in laws, regulations and guidelines; performs compliance pre-reviews on new internal management policies, important decisions, new products, new businesses and key business activities launched by the Company; and fulfills the regular and non-regular obligations of reporting to regulatory authorities.

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

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

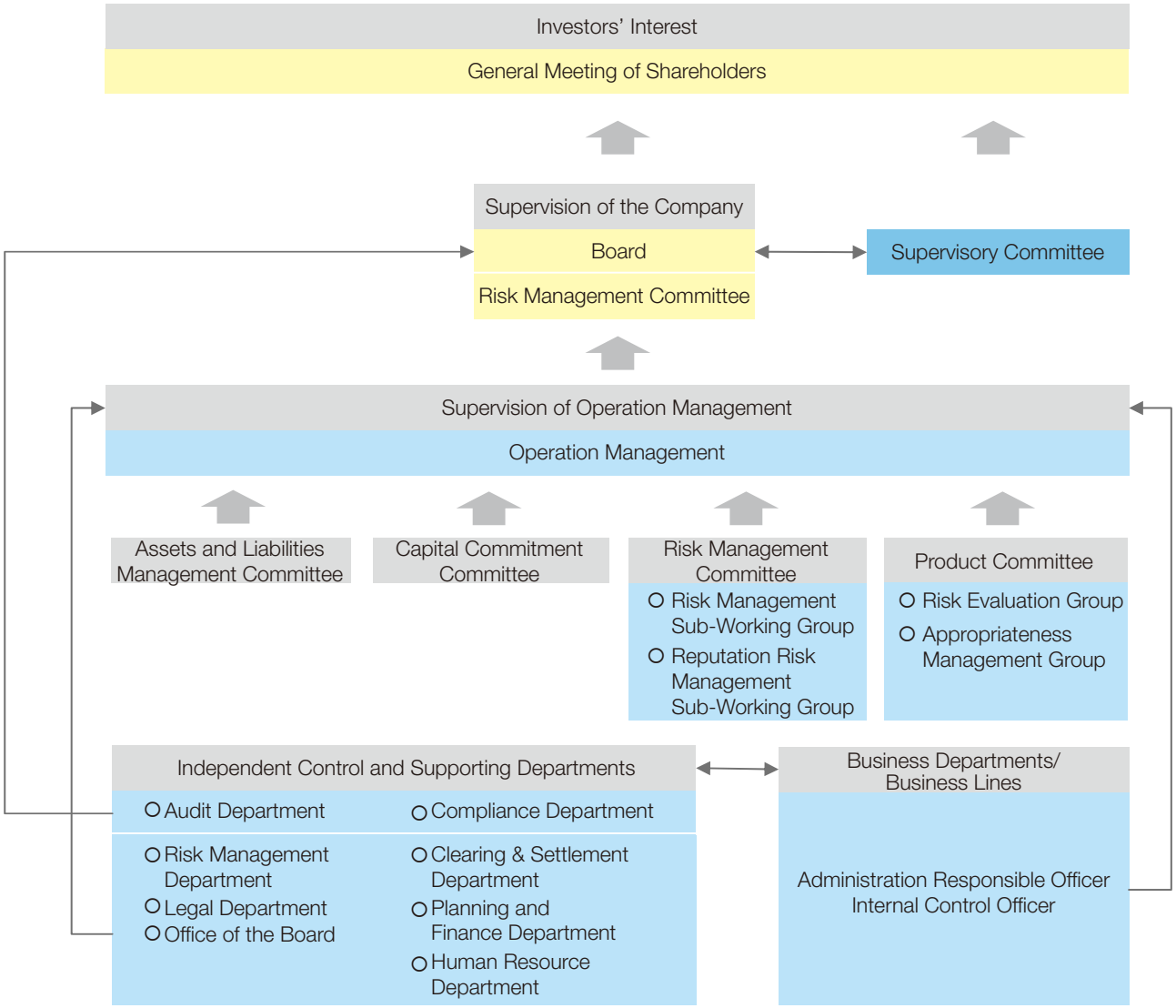

Chart: Structure of the Risk Management

3.5.3 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 originate from instructions received from the customers and the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price risk and foreign exchange rate risk. Among which, 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 three risk defense lines, i.e. the Risk Management Committee of the Board, Risk Management Committee of the Company and all business departments/business lines as well as internal control departments. Through allocating the overall risk of the Company to different business departments/business lines, and through monitoring by the internal control department, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within an acceptable level.

The Company assesses, monitors and manages its overall market risks through a risk management department, which is independent of the business departments/business lines, and its assessments and testing results are reported to the respective business departments/business lines, the operation management of the Company and the Risk Management Committee. In implementing market risk management, the front-office business departments/business lines, with direct responsibility for risk management and as the frontline risk management team, dynamically manage the market risks arising from its securities holdings, and actively take measures including reducing risk exposures or risk hedging 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 mainly 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 back testing and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company's positions upon concurrence of different events under 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, analyze its risk return and compare its risk resistant capacities, and evaluates whether the overall market risk portfolio of the Company is within its expected limits. In view of the market condition and risk characteristics in 2017, the Company did more research and further improved stress tests, in particular, incorporated the considerations of credit defaults on bond inventory and capabilities in liquidity realization and enriched stress test scenarios and calculation method to better evaluate and manage the possible material loss of the Company under extreme circumstances.

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

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

In respect of foreign assets, in order to ensure the availability of funds required for foreign business expansion, the Company implemented centralized management toward its exchange 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 risk from different angles, such as assets limit, VaR, sensibility analysis and stress test, and manages exchange risk exposure through methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

The Group closely kept track of market and business changes, promptly identified the latest market risk profile and maintained good communication with relevant regulatory authorities and shareholders, with a view to timely control exposures to market risks.

Please refer to Note 47 to the condensed consolidated interim financial statements in this results announcement for details of the market risk of the Group.

3.5.4 Credit Risk

Credit risk is the risk in respect of loss arising from inability of a borrower, counterparty or issuer of financial positions held by the Company to meet its 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 for the reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested; 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 when the contracts reach the mature dates.

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 through credit approval system. Meanwhile, the Company uses its information management systems to monitor its credit risk on a real-time basis, keeps track of the credit risk of its business products and transaction counterparties, provides analysis and pre-warning reports, and adjusts 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.

For credit products investment, in respect of private equity investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recourse, and in respect of public offering investments, through the counterparty credit approval policy, the Company has developed certain investment restrictions based on the 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, etc. 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 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 ten thousand

Investment Rating	30 June 2017	31 December 2016
China's Sovereign Credit Rating	**1,711,838**	1,337,878
AAA	**766,517**	2,867,195
AA	**426,664**	1,393,647
A	**—**	9,779
A-1	**238,320**	452,310
Others	**1,099,691**	1,586,578
Total exposure	**4,243,030**	7,647,387

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 those without external debt ratings.

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

In RMB ten thousand

Investment Rating	30 June 2017	31 December 2016
A	**87,063**	4,032
B	**396,789**	305,542
C	**1,389,730**	949,073
D	**33,954**	36,144
NR	**166,051**	390,280
Total exposure	**2,073,588**	1,685,071

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

The Group continued to maintain strict risk management standards for its securities financing business from a multiple perspective in terms of pledge ratio, collaterals, security payment ratio, concentration, liquidity, durations etc., and managed its credit risk exposure through timely mark to market management.

As at the end of the Reporting Period, the Group maintained an average margin ratio of 292% for the Group's margin financing and securities lending clients with outstanding liabilities; an average ratio of 221% for the Group's stock repo clients with outstanding liabilities; a guarantee ratio of 246% for the Group's stock-pledged repo clients with outstanding liabilities; and an average ratio of 226% for the Group's stock returns swap clients with outstanding liabilities.

3.5.5 Liquidity Risk

Liquidity risk refers to the risk that the Company is not able to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations and meet capital requirements for normal business operations. The Company has consistently adhered to overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. At present, 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; meanwhile, the Company supplements the long-term working capital through the issuance of corporate bonds, subordinated bonds, structured notes via public and private offering and gold lease, 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, which measures the solvency of the Company via analysis of matching between assets and liabilities within specified point in time and time period and indicators such as funding gaps. The Risk Management Department releases a liquidity risk report on a daily basis, reporting on the assets and liabilities and limits management of the Company. The Company also sets threshold values for internal and external liquidity risk indicators, and once exceeded, the Risk Management Department will warn the Risk Management Committee and the Senior Management of the Company as well as relevant departments according to the relevant systems, and appropriate actions will be taken by the relevant competent departments to adjust the liquidity risks exposed to a level within the permitted ranges. The Company has also established a liquidity reserve pool system, holding sufficient high liquidity assets to meet the Company's emergency liquidity needs.

In 2017, we faced a market of neutral to tight liquidity, relying on the investment from the central bank. The Group strengthened its close monitoring and daily management on liquidity risks, to ensure the constant compliance of liquidity regulatory indicators with the regulatory standards. On the other hand, the Group evaluated liquidity pressure under extreme circumstances through liquidity risk stress tests and formulated emergency plans to ensure secured liquidity of the Company.

3.5.6 Operational Risk

Operational risk is the risk of losses arising from flawed internal processes, breakdown of information system, fault or misconduct of staff, external factors and other reasons.

During the Reporting Period, the established mechanisms of risk events investigation and reporting, rectification measures tracking, new business assessment process, business process arrangement and regulatory review and monthly operation risk management group meetings continue to run effectively. The occurrence of risk events was lower than the past and the amount of losses was reduced, reflecting the improving operational risk management system, the refining monitoring process and the gradually increasing staff awareness of risk. On this basis, the Company gradually advises the key risk indicators (KRI) system for daily quantitative monitoring of the core business processes of various departments and frequent risk events and promptly warns operational risks, realizing the forward-looking management mode.

For system development, based on the experience accumulated during the trial period, combining with the latest regulatory requirements and corporate management practices, we have revised and officially launched three operational risk management measures which have been in trial operation for nearly two years, including: New Business Assessment Process, Reporting Process for the Operational Risk Event and Rules of Procedure for the Operational Risk Management Group.

For system construction, the first stage of the operation risk management system was launched. The seven function modules include: internal risk event reporting, external risk event statistics, corrective action tracking, process optimization management, risk and control database maintenance, summary statistics and trend analysis and system management. Through the system automation auxiliary means, we enhanced the management efficiency of operational risks.

CHAPTER IV SIGNIFICANT EVENTS

4.1 Details of the Annual General Meeting and Extraordinary General Meeting Convened During the Reporting Period

Session of meeting	Convening date	Index of the designated websites publishing the resolutions	Date of publication of the resolutions
2017 First Extraordinary General Meeting	2017.1.19	www.sse.com.cn www.hkexnews.hk www.cs.ecitic.com	2017.1.20
2016 Annual General Meeting	2017.6.19	www.sse.com.cn www.hkexnews.hk www.cs.ecitic.com	2017.6.20

Note: For details of the resolutions approved at the meetings mentioned above, please refer to the disclosures on the HKEXnews website of HKEx (http://www.hkexnews.hk) published on the date of the meeting, and disclosures on the SSE website (http://www.sse.com.cn), China Securities Journal, Shanghai Securities News and Securities Times published on the following day as well as the website of the Company (http://www.cs.ecitic.com).

During the Reporting Period, the Company held two Shareholders' general meetings in total, details of which are as follows:

1. The Company held the 2017 First Extraordinary General Meeting at Four Seasons Beijing on 19 January 2017, through a combination of on-site voting and online voting. The ordinary resolution in relation to the renewal of the non-exempt continuing connected/related party transactions of the Company was considered and approved at the 2017 First Extraordinary General Meeting. This general meeting was chaired by Mr. ZHANG Youjun, the Chairman of the Board. Other Directors, chairman of each specialized committees under the Board, Supervisors and members of the Senior Management attended the meeting.

2. The Company held the 2016 Annual General Meeting at Four Seasons Beijing on 19 June 2017, through a combination of on-site voting and online voting. Three special resolutions and ten ordinary resolutions were considered and approved at the meeting. The general meeting was chaired by Mr. ZHANG Youjun, Chairman of the Board. Other Directors, chairman of each specialized committees under the Board, Supervisors, and members of the Senior Management attended the meeting.

4.2 Performance of Undertakings

4.2.1 Undertakings of the De Facto Controller, Shareholders, Related Parties, Acquirer of the Company and the Company Made or Subsisting During the Reporting Period

Undertaking in respect of the share reform

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

Since CITIC Group has transferred all the Shares held by it to CITIC Corporation Limited, the above undertaking is taken up by CITIC Corporation Limited. The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be performed.

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 businesses which are same or similar as the securities company launched by banking and trust investment businesses, CITIC Group has undertaken that our Company can make adequate disclosure of such business and that it will not misuse its controlling Shareholder position to act in the detriment of our interests and other Shareholders."

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

There are no unperformed open undertakings by other Shareholders or related/connected parties.

4.2.2 There are no open undertakings made by the Company that need to be performed.

4.3 Appointment or Termination of Service of Accounting Firms

As approved at the 2016 Annual General Meeting of the Company, PwC Zhong Tian LLP, PwC Hong Kong and other member firms of the PricewaterhouseCoopers global network were reappointed as the external auditors of the Company for 2017 to be responsible for the provision of the relevant annual audit and interim review services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively; and PwC Zhong Tian LLP was appointed as the auditor for internal control of the Company for 2017. The total fees for provision of such audit and review services shall not exceed RMB21.76 million (including fees for audit and review services to be provided to the primary subsidiaries of the Company and in relation to relevant consolidated items). If the fees increase as a result of changes in audit and review scopes and contents, the Board has been authorized by the Shareholders' general meeting to determine the fees according to the actual audit and review scopes and contents.

4.4 Material Litigation and Arbitration

During the Reporting Period, the Group had not been involved in any litigation or arbitration which have material impact on the Group.

During the Reporting Period, the progress of litigation or arbitration of the Group with an involved amount of over RMB10 million is as follows:

4.4.1 Dispute Between the Company and China City Construction on Transaction of Bonds

4.4.1.1 Dispute on Transaction of 11 China City Construction MTN1 Bonds

On 8 December 2011, China City Construction Holding Group Co., Ltd. (hereinafter referred to as "**China City Construction**") publicly issued the 2011 first tranche of medium-term notes of China City Construction Holding Group Co., Ltd. (hereinafter referred to as "**11 China City Construction MTN1**") through the national interbank bond market. The Company acquired the above-mentioned 11 China City Construction MTN1 issued by China City Construction with a face value of RMB70 million and RMB30 million, respectively, (totaling RMB100 million) at coupon rate of 5.68% through the national interbank bond trading system on 7 April 2016 and 11 April 2016, respectively. On 9 December 2016, China City Construction published "Notice of Deferred Settlement of Payment for the 2011 First Tranche of Medium-term Notes of China City Construction Holding Group Co., Ltd.", stating that it cannot settle the principal and interests of 11 China City Construction MTN1 due on 9 December 2016 as scheduled due to its failure in raising adequate funds as agreed. As of now, it remained unsettled. The Company filed a lawsuit with the First Intermediate People's Court of Beijing Municipal (the "**First Intermediate Court**") on 28 February 2017, requesting China City Construction to repay the principal of RMB100 million and corresponding interests of RMB5.68 million due to the Company, and requesting China City Construction to pay for the liquidated damages in relation to the default as well as other expenses incurred for realizing the claim. The First Intermediate Court accepted this case on 28 February 2017 and made the ruling of property preservation on 25 April 2017. The trial was originally scheduled on 4 July 2017, but China City Construction made an objection on jurisdiction. On 29 June 2017, the Company received the ruling on jurisdiction from the First Intermediate Court, pursuant to which the case was transferred to the Second Intermediate People's Court of Beijing Municipal (the "**Second Intermediate Court**").

4.4.1.2 Dispute on Transaction of 12 China City Construction MTN1 Bonds

In November 2012, China City Construction publicly issued the 2012 first tranche of medium-term notes of China City Construction Holding Group Co., Ltd. (hereinafter referred to as "**12 China City Construction MTN1**") through the national interbank bond market. The Company acquired the above-mentioned 12 China City Construction MTN1 issued by China City Construction with a face value of RMB20 million, RMB50 million and RMB50 million, respectively, (totaling RMB120 million) at coupon rate of 5.55% through the National Interbank Funding Center on 29 February, 1 March and 4 March 2016, respectively. Given that the operation of China City Construction kept deteriorating, it has been involved in various litigations and enforcements, and it has been continuingly transferring the high quality assets of the group, the Company filed

a lawsuit with the First Intermediate Court on 26 May 2017 to request an early repayment from China City Construction for the principal of RMB120 million and corresponding interests of RMB3,266,137 (temporarily calculated up to 26 May 2017); and to request China City Construction to compensate for other expenses incurred for realization of the creditor's rights. The First Intermediate Court accepted this case on 27 May 2017 and made the ruling of property preservation on 12 June 2017. The trial was originally scheduled on 18 July 2017, but China City Construction made an objection on jurisdiction. On 29 June 2017, the Company received the ruling on jurisdiction from the First Intermediate Court, pursuant to which the case was transferred to the Second Intermediate Court.

4.4.1.3 Dispute on Transaction of 12 China City Construction MTN2 Bonds

On 18 December 2012, China City Construction publicly issued the 2012 second tranche of medium-term notes of China City Construction Holding Group Co., Ltd. (hereinafter referred to as "**12 China City Construction MTN2**") through the national interbank bond market. The Company acquired the above-mentioned 12 China City Construction MTN2 issued by China City Construction by three times with a face value of RMB40 million, RMB40 million and RMB120 million, respectively, (totaling RMB200 million) at coupon rate of 5.55% through the national interbank bond trading system on 8 April 2016. On 19 December 2016, China City Construction officially published "Notice of Deferred Settlement of Interests Payment for the 2012 Second Tranche of Medium-term Notes of China City Construction Holding Group Co., Ltd." on the platform of www.chinamoney.com.cn, stating that it cannot fully settle the interests payment due on 19 December 2016 as scheduled due to its failure in raising adequate funds as agreed. As of now, the interests remained unsettled. The Company filed a lawsuit with the People's Court of Haidian District in Beijing on 28 February 2017, requesting China City Construction to repay the interests of RMB11.10 million due on 19 December 2016 to the Company, and requesting China City Construction to pay for the liquidated damages in relation to such interests as well as other expenses incurred for realizing the claim. This case was accepted by the People's Court of Haidian District of Beijing on 28 February 2017. On 23 June 2017, the People's Court of Haidian District of Beijing made the ruling of property preservation. The Company is now waiting for the notification of date of trial.

Meanwhile, given that the operation of China City Construction kept deteriorating, it has been involved in various litigations and enforcements, and it has been continuously transferring the high quality assets of the group, the Company filed a lawsuit with the First Intermediate Court on 26 May 2017 to request an early repayment from China City Construction for the principal of RMB200 million and corresponding interests of RMB4,865,753 (temporally calculated up to 26 May 2017); and to request China City Construction to compensate for other expenses incurred for realization of the creditor's rights. The First Intermediate Court accepted this case on 27 May 2017 and made the ruling of property preservation on 12 June 2017. The trial was originally scheduled on 18 July 2017, but China City Construction made an objection on jurisdiction. On 29 June 2017, the Company received the ruling on jurisdiction from the First Intermediate Court, pursuant to which the case was transferred to the Second Intermediate Court.

4.4.2 Dispute Between the Company and CHENG Yu on Securities Transaction Agency Contract

On 23 October 2015, CHENG Yu, a customer, opened an account with the Wuhu Xinshidai Commercial Street Outlet of the Company and signed the Securities Transaction Agency Contract with such outlet. On 28 November 2016, CHENG Yu gave three block trading instructions in relation to the sale of his shares (listed on the ChiNext) by way of counter deal. Such three selling instructions involved the sale of a total of 9.1 million shares. As such customer did not obtain from the Company the authority of trading on ChiNext shares, such three transactions were not completed on that date. On 29 November 2016, the said customer successfully sold such shares by himself through the online trading system. CHENG Yu filed a lawsuit with the People's Court of Futian District of Shenzhen against the Company in respect of the failure of completion of the block trading of sale of his ChiNext shares, requesting for compensation by the Company of his damage of RMB11,906,695 and the corresponding interests as well as the payment of litigation fees. On 22 June 2017, the Company received the summons from the People's Court of Futian District of Shenzhen, and the trial was scheduled on 4 September 2017. On 5 July 2017, according to the law, the Company made an objection on jurisdiction to the People's Court of Futian District and applied for transferring the case to the People's Court of Chaoyang District of Beijing (the principal place of business of the Company).

4.4.3 Dispute Between the Company and YANG Hui on Labor Contract

YANG Hui was a former employee in the department of fixed-income products of the Company for a term from April 2007 to April 2013. His labor contract was later terminated due to alleged involvement in criminal offense. On 12 June 2017, YANG Hui submitted an application for labor arbitration to the Labor Human Resources Disputes Arbitration Commission of Chaoyang District of Beijing requesting for payment by the Company of salary, bonus and compensation for illegal termination of labor contract with a total amount of RMB14,572,600. The Labor Human Resources Disputes Arbitration Commission of Chaoyang District of Beijing accepted the case on 19 June 2017, and the trial was scheduled on 5 September 2017.

4.4.4 Dispute Between GoldStone Investment and Wuhan Hongjin on Breach of Contract

On 31 March 2011, GoldStone Investment, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with LU Shihai, the legal representative of Wuhan Hongjin Xulong New Material Co., Ltd (武漢泓錦旭隆新材料有限公司) (hereinafter referred to as "**Wuhan Hongjin**"), for the purchase of the 4.04% equity interest held by LU Shihai in Wuhan Hongjin. LU Shihai undertook to compensate GoldStone Investment if Wuhan Hongjin fails to achieve the relevant performance targets. Since LU Shihai failed to pay the compensation which is in breach of the agreement, GoldStone Investment filed a lawsuit on 8 October 2015 in the Intermediate People's Court of Wuhan against LU Shihai for payment of compensation of RMB36,660,204.53. The case was accepted by the Intermediate People's Court of Wuhan on 9 October 2015. Two hearings were held on 26 November 2015 and 29 February 2016, respectively, but the defendant LU Shihai did not appear on both occasions. On 11 April 2016, GoldStone Investment received the civil judgment issued by the Intermediate People's Court of Wuhan ordering LU Shihai, the legal representative of Wuhan Hongjin, to pay a compensation of RMB36,660,204.53 to GoldStone Investment and to bear the litigation costs of RMB225,101. Given that LU Shihai did not perform the civil judgement, GoldStone Investment applied for enforcement procedures with the Intermediate People's Court of Wuhan on 14 June 2017, and the enforcement application was accepted.

4.4.5 Dispute Between GoldStone Investment and Baohua Group in Respect of Equity Transfer Contract

GoldStone Investment and Shandong Baohua International Group Limited (山東寶華國際集團有限公司) (hereinafter referred to as "**Baohua Group**") entered into an equity transfer agreement on 11 August 2014, pursuant to which GoldStone Investment shall transfer all of its equity interests in Shandong Far East International Biochemical Co., Ltd. (山東遠東國際生物化工股份有限公司) to Baohua Group and Baohua Group shall pay the consideration for equity transfer of RMB30 million plus the corresponding capital cost to GoldStone Investment before 30 September 2014. On 19 August 2016, JIN Baohua, the legal representative of Baohua Group, issued a letter of guarantee to GoldStone Investment and undertook to assume an unlimited joint and several liability for all the amount payable by Baohua Group to GoldStone Investment. Because Baohua Group failed to pay the consideration for equity transfer in full, in order to safeguard its legitimate interests, GoldStone Investment brought a civil action in the Third Intermediate People's Court of Beijing (hereinafter referred to as the "**the Third Intermediate Court**") on 23 September 2016, requesting Baohua Group to pay the consideration for equity transfer to GoldStone Investment and JIN Baohua to assume the joint liability for the payment. On 31 December 2016, the parties to the proceedings reached a settlement and signed a settlement agreement under the mediation of the Third Intermediate Court. According to the settlement agreement, Baohua Group should pay GoldStone Investment the sum of consideration for equity transfer plus litigation cost at RMB36,220,912.5. As at the end of the Reporting Period, Baohua Group had paid the above amount of RMB36,220,912.5 in full to GoldStone Investment. The transfer of all of the equity interests held by GoldStone Investment in Shandong Far East International Biochemical Co., Ltd. was completed, and the case was concluded.

4.4.6 Disputes Involving Zhongzheng Asset on Breach of Contract

Zhongzheng Asset Management (Shenzhen) Company Limited (中證資本管理(深圳)有限公司) (which was renamed as CITIC Zhongzheng Asset Management Company Limited (中信中證資本管理有限公司) on 7 June 2017, and hereinafter referred to as "**Zhongzheng Asset**"), a wholly-owned subsidiary of CITIC Futures, a subsidiary controlled by the Company, brought a lawsuit in the People's Court of Shenzhen Qianhai Cooperation Zone (hereinafter referred to as "**Qianhai Court**") on 9 April 2015 against the counterparties to a thermal coal purchasing agency agreement for breach of contract and the case was accepted on the same date. For the background of this case, please refer to the 2015 Annual Report and other previous reports of the Company.

This lawsuit proceeded by two separate proceedings. In respect of Litigation Two, a written judgement of the second trial (final) was received on 22 August 2016 from the Shenzhen Intermediate Court in support of Zhongzheng Asset's claims. Zhongzheng Asset entered into the Enforcement Settlement Agreement with the person subject to enforcement on 10 April 2017, and received the full enforcement amount of RMB39 million as agreed under the Enforcement Settlement Agreement. On 2 May 2017, Zhongzheng Asset received the ruling from Qianhai Court, and the enforcement of Litigation Two was completed.

SHEN Peng, one of the defendants in Litigation Two, brought an action against Zhongzheng Asset on 24 March 2016 for damages arising from property preservation in litigation, claiming for a compensation of RMB11,715,913.86. The trial is scheduled on 31 August 2017.

4.4.7 Dispute Between Jindingxin Microfinance and Business Jet Company on Breach of Contract

Jindingxin Microfinance is a subsidiary controlled by CITIC Securities (Shandong), a wholly-owned subsidiary of the Company. On 27 March 2014, Jindingxin Microfinance and Qingdao Airlines Business Jet Co., Ltd. (hereinafter referred to as "**Business Jet Company**") entered into a loan agreement, pursuant to which a loan amounting to RMB15 million was granted to Business Jet Company with a term of one year. Since Business Jet Company failed to repay the principal and interests due on the scheduled repayment date, and in order to safeguard its legitimate interests, Jindingxin Microfinance instituted legal proceedings against the borrower, Business Jet Company, and the joint liability guarantors, Binzhou Pingtai Investment Management Co., Ltd. (濱州市平太投資管理有限公司), Shandong Huachang New Energy Co., Ltd. (山東華昌新能源股份有限公司), Binzhou Dagao Properties Co., Ltd. (濱州大高置業有限公司) and YU Bin (the former legal representative of Business Jet Company) on 4 March 2015 according to law to claim for repayment of approximately RMB14.6799 million. On 4 March 2015, the Intermediate People's Court of Qingdao accepted the case and froze the relevant properties of Shandong Huachang New Energy Co., Ltd., and the relevant properties in the name of YU Bin on 11 March 2015 according to the application under the law. Trial of the case commenced on 24 August 2015. On 12 November 2015, the Intermediate People's Court of Qingdao delivered a judgment in favour of Jindingxin Microfinance but as the judgment had not dealt with Jindingxin Microfinance's claim for interest accrued upon default, Jindingxin Microfinance appealed to the Higher People's Court of Shandong Province on 20 November 2015. On 28 October 2016, the parties to the proceedings reached a settlement under the mediation of the Higher People's Court of Shandong Province. As at 30 June 2017, Business Jet Company had repaid the lawyers' fee, interest accrued upon default and a portion of the principal with a total amount of RMB3,371,100.

Jindingxin Microfinance has downgraded the grading of Business Jet Company under the five grading categories to "subordinate" grade and made fully impairment provision.

4.5 Punishment and Public Censure of the Company During the Reporting Period

In 2015, the Company announced that it received an investigation notice (Ji Cha Zong Dui Diao Cha Tong Zi No. 153121) from the CSRC. The scope of the investigation is the Company's suspected breach of Article 84 of the Regulations on the Supervision and Administration of Securities Companies by failing to execute business contracts with its customers in accordance with the relevant provisions in the conduct of its margin financing and securities lending business (please refer to the announcements published by the Company on 27 November 2015 and 30 November 2015 for details). On 24 May 2017, the Company received the Prior Notification Letter of Administrative Penalty (Chu Fa Zi [2017] No. 57) issued by the CSRC in respect of the aforesaid investigation (please refer to the announcement published by the Company on 25 May 2017 for details).

4.6 Punishment and Rectifications of the Company and its Directors, Supervisors, Senior Management, Controlling Shareholder, De Facto Controller and Acquirer

Please refer to the section headed "Punishment and Public Censure of the Company During the Reporting Period" of this chapter for details of punishment imposed on the Company.

During the Reporting Period, none of the Directors, Supervisors, Senior Management or the largest Shareholder was subject to investigations by competent authorities or enforcement actions by judiciary authorities or disciplinary departments; was brought before relevant judiciary authorities or prosecuted for criminal liabilities; was subject to investigations or administrative punishments by the CSRC, or prohibitions from entering into the securities markets; was identified as an inappropriate person for the posts held; or was punished by other administrative authorities or publicly censured by any stock exchange.

4.7 Credibility of the Company, its Controlling Shareholder and De Facto Controller During the Reporting Period

During the Reporting Period, neither the Company nor its largest Shareholder had unperformed enforceable court judgments or unpaid debts with larger sum at maturity.

4.8 Share Incentive Scheme, Employee Shareholding Plan or Other Employee Incentive Measures of the Company and Their Influences

The Company implemented a share incentive scheme in 2006. Please refer to China Securities Journal, Shanghai Securities News and Securities Times dated 7 September 2006 and the website of the SSE for details.

4.9 Material Related Party Transactions/Non-exempt Connected Transactions

4.9.1 Related Party Transactions/Non-exempt Connected Transactions in Relation to Day-to-day Operation

(1) Related party/connected transactions between the Company and its subsidiaries and CITIC Group, its subsidiaries and associates

During the Reporting Period, the Company conducted related party/connected transactions in strict compliance with the Resolution in relation to the renewal of the non-exempt continuing connected transactions of the Company considered and approved at the 2017 First Extraordinary General Meeting, the Resolution on Estimation of Related Party/Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2017 considered and approved at the 2016 Annual General Meeting as well as the Securities and Financial Products Transactions and Services Framework Agreement, the Miscellaneous Services Framework Agreement and the Supplemental Agreement II to the Property Leasing Framework Agreement renewed/entered into between the Company and CITIC Group in February 2017 and the annual caps for the transaction amount for the three years ending 31 December 2019 as set out in the aforesaid agreements. Details of the implementation were as follows:

In RMB ten thousand

Related/connected parties	Subject matter	Annual caps for transactions in 2017	Actual transaction amount/ highest balance in a single day during January to June 2017	Percentage of the total amount of similar transactions (%)	Impact on the profit of the Company
CITIC Group and its associates	Net cash inflow derived from securities and financial products transactions (net of the amount of inter-financial institutions borrowings and repurchase agreements)	12,000,000	495,951	—	—
	Net cash outflow incurred for securities and financial products transactions (net of the amount of reverse repurchase agreements)	9,500,000	504,249	—	—
	Amount of inter-financial institutions borrowings	Not applicable *Note*	4,150,000	—	—
	Maximum daily balance (including interest) of repurchase agreements	2,000,000	95,000	—	—
	Maximum daily balance (including interest) of loans to inter-financial institutions and reverse repurchase agreements	500,000	—	—	—
	Income derived from securities and financial services	220,000	42,022	2.45	42,022
	Expense incurred for securities and financial services	40,000	7,360	1.11	-7,360
	Income derived from miscellaneous services	600	58	0.02	58
	Expense incurred for miscellaneous Services	38,000	6,850	0.64	-6,850
	Income derived from property leasing	5,500	631	4.81	631
	Expense incurred for property leasing	7,000	2,202	4.19	-2,202

Note: Inter-financial institutions borrowings by the Company from CITIC Group and its associates are on normal commercial terms at the prevailing interest rates in the interbank market with no security being given over the assets of the Company. Such loans are therefore exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules and no cap would be required to be set in this respect.

(2) Related party/connected transactions between the Company and its subsidiaries and other related/ connected parties

During the Reporting Period, the Company conducted related party/connected transactions in strict compliance with the Resolution on Estimation of Related Party/Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2017 considered and approved at the 2016 Annual General Meeting. Details of the implementation were as follows:

1) Related party transactions between the Company and its subsidiaries and the companies in which the Directors, Supervisors and the Senior Management of the Company hold positions as directors or the senior management (excluding the subsidiaries of the Company)

In RMB ten thousand

Related party	Class of related party transactions	Estimated transaction amount for the year 2017	Actual transaction amount during January to June 2017	Percentage of the total amount of similar transactions (%)	Impact on the profit of the Company
Hui Xian Asset Management Limited	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	—	—	—
China Life Investment Holding Co., Ltd.	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	—	—	—
Sino-Ocean Land Holdings Limited	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	—	—	—
Bohai Industrial Investment Fund Management Co., Ltd.	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	—	—	—
Qingdao Lanhai Equity Exchange Co., Ltd.[Note 1]	Fee income	70	—	—	—
	Fee expense	700	—	—	—
E-Capital Transfer Co., Ltd.[Note 1]	Fee expense	460	125	0.03	-125
The People's Insurance Company (Group) of China Limited[Note 1]	Fee income	372	—	—	—
	Fee expense	5	1.47	Less than 0.01	-1.47
	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	—	—	—
CITIC Private Equity Funds Management Co., Ltd.[Note 1]	Fee income	25	—	—	—
	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	—	—	—
CITIC Capital Holdings Limited	Fee income	2,000	—	—	—
	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	—	—	—
Hunan Valin Iron & Steel Group Co., Ltd.[Note 1]	Fee income	140	—	—	—
	Securities and financial products transactions	Calculated based on the actual transaction amount[Note 2]	Inflow: 23,548.22	—	475.23

Note 1: The related party relationship between the Company and Qingdao Lanhai Equity Exchange Co., Ltd. and CITIC Private Equity Funds Management Co., Ltd. was ended on 18 January 2017, the related party relationship between the Company and E-Capital Transfer Co., Ltd. was ended on 9 June 2017, the related party between the Company and Hunan Valin Iron & Steel Group Co., Ltd. was ended on 3 July 2017, and the related party relationship between the Company and The People's Insurance Company (Group) of China Limited was ended on 4 August 2017.

Note 2: As the market condition of the securities market is unpredictable, it is difficult to estimate the transaction amounts. As approved by the Shareholders' general meeting of the Company, the amount of the above-mentioned securities and financial products transactions shall be calculated based on the actual transaction amount.

2) Related party/connected transactions entered into between the Company and companies which hold over 10% equity interest in the significant subsidiaries of the Company

In RMB ten thousand

Related party	Class of related party transactions	Estimated transaction amount for the year 2017	Actual transaction amount during January to June 2017	Percentage of the total amount of similar transactions (%)	Impact on the profit of the Company
POWER CORPORATION OF CANADA	Fee income	200	119.30	Less than 0.01	119.30

(3) Other related party/connected transactions

Bareboat Charter Contract entered into between CITIC Global Trade and Shanghai CITIC Shipping Corporation Limited

Pursuant to the Bareboat Charter Contract entered into between CITIC Global Trade, a wholly-owned subsidiary of CITIC Securities Investment, which is the Company's wholly-owned subsidiary, and Shanghai CITIC Shipping Corporation Limited, the rental income of the Group in the first half of 2017 amounted to RMB6.1538 million. For details of the approval of this related party transaction, please see the 2014 Annual Report of the Company.

4.9.2 Claims and Debts of Related Parties

In RMB yuan

Related parties	Related Relationship	Funds provided to related parties			Funds provided to the Company by related parties		
		Balance at the beginning of the Reporting Period	Amount provided	Balance at the end of the Reporting Period	Balance at the beginning of the Reporting Period	Amount provided	Balance at the end of the Reporting Period
CITIC Group Corporation	existing Shareholder	—	691,819.21	691,819.21	—	—	—
Subsidiaries of CITIC Group Corporation	subsidiary of the Shareholder	1,668,188.08	99,989,686.04	101,657,874.12	7,054,689.02	977,378.40	8,032,067.42
Total		1,668,188.08	100,681,505.25	102,349,693.33	7,054,689.02	977,378.40	8,032,067.42
Reasons for the debt relationship with related parties		Mainly other receivable to and payable by the above related parties.					
Impact of debts of related parties on the Company's operating results and financial position		No adverse effect.					

4.9.3 Others

Guarantees provided by related/connected parties to the Company

In 2006, the Company issued RMB corporate bonds in an amount of RMB1,500 million for a term of 15 years, which are guaranteed by CITIC Group. The guarantee was inherited by CITIC Corporation Limited according to the reorganization agreement of CITIC Group. As at the end of the Reporting Period, the guarantee provided by CITIC Corporation Limited to the Company amounted to a total of RMB1,500 million.

4.10 Guarantees

During the Reporting Period, the total amount of guarantees provided by the Company and its subsidiaries to their subsidiaries was RMB11,924 million. As at the end of the Reporting Period, the total balance of guarantees provided by the Company and its subsidiaries to their subsidiaries was RMB33,822 million. As at the end of the Reporting Period, the balance of total guarantees provided by the Company (including guarantees provided to its subsidiaries) was RMB39,933 million, representing 27.79% of the equity attributable to owners of the parent company as at the end of the Reporting Period.

4.10.1 Guarantees Provided by the Company

In 2013, according to the resolution approved at the 12th Meeting of the Fifth 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 CITIC Securities Finance 2013 Co., Ltd, a subsidiary of the Company, for an amount of the counter guarantee of USD902 million (equivalent to approximately RMB6,111 million), covering the principal, interest and other 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 approved at 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. In 2015, CITIC Securities Finance MTN made eight drawdowns under the medium-term notes program with an issue size amounting to USD439.68 million in aggregate, which was unconditionally and irrevocably guaranteed by the Company on a joint and several basis. During the Reporting Period, CITIC Securities Finance MTN made drawdown under the medium-term notes program with a total issue size amounting to USD800 million (among which, USD300 million for a term of three years and USD500 million for a term of five years), which was unconditionally and irrevocably guaranteed by the Company on a joint and several basis.

In 2015, the Company provided security guarantee with an amount of RMB5,000 million in favor of GoldStone ZeXin, an indirect wholly-owned subsidiary of the Company, in its application for fixed asset loans.

4.10.2 Guarantees Provided by Subsidiaries

During the Reporting Period, among all the 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, which mainly include 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 (ISDA Agreements) and Global Master Securities Lending Agreements (GMSL Agreements) with counterparties. As at 30 June 2017, the balance of such guarantees was approximately RMB21,440 million.

4.11 Use of Proceeds

The net proceeds raised by the Company from the placing of H Shares in 2015 totalled RMB21.122 billion. As at 30 June 2017, the proceeds had been fully utilized as follows: HK$13.0 billion (equivalent to RMB10.414 billion) was transferred to the mainland for developing flow-based business, and an equivalent amount of RMB10.708 billion was used for developing overseas business.

The above utilization of proceeds was in line with the disclosures in relevant announcement and circular.

During the Reporting Period, the Company issued one tranche of RMB-denominated public corporate bonds, among which RMB10.0 billion was issued for a 3-year term product and RMB2.0 billion was issued for a 5-year term product, all of which were used to replenish the working capital of the Company and increase its liquidity reserve; issued one tranche of private subordinate bonds, among which RMB2.0 billion was issued for a 3-year term product and RMB2.3 billion was issued for a 5-year term product, all of which were used to replenish the working capital of the Company.

4.12 Interim Dividend

The Company does not distribute any interim dividends for 2017.

4.13 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.

4.14 Other Significant Events and Events after Reporting Period

4.14.1 Changes to Securities Business Outlets

The Company

During the Reporting Period, the Company transformed four securities outlets into branch offices by changing Chongqing Honghu East Road Securities Outlet into Chongqing Branch Office, Haikou Guoxing Avenue Securities Outlet into Hainan Branch Office, Lanzhou Xijin Road Securities Outlet into Gansu Branch Office and Yinchuan Wenhua West Street Securities Outlet into Ningxia Branch Office, and completed same-city relocation of six securities outlets and one branch office. Details of the relocation are as follows:

No.	Original name of the securities outlet/ branch office	Current name of the securities outlet/ branch office	Address after relocation
1	Guangzhou Panyu Guanghua South Road Securities Outlet	Guangzhou Panyu Wanda Plaza Securities Outlet	No. 81, 83, 85, 87, 89, 2 Wanbo Road, Nancun Town, Panyu District, Guangzhou, Guangdong Province
2	Sanming Xinshi Middle Road Securities Outlet	Sanming Xinshi North Road Securities Outlet	3/F, Sanfang Technology Building, Block 12, Huming New Village, Xinshi North Road, Meilie District, Sanming, Fujian Province
3	Xiamen Hubin South Road Securities Outlet	Xiamen Lianyue Road Securities Outlet	Units 02, 03, 05, 08, 16/F, Office Building, Paragon Center, 1 Lianyue Road, Siming District, Xiamen, Fujian Province
4	Hangzhou Binsheng Road Securities Outlet	Hangzhou Binsheng Road Securities Outlet	Room 104, 1/F & Room 203, 2/F, Hailiang Building, 1508 Binsheng Road, Binjiang District, Hangzhou, Zhejiang Province
5	Hangzhou Dongxin Road Securities Outlet	Hangzhou New World Securities Outlet	No. 2, 1/F (Commercial) & Rooms 201, 202, 203, 205, Level 2, Block 2, Hangzhou New World Business Center, Xiacheng District, Hangzhou, Zhejiang Province
6	Zhenjiang Dianli Road Securities Outlet	Zhenjiang Zhengdong Road Securities Outlet	39 Zhengdong Road, Jingkou District, Zhenjiang, Jiangsu Province
7	Hubei Branch Office	Hubei Branch Office	51/F, GF Bank Building, 737 Jianshe Avenue, Jianghan District, Wuhan, Hubei Province

Currently, the Company has 213 securities outlets and 27 branch offices.

CITIC Securities (Shandong)

During the reporting period, CITIC Securities (Shandong) established two new securities outlets (Jinan Shungeng Road Securities Outlet and Shouguang Bohai Road Securities Outlet), closed down two securities outlets (Qingdao Jiading Road Securities Outlet and Qingdao Yan'erdao Road Securities Outlet), renamed Yantai Development Zone Securities Outlet as Yantai Changjiang Road Securities Outlet, and completed same-city relocation of two securities outlets. Details of the relocation are as follows:

No.	Name before relocation	Name after relocation	Address after relocation
1	Chengyang Chuncheng Road Securities Outlet	Chengyang Zhengyang Road Securities Outlet	Shop 187-9 & 203, Building No. 22, Shuiyue City Project, 177 Zhengyang Middle Road, Chengyang District, Qingdao, Shandong Province
2	Zhengzhou Nongye East Road Securities Outlet	Zhengzhou Commercial Inner Ring Road Securities Outlet	No. 1, 1/F &2/F, Building No. 6, 35 Nongye East Road, Zhengdong New District, Zhengzhou, Henan Province

Currently, CITIC Securities (Shandong) has 64 securities outlets and four branch offices.

CITIC Futures

During the Reporting Period, CITIC Futures has no new securities outlet. Shenyang Securities Outlet was relocated to Room 0801, 11 Wenyi Road, Heping District, Shenyang, Liaoning Province; Xiamen Securities Outlet was relocated to Unit DE, 21/F, International Plaza, 8 Lujiang Road, Siming District, Xiamen, Fujian Province; Guangzhou Securities Outlet was changed into Guangdong Branch Office; Haikou Securities Outlet was changed into Hainan Branch Office; Qingdao Securities Outlet was changed into Qingdao Branch Office; Yinchuan Securities Outlet was changed into Ningxia Branch Office; and Lanzhou Securities Outlet was changed into Gansu Branch Office. Currently, CITIC Futures has 43 branches, 12 of which are branch offices and 31 of which are securities outlets.

CSI

During the Reporting Period, there were no changes in the branches of CSI. Currently, CSI has four branches.

Kington Securities

During the Reporting Period, there were no changes in the branches of Kington Securities. Currently, Kington Securities has two securities outlets.

4.14.2 Subsequent Progress of Matters Previously Announced

1. Transfer of 12.7399% equity interest in Qianhai Equity Exchange

According to the Proposal in Relation to the Transfer of 12.7399% Equity Interest in Qianhai Equity Exchange (Shenzhen) Co., Ltd. that was considered and approved at the Eighth Meeting of the Six Session of the Board on 17 February 2017, the Company had completed the transfer of such equity interest on 11 May 2017 at a consideration of RMB330 million. The registration of such change with the industrial and commercial administration authority is now in process.

2. Transfer of 4.5657% equity interest in ECT held by the Company and its subsidiaries

According to the Proposal on Transfer of 4.5657% Equity Interest in E-Capital Transfer Co., Ltd. Held by the Company and its Subsidiaries that was considered and approved at the Eighth Meeting of the Six Session of the Board on 17 February 2017, the Company had completed the quotation process of the above equity interest on China Beijing Equity Exchange on 2 June 2017.

3. Capital Increase in CITIC Securities Investment

On 17 February 2017, the Proposal on the Capital Increase in CITIC Securities Investment Limited was considered and approved at the Eighth Meeting of the Sixth Session of the Board, whereby the Board approved to increase the capital of CITIC Securities Investment, a wholly-owned subsidiary of the Company, by RMB11 billion. Such capital increase was completed in two tranches on 10 March 2017 and 14 March 2017, respectively, and the registration of the change with the industrial and commercial administration authority was completed. After the capital increase, with its registered capital increasing to RMB14 billion, CITIC Securities Investment is able to comprehensively undertake the alternative investment business in products not set out in the list of the proprietary investment of the Company.

4.14.3 Others

1. Authorization for adjustment of registered capital of CITIC Securities Investment

Given that the future business development of CITIC Securities Investment is affected by various factors such as market environment, regulatory policies and corporate strategies, on 15 June 2017, the Proposal on Adjustment to the Registered Capital of CITIC Securities Investment Limited was considered and approved at the 14th Meeting of the Sixth Session of the Board, pursuant to which the management of the Company is authorized to make flexible adjustment to the registered capital of CITIC Securities Investment based on the operation condition and demand for debt settlement of CITIC Securities Investment, provided that the maximum registered capital after adjustment shall not exceed RMB24 billion (inclusive); and to deal with the relevant procedures related to the capital increase or reduction at its sole discretion on the condition that all the risk control indicators of the Company comply with the regulatory requirements. The aforesaid capital increase and reduction can be performed in multiple times based on the business needs.

2. Acquisition of 100% equity interests in Tianjin Jingzheng and Tianjin Shenzheng

In view of the Company's actual needs for office property, and in order to ensure the stability of operation and management environment, on 6 May 2017, the Proposal on Acquisition of 100% Equity Interests in Tianjin Jingzheng and Tianjin Shenzheng was considered and approved at the 13th Meeting of the Sixth Session of the Board, whereby the Board approved to acquire 100% equity interests in Tianjin Jingzheng and Tianjin Shenzheng at a price of not more than RMB6.0 billion (inclusive). On 26 May 2017, the Company completed the acquisition of 100% equity interests in Tianjin Jingzheng and Tianjin Shenzheng and the settlement of debt at a consideration of RMB5,622 million, among which, an aggregate of RMB582 million was settled by cash and RMB5,040 million was paid by way of repaying debts. Upon the completion of such acquisition, the Company indirectly owns the CITIC Securities Tower in Beijing and the CITIC Securities Tower in Shenzhen.

4.15 Classification of the Company by Regulatory Authorities

In the 2017 classification assessment of securities companies, the Company, together with its subsidiaries engaged in securities business, CITIC Securities (Shandong) and Kington Securities, were classified as AA level of the A class in the PRC's securities industry.

4.16 From the end of the Reporting Period to the disclosure date of this results announcement, there was no subsequent event with material impact on the Company and its subsidiaries.

CHAPTER V CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

5.1 Share Capital Structure

The share capital structure of the Company as at 30 June 2017 was as follows:

Name of Shareholders	Type of Shares	Number of Shares (Shares)	Percentage of the total number of Shares (%)
CITIC Group Corporation *Note*	A Shares	2,018,602,746	16.66
Public holders of A Shares	A Shares	7,819,977,954	64.54
Public holders of H Shares	H Shares	2,278,327,700	18.80
Total	—	12,116,908,400	100.00

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

5.2 During the Reporting Period, there were no changes in the total number of Shares or the share capital structure of the Company.

5.3 Information on Shareholders

Total number of Shareholders of the Company as at 30 June 2017: 520,817 Shareholders, including 520,658 A Shareholders and 189 registered H Shareholders.

5.3.1 Shareholdings of the Top 10 Shareholders as at the End of the Reporting Period

Unit: Shares

Shareholdings of the top 10 Shareholders							
Full name of Shareholder	Change during the Reporting Period	Number of Shares held as at the end of the period	Percentage (%)	Number of Shares held subject to trading moratorium	Shares pledged or frozen Status	Number	Nature of the Shareholder
HKSCC Nominees Limited[Note 1]	165,110	2,277,321,318	18.79	—	Unknown	—	Foreign legal person
CITIC Corporation Limited[Note 2]	—	1,999,695,746	16.50	—	Nil	—	State-owned legal person
China Securities Finance Corporation Limited	256,894,318	601,933,007	4.97	—	Nil	—	Unknown
China Life Insurance Company Limited – Traditional – General Insurance Products – 005L – CT001Hu	—	310,054,938	2.56	—	Nil	—	Domestic non state-owned legal person
Central Huijin Asset Management Corporation Limited	—	198,709,100	1.64	—	Nil	—	State-owned legal person
Hong Kong Securities Clearing Company Limited[Note 3]	-2,241,754	121,689,954	1.00	—	Nil	—	Foreign legal person
China Academy of Launch Vehicle Technology	—	106,478,308	0.88	—	Nil	—	State-owned legal person
Bank of China Co., Ltd. – China Merchants Securities Company All Index Securities Company Index Classified Securities Investment Fund	-10,113,287	105,073,593	0.87	—	Nil	—	Unknown
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	—	104,950,500	0.87	—	Nil	—	Unknown

Note 1: HKSCC Nominees Limited is the nominal holder of the Shares held by non-registered H Shareholders.

Note 2: The shareholding listed here was extracted from the register of members of the Company as at 30 June 2017.

Note 3: The Shares held by Hong Kong Securities Clearing Company Limited refer to Shares held by non-registered Shareholders of northbound of the Shanghai-Hong Kong Stock Connect.

Note 4: Nature of A Shareholders represents the nature of account held by A Shareholders with the Shanghai branch of CSDCC.

Note 5: As the Shares could be used as underlying securities for margin financing and securities lending, the shareholdings of the Shareholders are the aggregate of all the Shares and interests held in ordinary securities accounts and credit securities accounts.

5.3.2 Shareholdings of the Top 10 Holders of Tradable Shares not Subject to Trading Moratorium as at 30 June 2017

Unit: Shares

Name of Shareholder	Number of tradable Shares held not subject to trading moratorium	Class and number of Shares	
		Class	Number
HKSCC Nominees Limited	2,277,321,318	Overseas-listed foreign Shares	2,277,321,318
CITIC Corporation Limited	1,999,695,746	RMB ordinary Shares	1,999,695,746
China Securities Finance Corporation Limited	601,933,007	RMB ordinary Shares	601,933,007
China Life Insurance Company Limited – Traditional – General Insurance Products – 005L – CT001Hu	310,054,938	RMB ordinary Shares	310,054,938
Central Huijin Asset Management Corporation Limited	198,709,100	RMB ordinary Shares	198,709,100
Hong Kong Securities Clearing Company Limited	121,689,954	RMB ordinary Shares	121,689,954
China Academy of Launch Vehicle Technology	106,478,308	RMB ordinary Shares	106,478,308
Bank of China Co., Ltd. – China Merchants Securities Company All Index Securities Company Index Classified Securities Investment Fund	105,073,593	RMB ordinary Shares	105,073,593
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
GF Fund – Agricultural Bank –GF China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	104,950,500	RMB ordinary Shares	104,950,500
Related party relationship or acting-in-concert relationship between the above Shareholders	The Company is unaware of whether there is any related party/connected relationship between the above Shareholders, or they are parties acting in concert.		

5.3.3 Shareholdings of the Shareholders Subject to Trading Moratorium as at 30 June 2017

Unit: Shares

No.	Name of Shareholders subject to trading moratorium	Number of Shares held subject to trading moratorium	Listing and trading of Shares subject to trading moratorium		
			Date of eligible for listing and trading	Number of increased Shares eligible for listing and trading	Terms of trading moratorium
1	Incentive Shares held under custody and others	23,919,000	To be determined after the implementation of the incentive share scheme	—	To be determined after the implementation of the incentive share scheme

5.3.4 Largest Shareholder of the Company

The largest Shareholder of the Company is CITIC Corporation Limited. As at 30 June 2017, it directly held 16.50% of the Shares of the Company.

5.3.5 Interests 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 2017. 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 2017.

Name of Shareholder	Capacity	Class of Shares	Number of Shares (Shares)/ Type of Shares Held	Percentage of the Number of A Shares/H Shares as at 30 June 2017 (%)[Note 4]	Percentage of Total Shares of the Company as at 30 June 2017 (%)
CITIC Group Corporation	Interest of controlled corporation[Note 1]	A Shares	2,018,602,746/Long positions	20.52	16.66
National Council for Social Security Fund	Beneficial owner	H Shares	690,359,200[Note 2]/Long positions	30.30	5.70
BlackRock, Inc.	Interest of controlled corporation[Note 3]	H Shares	115,893,775/Long positions 4,146,000/Short positions	5.09 0.18	0.96 0.03

Note 1: CITIC Group indirectly holds 2,018,602,746 A Shares of the Company through its controlled corporations including CITIC Limited and CITIC Corporation Limited.

Note 2: According to the notices of disclosure of interests on the HKEXnews website of HKEx, the National Council for Social Security Fund held equity interest in the Company in a total of 690,359,200 H Shares, including an aggregate of interests in Shares in 640,000,000 H Shares proposed to be subscribed by it through ICBC Credit Suisse Asset Management (International) Company Limited and through Bosera Asset Management Co. Limited and Bosera Asset Management (International) Co. Limited pursuant to two subscription agreements dated 8 June 2015 entered with the Company for the subscription of Shares. The above private placement of H Shares was considered and approved at the second extraordinary general meeting of the Company in 2015, but is yet to take place. Such resolution was expired on 24 August 2016.

Note 3: BlackRock, Inc. indirectly held the relevant interests and short positions through its controlled corporations.

Note 4: The relevant percentages are calculated based on the total number of 2,278,327,700 H Shares of the Company or the total number of 9,838,580,700 A Shares in issue as at 30 June 2017.

Note 5: According to the notices of disclosure of interests on the HKEXnews website of HKEx, Lazard Asset Management LLC, Banco BTG Pactual S.A. and Capital Research and Management Company were shown as substantial Shareholders holding 5% or more of the total issued H Shares of the Company. Upon completion of the non-public issuance of H Shares by the Company in June 2015, the interests held by these three Shareholders should have been reduced to less than 5% of the total issued H Shares and they are accordingly not shown as substantial Shareholders in the table above.

Save as disclosed above, as at 30 June 2017, our Directors were not aware of any other persons (other than Directors, Supervisors and the Chief Executive) had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance.

6.1 Changes in Shareholdings of Directors, Supervisors and Senior Management

During the Reporting Period, there was no change in the shareholdings of current Directors, Supervisors and Senior Management and those who have resigned during the Reporting Period.

6.2 Changes of Directors, Supervisors and Senior Management During the Reporting Period

Name	Position	Change
YIN Ke	Executive Director	resignation
GE Xiaobo	Chief Financial Officer	appointment

Note 1: Mr. YIN Ke submitted the resignation letter to the Board on 22 March 2017 to resign from his positions as an executive Director and members of relevant special committees under the Board due to other work arrangement. The resignation of Mr. YIN Ke came into effect when his resignation letter was served to the Board.

Note 2: On 3 March 2017, the Proposal on Appointment of Person in Charge of Accounting Affairs of the Company was considered and approved at the Ninth Meeting of the Sixth Session of the Board to appoint Mr. GE Xiaobo as the Chief Financial Officer of the Company.

6.3 Number, Remuneration and Training Programmes of Employees

As at 30 June 2017, the Group had a total number of 16,273 employees (including brokers and despatched staff), of which 9,801 (including brokers and despatched staff) were employees of the Company.

During the Reporting Period, there was no change in the remuneration policy and training programmes of the Company as compared with the disclosures in the 2016 Annual Report of the Company.

6.4 Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As at 30 June 2017, the following persons had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of the its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter referred to as "**Model Code**") set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows:

Name	Position	Nature of Interest	Class of Shares	Number of Shares Held (Shares)	Percentage of Total Number of Shares of the Company (%)
ZHANG Youjun	Chairman and Executive Director	Personal Interest	A Shares	374	0.000003
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 chief executive who was required to disclose his interests to the Hong Kong Stock Exchange was the General Manager and did not include other Senior Management personnel. In addition, as at 30 June 2017, no other Directors, Supervisors or Senior Management or their respective spouses or children under 18 years of age had been granted equity securities or warrants of the Company.

CHAPTER VII CORPORATE GOVERNANCE

During the Reporting Period, the Company had strictly complied with the Company Law, Securities Law, the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 of 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 domestic regulatory requirements, the 23rd Meeting of the Third Session of the Board of the Company considered and approved the Measures for the Management of the Holding and Changes in the Shares of CITIC Securities Company Limited by Directors, Supervisors and Senior Management (hereinafter referred to as "**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. Having made specific 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.

In accordance with the changes in relevant laws and regulations, the Resolution on Proposed Amendments to the Articles of Association was considered and approved at the 12th Meeting of the Sixth Session of the Board and the 2016 Annual General Meeting, respectively, to amend the relevant articles in the Articles of Association of the Company and its Appendix 1 (Rules of Procedure for the General Meeting of Shareholders). The relevant amendments are still subject to the approval of the Shenzhen Bureau of the CSRC. Based on the amendments to the PRC's regulatory requirements and the self-disciplinary rules in the industry, the Work Plan for Implementation of Comprehensive Risk Management Requirements was considered and approved at the Tenth Meeting of the Sixth Session of the Board. Pursuant to such plan, the Company made amendments to the Comprehensive Risk Management System, which was considered and approved at the 12th Meeting of the Sixth Session of the Board on 28 April 2017.

CHAPTER VIII UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Pages

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION 57

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT (UNAUDITED)

- Condensed Consolidated Interim Income Statement 58
- Condensed Consolidated Interim Statement of Comprehensive Income 59
- Condensed Consolidated Interim Statement of Financial Position 60
- Condensed Consolidated Interim Statement of Changes in Equity. 62
- Condensed Consolidated Interim Statement of Cash Flows 63

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate Information . . . 65
2. Basis of Preparation and Significant Accounting Policies . . . 65
3. Significant Accounting Judgements and Estimates . . . 66
4. Taxation . . . 67
5. Operating Segment Information . . . 67
6. Interest Income . . . 69
7. Investment Income . . . 70
8. Other Income . . . 70
9. Operating Expenses . . . 70
10. Impairment Losses . . . 72
11. Income Tax Expense . . . 72
12. Dividends . . . 72
13. Earnings Per Share Attributable to Owners of the Parent . . . 73
14. Property, Plant and Equipment . . . 73
15. Investment properties . . . 75
16. Goodwill . . . 76
17. Land-use Rights and Intangible Assets . . . 77
18. Available-for-sale Financial Assets . . . 79
19. Financial Assets Designated as at Fair Value through Profit or Loss . . . 80
20. Refundable Deposits . . . 80
21. Deferred Income Tax Assets and Liabilities . . . 81
22. Other Non-current Assets . . . 82
23. Margin Accounts . . . 82
24. Financial Assets Held for Trading . . . 83
25. Derivative Financial Instruments . . . 83
26. Reverse Repurchase Agreements . . . 84
27. Other Current Assets . . . 84
28. Cash Held on Behalf of Customers . . . 85
29. Cash and Bank Balances . . . 85
30. Customer Brokerage Deposits . . . 85
31. Financial Liabilities Held for Trading . . . 85
32. Financial Liabilities Designated as at Fair Value through Profit or Loss . . . 86
33. Repurchase Agreements . . . 86
34. Taxes Payable . . . 87
35. Short-term Loans . . . 87
36. Short-term Financing Instruments Payable . . . 88
37. Other Current Liabilities . . . 89
38. Debt Instruments Issued . . . 89
39. Long-term Loans . . . 92
40. Other Non-current Liabilities . . . 92
41. Share Capital . . . 92
42. Reserves . . . 93
43. Cash and Cash Equivalents . . . 94
44. Commitments and Contingent Liabilities . . . 94
45. Related Party Disclosures . . . 95
46. Fair Value and Fair Value Hierarchy . . . 99
47. Financial Instruments Risk Management . . . 103
48. Events after the Reporting Period . . . 113
49. Approval of the Unaudited Condensed Consolidated Interim Financial Information . . . 113

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 58 to 113, 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 2017 and the related condensed consolidated interim income statement, condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month 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, 25 August 2017

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2017

(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
Revenue			
Fee and commission income		**10,745,356**	12,580,812
Interest income	6	**6,260,713**	5,784,060
Investment income	7	**4,264,222**	4,099,513
		21,270,291	22,464,385
Other income	8	**3,870,252**	1,826,682
Total revenue and other income		**25,140,543**	24,291,067
Fee and commission expenses	9	**1,692,175**	1,306,745
Finance costs	9	**4,966,173**	4,809,204
Staff costs	9	**5,247,912**	5,509,579
Tax and surcharges		**123,459**	664,640
Depreciation		**237,371**	183,276
Other operating expenses and costs	9	**6,021,485**	3,742,874
Impairment losses	10	**259,751**	790,835
Total operating expenses		**18,548,326**	17,007,153
Operating profit		**6,592,217**	7,283,914
Share of profits and losses of:			
Associates		**246,236**	44,468
Joint ventures		**(2,265)**	1,523
Profit before income tax		**6,836,188**	7,329,905
Income tax expense	11	**1,653,387**	1,835,556
Profit for the period		**5,182,801**	5,494,349
Attributable to:			
Owners of the Parent		**4,926,509**	5,242,132
Non-controlling interests		**256,292**	252,217
		5,182,801	5,494,349
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
— Basic	13	**0.41**	0.43
— Diluted	13	**0.41**	0.43

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 2017

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Profit for the period	**5,182,801**	5,494,349
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	**1,755,048**	(2,011,315)
Income tax effect on changes in fair value	**(446,910)**	499,725
Gains transferred included in the consolidated income statement, net	**(587,297)**	(1,007,816)
	720,841	(2,519,406)
Share of other comprehensive income of associates and joint ventures	**(347)**	2,248
Exchange differences on translation of foreign operations	**(390,755)**	381,236
Other	**(1,627)**	1,253
	328,112	(2,134,669)
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods	**—**	—
Other comprehensive income for the period, net of tax	**328,112**	(2,134,669)
Total comprehensive income for the period	**5,510,913**	3,359,680
Attributable to:		
Owners of the Parent	**5,232,776**	3,123,846
Non-controlling interests	**278,137**	235,834
	5,510,913	3,359,680

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

(In RMB thousands, unless otherwise stated)

	Notes	**30 June 2017 (Unaudited)**	31 December 2016 (Audited)
Non-current assets			
Property, plant and equipment	14	**8,454,668**	3,923,261
Investment properties	15	**885,183**	68,148
Goodwill	16	**10,355,578**	10,406,169
Land-use rights and intangible assets	17	**3,614,711**	3,819,579
Investments in associates		**4,018,327**	3,974,954
Investments in joint ventures		**71,436**	(1,103)
Available-for-sale financial assets	18	**29,272,882**	32,555,328
Financial assets designated as at fair value through profit or loss	19	**7,040,487**	6,420,607
Refundable deposits	20	**1,028,663**	1,600,050
Deferred income tax assets	21	**2,602,255**	2,810,853
Other non-current assets	22	**4,438,324**	3,721,505
Total non-current assets		**71,782,514**	69,299,351
Current assets			
Fee and commission receivables		**1,285,306**	1,373,917
Margin accounts	23	**63,152,746**	65,021,193
Available-for-sale financial assets	18	**49,542,236**	52,323,177
Financial assets held for trading	24	**131,577,750**	146,281,767
Financial assets designated as at fair value through profit or loss	19	**9,922,819**	6,916,578
Derivative financial assets	25	**3,843,255**	3,780,358
Reverse repurchase agreements	26	**93,717,027**	59,175,083
Other current assets	27	**35,678,674**	26,677,603
Cash held on behalf of customers	28	**103,207,574**	129,876,778
Cash and bank balances	29	**42,201,828**	36,713,034
Total current assets		**534,129,215**	528,139,488
Current liabilities			
Customer brokerage deposits	30	**118,173,750**	134,397,672
Derivative financial liabilities	25	**5,168,482**	2,576,591
Financial liabilities held for trading	31	**4,806,699**	3,978,222
Financial liabilities designated as at fair value through profit or loss	32	**33,277,464**	20,371,974
Repurchase agreements	33	**97,781,672**	121,414,243
Due to banks and other financial institutions		**12,500,000**	19,550,000
Taxes payable	34	**1,577,673**	2,432,708
Short-term loans	35	**3,078,653**	3,479,478
Short-term financing instruments payable	36	**32,639,489**	21,346,230
Other current liabilities	37	**61,371,344**	42,396,333
Total current liabilities		**370,375,226**	371,943,451
Net current assets		**163,753,989**	156,196,037
Total assets less current liabilities		**235,536,503**	225,495,388

	Notes	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Non-current liabilities			
Debt instruments issued	38	**82,857,184**	69,752,175
Deferred income tax liabilities	21	**1,934,294**	1,565,744
Long-term loans	39	**1,122,188**	1,114,188
Financial liabilities designated as at fair value through profit or loss	32	**1,071,006**	6,868,128
Other non-current liabilities	40	**1,507,944**	406,483
Total non-current liabilities		**88,492,616**	79,706,718
Net assets		**147,043,887**	145,788,670
Equity			
Equity attributable to Owners of the Parent			
Share capital	41	**12,116,908**	12,116,908
Reserves	42	**83,661,745**	83,386,746
Retained earnings		**47,924,079**	47,192,292
		143,702,732	142,695,946
Non-controlling interests		**3,341,155**	3,092,724
Total equity		**147,043,887**	145,788,670

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 25 August 2017.

ZHANG Youjun
Chairman

YANG Minghui
Executive Director and President

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017
(In RMB thousands, unless otherwise stated)

	Attributable to owners of the Parent									
		Reserves								
	Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total
At 1 January 2017	**12,116,908**	**54,462,051**	**7,812,711**	**18,796,701**	**1,215,190**	**1,100,093**	**47,192,292**	**142,695,946**	**3,092,724**	**145,788,670**
Profit for the period	—	—	—	—	—	—	4,926,509	4,926,509	256,292	5,182,801
Other comprehensive income for the period	—	—	—	—	703,972	(397,705)	—	306,267	21,845	328,112
Total comprehensive income for the period	—	—	—	—	703,972	(397,705)	4,926,509	5,232,776	278,137	5,510,913
Dividend — 2016	—	—	—	—	—	—	(4,240,918)	(4,240,918)	—	(4,240,918)
Appropriation to general reserve	—	—	—	56,063	—	—	(56,063)	—	—	—
Capital increase/(decrease) by equity holders — Others	—	(87,331)	—	—	—	—	102,259	14,928	(29,706)	(14,778)
At 30 June 2017 (Unaudited)	**12,116,908**	**54,374,720**	**7,812,711**	**18,852,764**	**1,919,162**	**702,388**	**47,924,079**	**143,702,732**	**3,341,155**	**147,043,887**

	Attributable to owners of the Parent									
		Reserves								
	Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total
At 1 January 2016	12,116,908	54,453,478	7,524,925	17,174,481	3,100,360	(19,435)	44,787,070	139,137,787	2,599,311	141,737,098
Profit for the period	—	—	—	—	—	—	5,242,132	5,242,132	252,217	5,494,349
Other comprehensive income for the period	—	—	—	—	(2,487,028)	368,742	—	(2,118,286)	(16,383)	(2,134,669)
Total comprehensive income for the period	—	—	—	—	(2,487,028)	368,742	5,242,132	3,123,846	235,834	3,359,680
Dividend — 2015	—	—	—	—	—	—	(6,058,454)	(6,058,454)	—	(6,058,454)
Appropriation to general reserve	—	—	—	105,873	—	—	(105,873)	—	—	—
Capital increase/(decrease) by equity holders — Capital contribution by equity holders	—	93	—	—	—	—	—	93	39,380	39,473
— Others	—	(1,049)	—	—	—	—	17,808	16,759	9,070	25,829
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(124,773)	(124,773)
At 30 June 2016 (Unaudited)	12,116,908	54,452,522	7,524,925	17,280,354	613,332	349,307	43,882,683	136,220,031	2,758,822	138,978,853

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	**6,836,188**	7,329,905
Adjustments for:		
Financing interest expense	**2,564,264**	2,142,464
Share of profits and losses of associates and joint ventures	**(243,971)**	(45,991)
Dividend income and interest income from available-for-sale financial assets	**(1,096,390)**	(1,271,859)
Net gains on disposal of available-for-sale financial assets	**(906,194)**	(1,992,976)
Net gains on disposal of property, plant and equipment and other assets	**(148)**	(56)
Gains on disposal of associates and joint ventures	**(192,972)**	—
Fair value gains on financial instruments measured at fair value through profit or loss	**(294,083)**	1,276,969
Depreciation	**242,838**	184,662
Amortisation	**241,216**	228,775
Impairment on available-for-sale financial assets	**66,720**	592,964
Impairment on other assets	**193,031**	197,871
	7,410,499	8,642,728
Net decrease/(increase) in operating assets		
Financial assets held for trading	**17,095,532**	3,104,723
Cash held on behalf of customers	**26,669,204**	8,578,380
Other assets	**(44,261,530)**	(680,685)
	(496,794)	11,002,418
Net increase/(decrease) in operating liabilities		
Customer brokerage deposits	**(23,791,998)**	(12,455,371)
Repurchase agreements	**(23,632,571)**	(40,489,834)
Other liabilities	**20,025,476**	4,185,387
	(27,399,093)	(48,759,818)
Net cash outflow from operating activities before tax	**(20,485,388)**	(29,114,672)
Income tax paid	**(2,014,781)**	(3,870,130)
Net cash outflow from operating activities	**(22,500,169)**	(32,984,802)

	Notes	Six months ended 30 June 2017 (Unaudited)	2016 (Unaudited)
Cash flows from investing activities			
Dividend income and interest income received from available-for-sale financial assets		**1,119,317**	1,289,812
Net cash flow from purchases, leases and sales of items of property, plant and equipment and other assets		**(115,165)**	(175,440)
Net cash flow from business combination		**(373,657)**	—
Net cash flow from investments in associates and joint ventures		**139,798**	431,227
Net cash flow from disposal or purchase of available-for-sale financial assets		**5,681,721**	(4,533,324)
Other cash outflows from investing activities		**—**	(88)
Net cash inflow/(outflow) from investing activities		**6,452,014**	(2,987,813)
Cash flows from financing activities			
Cash inflows from financing activities		**7,415**	2,507,834
Cash inflows from borrowing activities		**936,196**	12,600
Cash inflows from issuing bonds		**91,277,266**	23,486,765
Payment of debts		**(64,471,115)**	(15,954,411)
Dividends and interest expense		**(2,603,729)**	(2,721,088)
Other cash outflows from financing activities		**(2,951,092)**	(13,716)
Net cash inflow from financing activities		**22,194,941**	7,317,984
Net increase/(decrease) in cash and cash equivalents		**6,146,786**	(28,654,631)
Cash and cash equivalents at the beginning of the period		**33,230,355**	65,670,756
Effect of exchange rate changes on cash and cash equivalents		**(583,815)**	437,593
Cash and cash equivalents at the end of the period	43	**38,793,326**	37,453,718
Cash and bank balances	29	**42,201,828**	41,098,963
Less: Restricted funds	29	**3,408,502**	3,645,245
Cash and cash equivalents		**38,793,326**	37,453,718

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

1 CORPORATE INFORMATION

CITIC Securities Company Limited (the "Company") was established in Beijing, the People's Republic of China (the "PRC" or "Mainland China", which excludes for the purpose of the financial statements, the Hong Kong Special Administrative Region of the PRC or "Hong Kong", the Macau Special Administrative Region of the PRC or "Macau", and Taiwan) on 25 October 1995. Pursuant to approval by the China Securities Regulatory Commission (the "CSRC"), the Company was restructured as a joint stock limited company in 1999. The Company's common stock was listed on the PRC domestic A-share market in 2003. The registered office of the Company is located at North Tower, Excellence Times Plaza II, No. 8 Zhongxin San Road, Futian District, Shenzhen, Guangdong Province, PRC.

According to a resolution relating to the issue and listing of H Shares in Hong Kong passed in the first extraordinary general meeting of shareholders in 2011, along with the "Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities" (CSRC [2011] No.1366) issued by the CSRC, the Company conducted its initial public offering of overseas-listed foreign shares ("H shares") from September to October 2011. Under this offering, the Company offered a total of 1,071,207,000 H shares (including over-allotment of 75,907,000 H shares) with a nominal value of RMB1.00 per share. As at 31 December 2011, the total share capital of the Company increased to RMB11,016,908,400. The capital increase has been verified by Ernst & Young Hua Ming according to the capital verification report of Ernst & Young Hua Ming Yan Zi (2011) 60469435_A09.

According to a resolution relating to the additional issuance and listing of H shares in Hong Kong passed in the first extraordinary general meeting of the shareholders in 2015, along with the "Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities the Approval relating to Additional Issuance of Overseas Listed Foreign Shares of CITIC Securities Company Limited (CSRC [2015] No. 936)" issued by the CSRC, on 23 June 2015, the Company completed its additional issuance and listing of H shares in Hong Kong. Under this offering, the Company offered a total of 1,100,000,000 H shares with offering price of HKD24.60 per share. As at 31 December 2015, the total share capital of the Company increased to RMB12,116,908,400. The capital increase has been verified by PricewaterhouseCoopers Zhong Tian Yan Zi (2015) No.748.

The Company (also referred to as the "Parent") 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 unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), as well as with all applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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 2016.

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 for those described below, the accounting policies and methods of computation used in preparing the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

Amendments to the accounting standards effective in 2017 and adopted by the Group:

In the current interim period, the Group has adopted 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 2016.

Amendments to IAS 12	Income Taxes
Amendments to IAS 7	Statement of Cash Flows
Amendments to IFRS 12	IASB Annual Improvements 2014–2016 cycle

The adoption of these amendments does 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 amended standards that have been issued but are not yet effective.

			Effective for annual periods beginning on or after
(1)	Amendments to IFRS 2	Share-based Payment	1 January 2018
(2)	IFRS 9	Financial Instruments	1 January 2018
(3)	IFRS 15	Revenue from Contracts with Customers	1 January 2018
(4)	Amendments to IAS 40	Transfer of Investment Property	1 January 2018
(5)	IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
(6)	IFRS 16	Leases	1 January 2019
(7)	IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
(8)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed Early application of the amendments continues to be permitted.
(9)	Amendments to IAS 28	IASB Annual Improvements 2014–2016 cycle	1 January 2018

Descriptions of these standards and amendments were disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2016. The Group is in the process of assessing the impact of IFRS 9 on the Group's consolidated financial statements. The Group anticipates that the adoption of other standards and 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 2016.

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) Value added tax

Pursuant to the "Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the "VAT Pilot Programs")" (Cai Shui [2016] No.36), the "Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs (Cai Shui [2016] No. 46), the "Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions" (Cai Shui [2016] No.70) issued by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%, instead of business tax at 5% prior to 1 May 2016.

In accordance with the "Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services" (Cai Shui [2016] No.140), the "Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products" (Cai Shui [2017] No.2) and the "Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products" (Cai Shui [2017] No.56), the Group shall pay VAT at rate of 3% for related asset management taxable activities undertaken after 1 January 2018.

After the implementation of the VAT Pilot Programs, the Group's related income is presented at value net of its respective VAT in the consolidated income statements.

(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 relevant turnover taxes.

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 and alternative investment activities;

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

Others — Private equity investment, principal investment and other financial activities.

Management monitors the results of the Group's operating segments 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 2017 (Unaudited)	Investment Banking	Brokerage	Trading	Asset Management	Others	Total
Segment revenue and other income						
Fee and commission income	2,017,689	5,444,748	75,797	2,998,481	208,641	10,745,356
Interest income	31	1,320,077	4,408,363	257,899	274,343	6,260,713
Investment income	—	15,304	3,155,985	199,288	893,645	4,264,222
Other income	1,701	(20,116)	(114,115)	25,974	3,976,808	3,870,252
Subtotal	2,019,421	6,760,013	7,526,030	3,481,642	5,353,437	25,140,543
Operating expenses	1,131,230	4,844,719	5,799,585	1,735,426	5,037,366	18,548,326
Including: Finance costs	53	187,966	4,379,122	44,270	354,762	4,966,173
Impairment losses	—	1,238	259,836	—	(1,323)	259,751
Operating profit	888,191	1,915,294	1,726,445	1,746,216	316,071	6,592,217
Share of profits and losses of associates and joint ventures	—	—	—	—	243,971	243,971
Profit before income tax	888,191	1,915,294	1,726,445	1,746,216	560,042	6,836,188
Income tax expenses						1,653,387
Net profit for the period						5,182,801
Other segment information:						
Depreciation and amortisation	1,688	139,826	7,314	26,452	308,774	484,054
Capital expenditure	11,407	107,388	5,267	9,484	14,025	147,571

Six months ended 30 June 2016 (Unaudited)	Investment Banking	Brokerage	Trading	Asset Management	Others	Total
Segment revenue and other income						
Fee and commission income	2,962,290	5,882,378	320,380	3,272,895	142,869	12,580,812
Interest income	50	1,548,877	3,941,325	125,531	168,277	5,784,060
Investment income	—	1,115	2,468,586	209,507	1,420,305	4,099,513
Other income	26,742	53,665	32,045	41,103	1,673,127	1,826,682
Subtotal	2,989,082	7,486,035	6,762,336	3,649,036	3,404,578	24,291,067
Operating expenses	1,412,033	4,643,283	5,986,612	2,221,680	2,743,545	17,007,153
Including: Finance costs	—	227,608	4,290,741	46,044	244,811	4,809,204
Impairment losses	—	(11)	539,255	245,120	6,471	790,835
Operating profit	1,577,049	2,842,752	775,724	1,427,356	661,033	7,283,914
Share of profits and losses of associates and joint ventures	—	—	—	—	45,991	45,991
Profit before income tax	1,577,049	2,842,752	775,724	1,427,356	707,024	7,329,905
Income tax expenses						1,835,556
Net profit for the period						5,494,349
Other segment information:						
Depreciation and amortisation	2,890	102,199	5,096	12,585	290,667	413,437
Capital expenditure	5,808	107,436	2,976	38,876	22,811	177,907

6 INTEREST INCOME

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Interest income on margin and other financing	**4,185,626**	3,667,418
Bank interest income	**2,033,019**	2,096,406
Others	**42,068**	20,236
Total	**6,260,713**	5,784,060

7 INVESTMENT INCOME

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Net gains/(losses) from financial assets held for trading	**4,567,851**	(4,856,249)
Net gains from disposal of available-for-sale financial assets	**906,194**	1,992,976
Dividend and interest income from available-for-sale financial assets	**1,096,390**	1,271,859
Net losses from financial liabilities held for trading	**(36,477)**	(208,354)
Net gains/(losses) from financial instruments designated as at fair value through profit or loss	**(291,521)**	375,691
Net gains/(losses) from derivatives and others	**(1,978,215)**	5,523,590
Total	**4,264,222**	4,099,513

8 OTHER INCOME

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Gains on disposal of property, plant and equipment	**2,311**	189
Others (i)	**3,867,941**	1,826,493
Total	**3,870,252**	1,826,682

(i) For the six months ended 30 June 2017, others mainly represented income from bulk commodity trading of RMB3,739 million (Six months ended 30 June 2016: RMB1,415 million).

9 OPERATING EXPENSES

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Fee and commission expenses:		
— Commission expense	**1,653,620**	1,259,402
— Others	**38,555**	47,343
Total	**1,692,175**	1,306,745

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Finance costs:		
— Debt instruments issued and short-term financing instruments payable	**2,420,884**	2,021,975
— Due to banks and other financial institutions	**1,856,407**	2,144,653
— Customer brokerage deposits	**184,982**	223,748
— Others	**503,900**	418,828
Total	**4,966,173**	4,809,204

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Staff costs (including directors', supervisors' and senior executives' remuneration):		
— Salaries and bonuses	**4,434,073**	4,764,020
— Staff benefits	**520,107**	469,288
— Contributions to defined contribution schemes (i)	**293,732**	276,271
Total	**5,247,912**	5,509,579

(i) Retirement benefits are included herein 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	
	2017	2016
	(Unaudited)	(Unaudited)
Other operating expenses and costs:		
— Leasing expenses	**525,533**	576,063
— Electronic device operating costs	**230,720**	214,331
— Amortisation of intangible assets	**192,814**	184,141
— Business travel expenses	**166,433**	131,669
— Fund distribution and administration expenses	**159,139**	261,361
— Investor protection fund	**123,686**	160,070
— Postal and communication expenses	**117,890**	123,214
— Business publicity expenses	**98,621**	122,902
— Business entertainment expenses	**89,142**	68,678
— Consulting expenses	**58,870**	54,038
— Auditors' remuneration	**16,132**	11,440
— Others (i)	**4,242,505**	1,834,967
Total	**6,021,485**	3,742,874

(i) Others include cost of bulk commodity trading amounting to RMB3,704 million for the six months ended 30 June 2017 (Six months ended 30 June 2016: RMB1,416 million).

10 IMPAIRMENT LOSSES

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Reverse repurchase agreements	**90,525**	(187)
Available-for-sale financial assets	**66,720**	592,964
Margin accounts	**(3,771)**	(53,534)
Others	**106,277**	251,592
Total	**259,751**	790,835

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Current income tax expense	**1,317,053**	1,997,992
Mainland China	**1,250,504**	1,937,665
Outside Mainland China	**66,549**	60,327
Deferred income tax expense	**336,334**	(162,436)
Total	**1,653,387**	1,835,556

12 DIVIDENDS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Dividends on ordinary shares proposed but not paid	**4,240,918**	6,058,454
Dividends on ordinary shares paid	**—**	—

The distribution of year 2016 dividends on ordinary shares approved by the General Meeting of Shareholders on 19 June 2017 was distributed on 18 August 2017.

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	
	2017	2016
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to owners of the parent	**4,926,509**	5,242,132
Shares:		
Weighted average number of ordinary shares in issue (thousand)	**12,116,908**	12,116,908
Basic and diluted earnings per share (in RMB yuan)	**0.41**	0.43

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 2017 (Six months ended 30 June 2016: None).

14 PROPERTY, PLANT AND EQUIPMENT

30 June 2017 (Unaudited)	Properties and Buildings	Communication Equipment	Office Equipment	Transportation Vehicles	Security Equipment	Electronic Devices	Others	Subtotal	Construction in progress	Total
Cost										
31 December 2016 (Audited)	964,317	73,699	286,299	2,528,080	7,054	2,364,209	92,245	6,315,903	263,791	6,579,694
Increases	5,135,026	2,490	6,458	4,770	130	47,476	195	5,196,545	28,407	5,224,952
Decreases	(51)	(1,261)	(6,198)	(2,557)	(68)	(81,304)	(5,234)	(96,673)	(2,368)	(99,041)
Effect of exchange rate change	(914)	(514)	(426)	(55,344)	–	(19,970)	(1,530)	(78,698)	–	(78,698)
30 June 2017 (Unaudited)	6,098,378	74,414	286,133	2,474,949	7,116	2,310,411	85,676	11,337,077	289,830	11,626,907
Accumulated depreciation										
31 December 2016 (Audited)	294,482	52,920	237,626	146,828	3,918	1,853,915	65,999	2,655,688	–	2,655,688
Increases	401,638	5,989	12,687	45,161	346	128,216	5,816	599,853	–	599,853
Decreases	(58)	(769)	(5,183)	(1,635)	(43)	(48,241)	(4,634)	(60,563)	–	(60,563)
Effect of exchange rate change	(714)	(347)	(405)	(2,797)	–	(17,182)	(1,294)	(22,739)	–	(22,739)
30 June 2017 (Unaudited)	695,348	57,793	244,725	187,557	4,221	1,916,708	65,887	3,172,239	–	3,172,239
Allowances for impairment										
31 December 2016 (Audited)	–	–	239	–	–	506	–	745	–	745
Increases	–	–	–	–	–	–	–	–	–	–
Decreases	–	–	(239)	–	–	(506)	–	(745)	–	(745)
Effect of exchange rate change	–	–	–	–	–	–	–	–	–	–
30 June 2017 (Unaudited)	–	–	–	–	–	–	–	–	–	–
Net carrying amount										
30 June 2017 (Unaudited)	5,403,030	16,621	41,408	2,287,392	2,895	393,703	19,789	8,164,838	289,830	8,454,668
31 December 2016 (Audited)	669,835	20,779	48,434	2,381,252	3,136	509,788	26,246	3,659,470	263,791	3,923,261

31 December 2016 (Audited)	Properties and Buildings	Communication Equipment	Office Equipment	Transportation Vehicles	Security Equipment	Electronic Devices	Others	Subtotal	Construction in progress	Total
Cost										
31 December 2015	718,858	67,476	241,558	2,381,301	4,860	2,150,755	82,299	5,647,107	536,440	6,183,547
Increases	242,100	3,434	57,881	945	2,825	339,517	11,326	658,028	149,761	807,789
Decreases	(3,076)	(597)	(16,549)	(5,529)	(631)	(191,682)	(5,169)	(223,233)	(422,410)	(645,643)
Effect of exchange rate change	6,435	3,386	3,409	151,363	—	65,619	3,789	234,001	—	234,001
31 December 2016	964,317	73,699	286,299	2,528,080	7,054	2,364,209	92,245	6,315,903	263,791	6,579,694
Accumulated depreciation										
31 December 2015	258,008	40,076	200,938	61,708	4,241	1,689,906	72,549	2,327,426	—	2,327,426
Increases	31,099	11,434	47,274	85,667	255	250,424	7,844	433,997	—	433,997
Decreases	(72)	(376)	(13,637)	(5,206)	(578)	(139,574)	(17,545)	(176,988)	—	(176,988)
Effect of exchange rate change	5,447	1,786	3,051	4,659	—	53,159	3,151	71,253	—	71,253
31 December 2016	294,482	52,920	237,626	146,828	3,918	1,853,915	65,999	2,655,688	—	2,655,688
Allowances for impairment										
31 December 2015	—	—	—	—	—	—	—	—	—	—
Increases	—	—	239	—	—	506	—	745	—	745
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—	—	—	—	—
31 December 2016	—	—	239	—	—	506	—	745	—	745
Net carrying amount										
31 December 2016	669,835	20,779	48,434	2,381,252	3,136	509,788	26,246	3,659,470	263,791	3,923,261
31 December 2015	460,850	27,400	40,620	2,319,593	619	460,849	9,750	3,319,681	536,440	3,856,121

15 INVESTMENT PROPERTIES

30 June 2017 (Unaudited)	Properties and Buildings	Total
Cost		
31 December 2016 (Audited)	**115,972**	**115,972**
Increases	**902,078**	**902,078**
Decreases	**—**	**—**
30 June 2017 (Unaudited)	**1,018,050**	**1,018,050**
Accumulated depreciation and amortisation		
31 December 2016 (Audited)	**47,824**	**47,824**
Increases	**85,043**	**85,043**
Decreases	**—**	**—**
30 June 2017 (Unaudited)	**132,867**	**132,867**
Allowances for impairment		
31 December 2016 (Audited)	**—**	**—**
Increases	**—**	**—**
Decreases	**—**	**—**
30 June 2017 (Unaudited)	**—**	**—**
Net carrying amount		
30 June 2017 (Unaudited)	**885,183**	**885,183**
31 December 2016 (Audited)	**68,148**	**68,148**

31 December 2016 (Audited)	Properties and Buildings	Total
Cost		
31 December 2015	115,972	115,972
Increases	—	—
Decreases	—	—
31 December 2016	115,972	115,972
Accumulated depreciation and amortisation		
31 December 2015	45,051	45,051
Increases	2,773	2,773
Decreases	—	—
31 December 2016	47,824	47,824
Allowances for impairment		
31 December 2015	—	—
Increases	—	—
Decreases	—	—
31 December 2016	—	—
Net carrying amount		
31 December 2016	68,148	68,148
31 December 2015	70,921	70,921

16 GOODWILL

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Carrying amount at the beginning of the period/year:		
Cost	**10,787,650**	10,622,420
Accumulated impairment	**381,481**	357,143
Net carrying amount	**10,406,169**	10,265,277
Movement during the period/year:		
Additions and effect of exchange rate changes	**(59,477)**	165,230
Impairment and effect of exchange rate changes	**(8,886)**	24,338
Carrying amount at the end of the period/year:		
Cost	**10,728,173**	10,787,650
Accumulated impairment	**372,595**	381,481
Net carrying amount	**10,355,578**	10,406,169

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
China Asset Management Co., Ltd.	**7,418,587**	7,418,587
CITIC Securities International Company Limited	**2,171,753**	2,222,344
CITIC Securities Overseas Investment Company Limited	**434,695**	434,695
CITIC Futures Co., Ltd.	**193,826**	193,826
CITIC Securities (Shandong) Co., Ltd.	**88,675**	88,675
CITIC Securities Company Limited	**43,500**	43,500
Xin Jiang Equity Exchange Centre Limited	**4,542**	4,542
Total	**10,355,578**	10,406,169

17 LAND-USE RIGHTS AND INTANGIBLE ASSETS

30 June 2017 (Unaudited)	Seats on Stock Exchanges	Software Development	Customer Relationships	Trademarks	Land-Use Rights	Total
Cost						
31 December 2016 (Audited)	**128,010**	**1,241,171**	**1,320,600**	**295,168**	**2,261,433**	**5,246,382**
Increases	**6**	**5,919**	**21,001**	**—**	**—**	**26,926**
Decreases	**(254)**	**(725)**	**—**	**(2)**	**—**	**(981)**
Effect of exchange rate change	**293**	**(13,580)**	**(27,806)**	**(6,866)**	**—**	**(47,959)**
30 June 2017 (Unaudited)	**128,055**	**1,232,785**	**1,313,795**	**288,300**	**2,261,433**	**5,224,368**
Accumulated amortisation						
31 December 2016 (Audited)	**98,979**	**798,557**	**438,422**	**—**	**90,661**	**1,426,619**
Increases	**67**	**99,410**	**74,948**	**—**	**29,339**	**203,764**
Decreases	**(24)**	**(229)**	**—**	**—**	**—**	**(253)**
Effect of exchange rate change	**(189)**	**(9,805)**	**(10,479)**	**—**	**—**	**(20,473)**
30 June 2017 (Unaudited)	**98,833**	**887,933**	**502,891**	**—**	**120,000**	**1,609,657**
Allowance for impairment						
31 December 2016 (Audited)	**—**	**184**	**—**	**—**	**—**	**184**
Increases	**—**	**—**	**—**	**—**	**—**	**—**
Decreases	**—**	**(184)**	**—**	**—**	**—**	**(184)**
Effect of exchange rate change	**—**	**—**	**—**	**—**	**—**	**—**
30 June 2017 (Unaudited)	**—**	**—**	**—**	**—**	**—**	**—**
Net carrying amount						
30 June 2017 (Unaudited)	**29,222**	**344,852**	**810,904**	**288,300**	**2,141,433**	**3,614,711**
31 December 2016 (Audited)	**29,031**	**442,430**	**882,178**	**295,168**	**2,170,772**	**3,819,579**

31 December 2016 (Audited)	Seats on Stock Exchanges	Software Development	Customer Relationships	Trademarks	Land-Use Rights	Total
Cost						
31 December 2015	123,957	1,103,489	1,224,319	275,976	2,251,043	4,978,784
Increases	3,218	102,042	21,502	387	10,390	137,539
Decreases	(2,028)	(3,430)	—	—	—	(5,458)
Effect of exchange rate change	2,863	39,070	74,779	18,805	—	135,517
31 December 2016	128,010	1,241,171	1,320,600	295,168	2,261,433	5,246,382
Accumulated amortisation						
31 December 2015	97,496	587,467	277,898	—	30,510	993,371
Increases	353	190,980	137,147	—	60,151	388,631
Decreases	(14)	(2,974)	—	—	—	(2,988)
Effect of exchange rate change	1,144	23,084	23,377	—	—	47,605
31 December 2016	98,979	798,557	438,422	—	90,661	1,426,619
Allowance for impairment						
31 December 2015	—	—	—	—	—	—
Increases	—	184	—	—	—	184
Decreases	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—
31 December 2016	—	184	—	—	—	184
Net carrying amount						
31 December 2016	29,031	442,430	882,178	295,168	2,170,772	3,819,579
31 December 2015	26,461	516,022	946,421	275,976	2,220,533	3,985,413

The Company and its wholly owned subsidiary GoldStone ZeXin Investment Management Co., Ltd. (hereinafter referred to as "GoldStone Zexin") jointly bid for a piece of land-use right in Shenzhen in January 2014. GoldStone ZeXin is engaged in, among other business activities, real estate development. The Company and GoldStone Zexin obtained the land-use right certificate in August, 2015. GoldStone Zexin obtained a bank loan, which is secured over the land-use right held by the company and GoldStone Zexin and guaranteed by GoldStone Investment Co., Ltd., the holding company of GoldStone ZeXin.

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
At fair value:		
Equity investments	**1,057,676**	751,961
Others (i)	**15,865,057**	19,812,742
At cost:		
Equity investments	**12,952,751**	12,600,238
	29,875,484	33,164,941
Less: impairment losses	**602,602**	609,613
Total	**29,272,882**	32,555,328
Analysed into:		
Listed	**16,922,734**	20,564,703
Unlisted	**12,350,148**	11,990,625
	29,272,882	32,555,328

Current

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
At fair value:		
Debt securities	**21,170,081**	21,685,514
Equity investments	**17,324,649**	17,281,085
Others	**12,274,085**	15,333,023
	50,768,815	54,299,622
Less: impairment losses	**1,226,579**	1,976,445
Total	**49,542,236**	52,323,177
Analysed into:		
Listed	**38,737,570**	38,357,032
Unlisted	**10,804,666**	13,966,145
	49,542,236	52,323,177

(i) As at 30 June 2017, others mainly included the investment portfolio, operating by China Securities Finance Corporation Limited ("CSF"), which was jointly invested by the Company and other securities companies. Under the investment agreement, the Company and other joint investors share the income/loss based on contribution proportion.

As at 30 June 2017, based on the investment report provided by CSF, the cost of the Company's investment managed by CSF was RMB15,675 million (31 December 2016: RMB21,109 million), while the fair value was RMB15,865 million (31 December 2016: RMB19,813 million).

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

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Non-current		
Equity investments	**6,724,679**	6,098,362
Debt securities	**100,000**	100,000
Others	**215,808**	222,245
	7,040,487	6,420,607
Analysed into:		
Listed	**1,611,658**	1,587,605
Unlisted	**5,428,829**	4,833,002
	7,040,487	6,420,607
Current		
Equity investments	**9,580,449**	6,827,856
Others	**342,370**	88,722
	9,922,819	6,916,578
Analysed into:		
Listed	**9,580,449**	6,826,914
Unlisted	**342,370**	89,664
	9,922,819	6,916,578

20 REFUNDABLE DEPOSITS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Margin trading deposits	**836,629**	1,067,015
Credit deposits	**147,396**	237,909
Performance bonds	**44,638**	295,126
Total	**1,028,663**	1,600,050

21 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 2016 (Audited)	**40,560**	**1,315**	**565,536**	**229**	**1,907,088**	**296,125**	**2,810,853**
Credited/(debited) to the statement of profit or loss	**(3,980)**	**(131)**	**(204,788)**	**61,188**	**(161,417)**	**102,149**	**(206,979)**
Debited to other comprehensive income	**(839)**	**—**	**—**	**—**	**(209)**	**(571)**	**(1,619)**
At 30 June 2017 (Unaudited)	**35,741**	**1,184**	**360,748**	**61,417**	**1,745,462**	**397,703**	**2,602,255**

Deferred income tax assets (Audited)	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 2015	23,835	908	514,701	518,016	1,953,541	130,287	3,141,288
Credited/(debited) to the statement of profit or loss	14,410	407	50,835	(517,787)	(46,886)	141,657	(357,364)
Credited to other comprehensive income	2,315	—	—	—	433	24,181	26,929
At 31 December 2016	40,560	1,315	565,536	229	1,907,088	296,125	2,810,853

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 the fair value of financial liabilities measured at fair value through profit or loss	Change in the fair value of derivatives	Others	Total
At 31 December 2016 (Audited)	**461,766**	**145,048**	**848,397**	**235**	**69,997**	**40,301**	**1,565,744**
Debited/(credited) to the statement of profit or loss	**(42,156)**	**238,164**	**520**	**3,312**	**(68,533)**	**(1,951)**	**129,356**
Debited/(credited) to other comprehensive income	**(10,264)**	**(1,093)**	**251,098**	**—**	**—**	**(547)**	**239,194**
At 30 June 2017 (Unaudited)	**409,346**	**382,119**	**1,100,015**	**3,547**	**1,464**	**37,803**	**1,934,294**

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 the fair value of financial liabilities measured at fair value through profit or loss	Change in the fair value of derivatives	Others	Total
At 31 December 2015	512,785	927,645	1,020,822	34,347	42	46,825	2,542,466
Debited/(credited) to the statement of profit or loss	(82,468)	(782,844)	(24,157)	(34,112)	69,955	(7,051)	(860,677)
Debited/(credited) to other comprehensive income	31,449	247	(148,268)	—	—	527	(116,045)
At 31 December 2016	461,766	145,048	848,397	235	69,997	40,301	1,565,744

22 OTHER NON-CURRENT ASSETS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Project investment (Notes 17)	**1,627,834**	1,605,965
Receivables and others	**2,810,490**	2,115,540
Total	**4,438,324**	3,721,505

23 MARGIN ACCOUNTS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Margin accounts	**63,350,526**	65,222,343
Less: impairment losses	**197,780**	201,150
Total	**63,152,746**	65,021,193

Margin accounts are funds that the Group lends to the customers for margin financing business.

As at 30 June 2017, the Group received collateral with fair value amounted to RMB236,689 million (31 December 2016: RMB226,265 million), in connection with its margin financing business.

24 FINANCIAL ASSETS HELD FOR TRADING

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Debt securities	**80,714,247**	97,288,951
Equity investments (i)	**47,691,412**	43,542,594
Others	**3,172,091**	5,450,222
Total	**131,577,750**	146,281,767
Analysed into:		
Listed	**95,486,389**	110,687,203
Unlisted	**36,091,361**	35,594,564
	131,577,750	146,281,767

(i) Included RMB17 million of securities lent to clients under securities lending arrangements as at 30 June 2017 (31 December 2016: RMB15 million).

25 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2017		31 December 2016	
	Assets (Unaudited)	Liabilities (Unaudited)	Assets (Audited)	Liabilities (Audited)
Interest rate derivatives	**572,258**	**617,508**	591,937	679,801
Currency derivatives	**305,703**	**167,017**	303,638	234,260
Equity derivatives	**2,644,864**	**4,090,563**	2,611,586	1,408,546
Credit derivatives	**164,234**	**278,184**	168,270	251,243
Others	**156,196**	**15,210**	104,927	2,741
Total	**3,843,255**	**5,168,482**	3,780,358	2,576,591

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 2017. Accordingly, the amount of mark-to-market gain or loss of unexpired futures contracts included in derivative financial instruments above was nil. As at June 30th 2017, the fair value of the Group's unexpired futures contracts was RMB-30 million (31 December 2016: RMB9 million).

26 REVERSE REPURCHASE AGREEMENTS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Analysed by collateral:		
Securities	**70,007,737**	39,708,451
Debts	**23,918,080**	18,900,442
Others	**860**	685,315
Less: impairment losses	**209,650**	119,125
Total	**93,717,027**	59,175,083
Analysed by counterparty:		
Banks	**7,457,637**	6,695,094
Non-bank financial institutions	**4,884,746**	8,460,303
Others	**81,584,294**	44,138,811
Less: impairment losses	**209,650**	119,125
Total	**93,717,027**	59,175,083

As at 30 June 2017, the Group received collateral amounted to RMB195,150 million (31 December 2016: RMB128,257 million), in connection with its reverse repurchase agreements.

As part of the reverse repurchase agreements, the Group received securities allowed to be re-pledged in the absence of default by counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group had an obligation to return the collateral to its counterparties at the maturity of the contracts.

As at 30 June 2017, the amount of the above collateral allowed to be re-pledged was RMB14,673 million (31 December 2016: RMB16,783 million), and the amount of the collateral re-pledged was RMB6,480 million (31 December 2016: RMB10,916 million).

27 OTHER CURRENT ASSETS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Accounts due from clients	**17,958,134**	9,604,877
Accounts due from brokers	**7,019,234**	3,165,205
Interest receivable	**3,527,975**	4,005,822
Settlement deposits receivable	**3,368,051**	3,713,437
Deferred expenses	**257,984**	250,121
Dividends receivable	**3,663**	1,102
Bulk commodity trading inventory and others	**3,986,189**	6,274,334
Less: Impairment losses	**442,556**	337,295
Total	**35,678,674**	26,677,603

28 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 30). 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" together with 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.

29 CASH AND BANK BALANCES

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Cash on hand	**350**	389
Deposits in banks	**42,201,478**	36,712,645
Total	**42,201,828**	36,713,034

As at 30 June 2017, the Group had restricted funds of RMB3,409 million (31 December 2016: RMB3,483 million).

30 CUSTOMER BROKERAGE DEPOSITS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Customer brokerage deposits	**118,173,750**	134,397,672

Customer brokerage deposits represent the amount received from and repayable to clients arising from the ordinary course of the Group's securities brokerage activities. For more details, please refer to Note 28 "Cash held on behalf of customers".

31 FINANCIAL LIABILITIES HELD FOR TRADING

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Current		
Debt securities	**3,726,237**	2,581,914
Equity investments	**1,075,097**	1,387,367
Others	**5,365**	8,941
Total	**4,806,699**	3,978,222

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

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Non-current		
Equity linked notes and others	**1,071,006**	6,868,128
Current		
Minority interests of consolidated structured entities	**2,199,610**	4,089,446
Structured notes and others	**31,077,854**	16,282,528
	33,277,464	20,371,974

33 REPURCHASE AGREEMENTS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Analysed by collateral:		
Debts	**51,461,173**	75,495,731
Gold	**27,976,084**	22,746,733
Securities	**703,883**	691,456
Others	**17,640,532**	22,480,323
Total	**97,781,672**	121,414,243
Analysed by counterparty:		
Banks	**50,294,654**	39,916,605
Non-bank financial institutions	**39,940,440**	11,897,943
Others	**7,546,578**	69,599,695
Total	**97,781,672**	121,414,243

As at 30 June 2017, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB106,461 million (31 December 2016: RMB136,205 million).

34 TAXES PAYABLE

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Enterprise income tax	**802,504**	1,485,494
Individual income tax	**589,436**	771,178
Value added tax	**138,398**	118,286
Business tax	**12,817**	19,819
Others	**34,518**	37,931
Total	**1,577,673**	2,432,708

35 SHORT-TERM LOANS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Analysed by nature:		
Credit loans	**2,484,324**	2,103,822
Collateralised loans	**301,227**	1,083,740
Pledged loans	**293,102**	291,916
Total	**3,078,653**	3,479,478
Analysed by maturity:		
Maturity within one year	**3,078,653**	3,479,478

As at 30 June 2017, the annual interest rates on the short-term loans were in the range of 1.19% to 10.00% (31 December 2016: 1.42% to 4.35%).

36 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

Six months ended 30 June 2017 (Unaudited)

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending balance
16 CITIC 01	27/10/2016	27/04/2017	3.10%	1,999,638	362	2,000,000	—
Structured notes	05/01/2016–29/06/2017	04/01/2017–11/06/2018	2.90%–4.91%	19,346,592	54,512,947	41,220,050	32,639,489
Total				21,346,230	54,513,309	43,220,050	32,639,489

Year ended 31 December 2016 (Audited)

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending Balance
15 CITIC D1	27/10/2015	27/10/2016	3.90%	7,993,011	6,989	8,000,000	—
16 CITIC CP001	27/01/2016	27/04/2016	2.89%	—	3,001,081	3,001,081	—
16 CITIC CP002	15/04/2016	15/07/2016	2.83%	—	5,002,238	5,002,238	—
16 CITIC CP003	09/05/2016	08/08/2016	2.85%	—	5,001,357	5,001,357	—
16 CITIC CP004	25/05/2016	24/08/2016	2.83%	—	3,001,369	3,001,369	—
16 CITIC CP005	17/06/2016	14/09/2016	2.91%	—	5,001,690	5,001,690	—
16 CITIC CP006	14/07/2016	13/10/2016	2.64%	—	5,001,671	5,001,671	—
16 CITIC CP007	04/08/2016	03/11/2016	2.58%	—	5,001,671	5,001,671	—
16 CITIC 01	27/10/2016	27/04/2017	3.10%	—	2,000,199	561	1,999,638
Structured notes	22/01/2015–30/12/2016	22/01/2016–27/09/2017	1.84%–7.00%	4,855,068	27,725,092	13,233,568	19,346,592
Total				12,848,079	60,743,357	52,245,206	21,346,230

As at 30 June 2017, there was no default related to any short-term financing instruments payable issued (31 December 2016: Nil).

37 OTHER CURRENT LIABILITIES

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Settlement deposits payable	**20,606,351**	19,384,353
Accounts due to brokers	**13,730,978**	5,193,189
Other non-current liabilities due within one year (Notes 38(a)(ii)(iv))	**8,534,684**	807,000
Salaries, bonuses and allowances payable	**8,329,862**	9,536,566
Dividends payable	**4,242,967**	2,049
Interest payable	**1,939,580**	2,423,119
Accrued liabilities (i)	**436,352**	436,352
Fee and commissions payable	**258,643**	300,584
Funds payable to securities issuers	**204,076**	134,171
Funds payable to securities holders	**171,671**	184,701
Others	**2,916,180**	3,994,249
Total	**61,371,344**	42,396,333

(i) The Company made a provision of RMB436 million on a conservative basis with reference to the margin trading accounts being inspected during the investigation in 2015. In May 2017, the Company received CSRC's Advanced Notice of Administrative Penalty, confiscating related illegal earnings of RMB62 million and imposing a fine of RMB308 million, totaling RMB370 million. At the date of this report, the Company had not received CSRC's notification of final administrative penalty, therefore no adjustment was made to the amount of accrued liabilities.

38 DEBT INSTRUMENTS ISSUED

By category		30 June 2017 (Unaudited)	31 December 2016 (Audited)
Bonds and medium term notes issued	(a)	**82,545,698**	69,451,668
Structured notes issued	(b)	**311,486**	300,507
		82,857,184	69,752,175

By maturity	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Maturity within five years	**68,377,813**	55,274,246
Maturity over five years	**14,479,371**	14,477,929
	82,857,184	69,752,175

As at 30 June 2017, there was no default related to any issued debt instruments (31 December 2016: Nil).

(a) Bonds and medium term notes issued

Item		30 June 2017 (Unaudited)	31 December 2016 (Audited)
06 CITICS Bond	(i)	**1,500,000**	1,500,000
13 CITICS 01	(ii)	**—**	2,997,699
13 CITICS 02	(iii)	**11,980,113**	11,978,707
CITIC SEC B1805	(iv)	**—**	5,485,029
15 CITICS 01	(v)	**5,498,935**	5,498,772
15 CITICS 02	(vi)	**2,499,259**	2,499,222
15 CITICS C1	(vii)	**11,499,776**	11,499,624
15 CITICS C2	(viii)	**8,499,703**	8,499,568
CITIC SEC N1910	(ix)	**4,391,508**	4,494,564
16 CITICS G1	(x)	**12,498,872**	12,498,648
16 CITICS G2	(xi)	**2,499,850**	2,499,835
17 CITICS C1	(xii)	**1,999,502**	—
17 CITICS C2	(xiii)	**2,299,845**	—
17 CITICS G1	(xiv)	**9,998,915**	—
17 CITICS G2	(xv)	**1,999,873**	—
CITIC SEC N2204	(xvi)	**3,358,663**	—
CITIC SEC N2004	(xvi)	**2,020,884**	—
Carrying amount		**82,545,698**	69,451,668

(i) Pursuant to the approval by the CSRC, the Company issued a 15-year bond with a face value of RMB1.5 billion from 25 May 2006 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 RMB3 billion from 7 June 2013 to 14 June 2013. The coupon rate of the bond is 4.65% and the maturity date is 7 June 2018. As at 30 June 2017, the bond was presented as other non-current liabilities due within one year (Note 37).

(iii) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12 billion from 7 June 2013 to 14 June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.

(iv) CITIC Securities Finance 2013 Co., Ltd. issued a 5-year bond with a face value of USD0.8 billion (equivalent to RMB4.94 billion) from 25 April 2013 to 3 May 2013, which was guaranteed by Bank of China (Macau Branch). The Company provides a counter-guarantee to Bank of China Limited. The coupon rate of the bond is 2.50% and the maturity date is 3 May 2018. As at 30 June 2017, the bond was presented as other non-current liabilities due within one year (Note 37).

(v) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB5.5 billion from 24 June 2015 to 25 June 2015. The coupon rate of the bond is 4.60% and the maturity date is 25 June 2020.

(vi) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB2.5 billion from 24 June 2015 to 25 June 2015. The coupon rate of the bond is 5.10% and the maturity date is 25 June 2025.

(vii) The company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB11.5 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 would increase to 8.50%.

(viii) The Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB8.5 billion on 16 July 2015. The coupon rate of the bond is 5.00% and the maturity date is 16 July 2020. The Company has an option to redeem all of the bonds at their face value at their third anniversary. If the Company did not exercise the option, the coupon rate of the bond would increase by 300 basis points.

(ix) Pursuant to the resolution of re-Authorising on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders Meeting in 2013 and approval of relevant Regulatory, CITIC Securities Finance MTN Co., Ltd. established a USD3 billion (or other equivalents) Medium Term Note Programme on 17 October 2014. During the year of 2014, CITIC Securities Finance MTN Co., Ltd. had its first drawdown under the Programme to issue notes with a face value of USD0.65 billion. During the year of 2015, CITIC Securities Finance MTN Co., Ltd. had eight drawdowns under the Programme to issue notes with an aggregated face value of USD439.68 million which were at maturity and paid off in the year. These Medium Term Notes are guaranteed by the Company with no counter-guarantee arrangement.

(x) Pursuant to the approval by the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB12.5 billion from 16 November 2016 to 17 November 2016. The coupon rate of the bond is 3.26% and the maturity date is 17 November 2019.

(xi) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.5 billion from 16 November 2016 to 17 November 2016. The coupon rate of the bond is 3.38% and the maturity date is 17 November 2021.

(xii) Pursuant to the resolution of re-Authorising on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders Meeting in 2013 and approval of relevant Regulatory, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2 billion on 24 May 2017. The coupon rate of the bond is 5.10% and the maturity date is 25 May 2020.

(xiii) Pursuant to the resolution of re-Authorising on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders Meeting in 2013 and approval of relevant Regulatory, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB2.3 billion on 24 May 2017. The coupon rate of the bond is 5.30% and the maturity date is 25 May 2022.

(xiv) Pursuant to the approval by the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB10 billion from 16 February 2017 to 17 February 2017. The coupon rate of the bond is 4.20% and the maturity date is 17 February 2020.

(xv) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2 billion from 16 February 2017 to 17 February 2017. The coupon rate of the bond is 4.40% and the maturity date is 17 February 2022.

(xvi) CITIC Securities Finance MTN Co., Ltd. had two further drawdowns under the Programme to issue notes mentioned in (ix) with the face value of USD0.5 billion and USD0.3 billion on 11 April 2017.

(b) Structured notes issued

As at 30 June 2017, the structured notes issued by the Group amounted to RMB311 million (31 December 2016: RMB301 million) were with remaining tenors greater than one year and coupon rates ranging from 2.50% to 4.55% (31 December 2016: 2.50% to 4.50%).

39 LONG-TERM LOANS

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Analysed by nature:		
Collateralised loans	**551,900**	543,900
Credit loans	**533,000**	533,000
Pledged loans	**37,288**	37,288
Total	**1,122,188**	1,114,188
Analysed by maturity:		
Maturity within five years	**1,122,188**	1,114,188

As at 30 June 2017, the interest rates on the long-term loans were in the range of 4.60% to 5.50% (31 December 2016: 4.60% to 5.50%).

40 OTHER NON-CURRENT LIABILITIES

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Regulatory risk provision payables	**443,677**	388,503
Others	**1,064,267**	17,980
Total	**1,507,944**	406,483

41 ISSUED SHARE CAPITAL

Ordinary Shares	30 June 2017 Number of shares (Thousand) (Unaudited)	30 June 2017 Nominal Value (Unaudited)	31 December 2016 Number of shares (Thousand) (Audited)	31 December 2016 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**	2,278,328	2,278,328
	12,116,908	**12,116,908**	12,116,908	12,116,908

42 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 reserves

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. These reserves may be used to offset accumulated losses of the Company but shall not be declared as dividends or converted into share capital. General reserves also include reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside of the Mainland China in accordance with the regulatory requirements in their respective territories are also included herein. These regulatory reserves are not available for distribution.

(d) Investment revaluation reserve

Investment revaluation reserve represents the fair value changes of available-for-sale financial assets.

(e) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China with functional currencies other than RMB.

(f) Distributable profits

The Company's distributable profits are based on the retained earnings of the Company as determined under China Accounting Standards and IFRSs, whichever is lower.

43 CASH AND CASH EQUIVALENTS

	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Cash on hand	**350**	427
Deposits in banks	**38,792,976**	37,453,291
Total	**38,793,326**	37,453,718

44 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Contracted, but not provided for	**152,676**	178,860

The above-mentioned captial commitments are mainly in respect of the construction of properties and purchase of equipment of 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 2017 (Unaudited)	31 December 2016 (Audited)
Within one year	**681,241**	1,078,223
After one year but no more than two years	**527,528**	993,491
After two years but no more than three years	**402,741**	860,982
After three years	**657,597**	866,124
Total	**2,269,107**	3,798,820

(ii) Operating lease commitments — as a lessor

At the end of the reporting period, the future minimum lease receivables of the Group as lessor under significantly irrevocable operating lease arrangements are summarized below.

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Within one year	**300,048**	292,088
After one year but no more than two years	**282,399**	273,126
After two years but no more than three years	**273,125**	258,859
After three years	**1,427,532**	1,577,073
Total	**2,283,104**	2,401,146

(c) Legal proceedings

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 30 June 2017, the Group was not involved in any material legal, or arbitration that if adversely determined, the Group would expect materially adversely affect its financial position or results of operations.

45 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	Unified Social Credit Code
CITIC Corporation Limited	Largest equity holder	State-controlled	Beijing	Zhenming Chang	Financial, industrial and other services	RMB139 billion	16.50%	16.50%	911100007178317092

(2) Related party transactions

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

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, which was guaranteed by CITIC Corporation Limited. As at 30 June 2017, the total guarantees provided by CITIC Corporation Limited amounted to RMB1.5 billion (31 December 2016: RMB1.5 billion).

(b) Subsidiaries

Transactions during the period

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Interest income	**172,393**	218,694
Investment income	**53,016**	288,531
Income from providing services	**20,262**	2,044
Lease fees received	**1,936**	1,989
Interest expense	**78,933**	91,186
Expense from receiving services	**1,105**	251
Lease expenses paid	**58,968**	—

Balances at the end of the period/year

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
Other current assets	**21,174,768**	13,254,366
Available-for-sale financial assets	**8,888,719**	11,968,536
Deposits for investments — Stock index futures	**923,459**	1,262,516
Reverse repurchase agreements	**2,299,512**	4,144,033
Derivative financial assets	**1,756,257**	103,283
Refundable deposits	**798,496**	434,933
Cash held on behalf of customers	**107,692**	69,763
Financial assets held for trading	**41,183**	2,320
Other current liabilities	**4,341,716**	4,694,828
Derivative financial liabilities	**1,861,984**	1,429,219
Customer brokerage deposits	**85,305**	34,642
Short-term financing instruments payable	**1,820,290**	1,795,000
Debt instruments issued	**7,016, 284**	365,000

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	
	2017	2016
	(Unaudited)	(Unaudited)
Interest income	**171,673**	285,288
Income from providing services	**120,902**	26,657
Lease fees received	**5,463**	1,993
Investment income	**(481)**	(13,502)
Expense from receiving services	**72,145**	102,513
Interest expense	**55,065**	16,549
Lease expenses paid	**5,666**	7,730
Equity investment transfer	**—**	344,966

Balances at the end of the period/year

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
Cash held on behalf of customers (i)	**10,963,357**	17,197,429
Cash and bank balances (i)	**5,669,587**	1,882,268
Other current assets	**100,772**	780
Other current liabilities	**7,580**	6,620

(i) Represents deposits placed with financial institutions, which are the subsidiaries 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	
	2017	2016
	(Unaudited)	(Unaudited)
Lease fees received	**850**	—
Income from providing services	**40,034**	598,416
Lease expenses paid	**16,358**	18,067
Expense from receiving services	**3,571**	2,052
Interest expense	**1,883**	1,414

Balances at the end of the period/year

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
Other current assets	**1,578**	888
Other current liabilities	**452**	434

(e) Associates

Transactions during the period

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Income from providing services	**1**	194
Lease fees received	**1,108**	1,748
Interests expense	**—**	3

Balances at the end of the period/year

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
Other current liabilities	**412**	—

(f) Other transactions during the period

As at 30 June 2017, the collective asset management plan managed by the Company and held by the Company and its subsidiaries amounted to RMB987 million (31 December 2016: RMB1,096 million).

As at 30 June 2017, the structured note held by the subsidiaries and joint ventures of the largest equity holder of the Company amounted to RMB500 million (31 December 2016: Nil).

46 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.

For refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts, due from banks and other financial institutions, customer brokerage deposits, repurchase agreements, short-term loans, due to banks and other financial institutions and short-term financing instruments payable, these financial instruments are of short term in nature and thus their fair values approximate to their carrying amounts.

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 major 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 and price to book ratio 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 may have impact on the valuation include liquidity discount, and price to book ratio. As at 30 June 2017, 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 2017 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading				
—Debt securities	**44,371,490**	**36,275,219**	**67,538**	**80,714,247**
—Equity investments	**46,032,924**	**1,398,508**	**259,980**	**47,691,412**
—Others	**1,340,537**	**1,831,554**	**—**	**3,172,091**
Subtotal	**91,744,951**	**39,505,281**	**327,518**	**131,577,750**
Financial assets designated as at fair value through profit or loss	**10,217,666**	**1,219,913**	**5,525,727**	**16,963,306**
Derivative financial assets	**2,455**	**3,840,800**	**—**	**3,843,255**
Available-for-sale financial assets				
—Debt securities	**1,151,589**	**19,627,605**	**—**	**20,779,194**
—Equity investments	**12,318,824**	**2,762,706**	**2,556,003**	**17,637,533**
—Others	**364,668**	**27,683,574**	**—**	**28,048,242**
Subtotal	**13,835,081**	**50,073,885**	**2,556,003**	**66,464,969**
Total	**115,800,153**	**94,639,879**	**8,409,248**	**218,849,280**
Financial liabilities:				
Financial liabilities held for trading	**4,603,910**	**175,638**	**27,151**	**4,806,699**
Financial liabilities designated as at fair value through profit or loss	**—**	**29,336,224**	**5,012,246**	**34,348,470**
Derivative financial liabilities	**1,713**	**5,166,769**	**—**	**5,168,482**
Total	**4,605,623**	**34,678,631**	**5,039,397**	**44,323,651**

31 December 2016 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading				
—Debt securities	51,384,438	45,584,219	320,294	97,288,951
—Equity investments	42,364,376	884,426	293,792	43,542,594
—Others	1,203,553	4,246,669	—	5,450,222
Subtotal	94,952,367	50,715,314	614,086	146,281,767
Financial assets designated as at fair value through profit or loss	7,213,138	1,221,283	4,902,764	13,337,185
Derivative financial assets	56,864	3,723,494	—	3,780,358
Available-for-sale financial assets				
—Debt securities	1,345,304	19,946,518	—	21,291,822
—Equity investments	11,547,572	1,994,687	3,234,911	16,777,170
—Others	563,062	34,255,826	—	34,818,888
Subtotal	13,455,938	56,197,031	3,234,911	72,887,880
Total	115,678,307	111,857,122	8,751,761	236,287,190
Financial liabilities:				
Financial liabilities held for trading	3,875,269	96,480	6,473	3,978,222
Financial liabilities designated as at fair value through profit or loss	—	22,534,280	4,705,822	27,240,102
Derivative financial liabilities	50,144	2,526,447	—	2,576,591
Total	3,925,413	25,157,207	4,712,295	33,794,915

(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 1 January 2017	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 30 June 2017
Financial assets:									
Financial assets held for trading									
— Debt securities	**320,294**	**(846)**	**—**	**15,544**	**83,192**	**—**	**—**	**184,262**	**67,538**
— Equity investments	**293,792**	**17,661**	**—**	**—**	**51,473**	**—**	**—**	**—**	**259,980**
Financial assets designated as at fair value through profit or loss	**4,902,764**	**347,557**	**(6,436)**	**321,842**	**40,000**	**—**	**—**	**—**	**5,525,727**
Available-for-sale financial assets									
— Equity investments	**3,234,911**	**(4,186)**	**(373,559)**	**2,851**	**2,230**	**—**	**301,784**	**—**	**2,556,003**
Financial liabilities:									
Financial liabilities designated as at fair value through profit or loss	**4,705,822**	**307,144**	**—**	**—**	**720**	**—**	**—**	**—**	**5,012,246**
Financial liabilities held for trading	**6,473**	**(1,029)**	**—**	**23,868**	**2,161**	**—**	**—**	**—**	**27,151**

Audited	As at 1 January 2016	Total gains/ (losses) recorded in profit or loss	Total gains recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2016
Financial assets:									
Financial assets held for trading									
— Debt securities	299,651	13,167	—	305,140	297,664	—	—	—	320,294
— Equity investments	1,044,522	(213,695)	—	87,931	225,623	126,337	525,680	—	293,792
Financial assets designated as at fair value through profit or loss	2,086,142	334,411	14,163	2,301,311	14,342	383,320	—	202,241	4,902,764
Available-for-sale financial assets									
— Equity investments	417,627	7,848	1,874,766	793,800	4,799	209,088	63,419	—	3,234,911
Financial liabilities:									
Financial liabilities designated as at fair value through profit or loss	3,257,995	39,040	—	1,408,787	—	—	—	—	4,705,822
Financial liabilities held for trading	—	(251)	—	6,724	—	—	—	—	6,473

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

	Six months ended 30 June 2017(Unaudited)		
	Realised	Unrealised	Total
Total gains for the period	**5,713**	**48,358**	**54,071**

	Year 2016(Audited)		
	Realised	Unrealised	Total
Total gains for the year	12,942	90,000	102,942

(c) Transfers between Level 1 and Level 2

During the six months ended 30 June 2017, there were no transfers of fair value measurement between Level 1 and Level 2 (31 December 2016: Nil).

(d) Financial instruments not measured at fair value

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 2017 (Unaudited)	31 December 2016 (Audited)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Debt instruments issued	**82,857,184**	69,752,175	**82,745,007**	71,039,299

At the end of the reporting period, 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.

47 FINANCIAL INSTRUMENTS RISK MANAGEMENT

Overview

Company has always believed 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 supports 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 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 related professional committees under the Operation Management, the relevant internal control departments and business departments/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 and business departments/business lines, and manages risks through review, decision, execution and supervision.

Level 1: The Board

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 recommendation to the Board.

Level 2: The Operation Management

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and the operation management 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 Operation Management 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 the operation management 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. With regular working meeting, the Risk Management Sub-working Group has set up specific working groups led by specific risk management control experts with the involvement of related business departments/business lines separately in accordance with market risks, credit risks, liquidity risks and operational risks to respond to matters from daily monitoring to be dealt with or decisions made by the higher authorities in a timely manner through the establishment of coordination on implementation level. 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. The Company has renewed the relevant system for the Product Committee in 2017 and specified that the Product Committee should be responsible for the guidance and implementation of the appropriateness management works of investors. Under the authority of the Board and Operation Management, the Product Committee uniformly plans, coordinates and decides the products and service business of the Company. It reviews the issuance or sales of products and providing related service and is the decision-making body of the appropriateness management of the Company. Besides the Risk Evaluation Group, the Product Committee also newly set up the permanent Appropriateness Management Group. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, establishing the classification criteria and methods of products or service risks of the Company, performing risk assessment and risk rating on the specific products or services, managing the internal filing of various products, as well as supervising the management during the period of its existence on the products. Through convening the product evaluation meetings, it performs extensive and in-depth analysis on the proposed products and makes a comprehensive and appropriate evaluation. The Appropriateness Management Group is responsible for the formulation of the classification criteria of investors, performing the principle and process matching the investors' appropriateness and urging the departments to implement the appropriate management of investors, as well as organizing appropriateness training and the self-examination and rectification of the appropriateness levels of the Company, in order to establish and improve the appropriateness assessment database and other related works.

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 risk defense 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 analyzes and assesses the overall risks of the Company and each of its business lines and recommends on optimized allocation of risk resources; assists the Risk Management Committee in the preparation of risk management indicators such as risk limits, as well as supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the operation management, and regularly discloses the general risk portfolio 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 fulfillment 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 management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the business departments/business lines and branches to assess, develop, modify and improve internal management policies, procedures and business processes based on changes in laws, regulations and guidelines; performs compliance pre-reviews on new internal management policies, important decisions, new products, new businesses and key business activities launched by the Company; and fulfills the regular and non-regular obligations of reporting to regulatory authorities.

The 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 management over the reputation risk 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 its 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 the Group invested; and fourthly, counterparty default risk in over-the-counter ("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 when the contracts reach the mature dates.

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 through credit approval system. Meanwhile, the Company uses its information management systems to monitor its credit risk on a real time basis, keeps track of the credit risk of its business products and transaction counterparties, provides 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.

For credit products investment, in respect of private equity investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recourse, and in respect of public offering investments, through the counterparty credit approval policy, the Company has developed certain investment restrictions based on the 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 2017 (Unaudited)	31 December 2016 (Audited)
Available-for-sale financial assets	**38,879,527**	42,347,197
Refundable deposits	**1,028,663**	1,600,050
Margin accounts	**63,152,746**	65,021,193
Financial assets held for trading	**102,296,702**	121,454,981
Financial assets designated as at fair value through profit or loss	**657,114**	100,000
Derivative financial assets	**3,843,255**	3,780,358
Reverse repurchase agreements	**93,717,027**	59,175,083
Cash held on behalf of customers	**103,207,574**	129,876,778
Bank balances	**42,201,478**	36,712,645
Others	**37,921,587**	28,374,384
Total maximum credit risk exposure	**486,905,673**	488,442,669

(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.

	By geographical area		
30 June 2017 (Unaudited)	Mainland China	Outside Mainland China	Total
Available-for-sale financial assets	**38,099,249**	**780,278**	**38,879,527**
Refundable deposits	**938,294**	**90,369**	**1,028,663**
Margin accounts	**60,833,635**	**2,319,111**	**63,152,746**
Financial assets held for trading	**62,466,031**	**39,830,671**	**102,296,702**
Financial assets designated as at fair value through profit or loss	**100,000**	**557,114**	**657,114**
Derivative financial assets	**2,638,380**	**1,204,875**	**3,843,255**
Reverse repurchase agreements	**91,269,169**	**2,447,858**	**93,717,027**
Cash held on behalf of customers	**97,857,377**	**5,350,197**	**103,207,574**
Bank balances	**29,156,459**	**13,045,019**	**42,201,478**
Others	**6,887,161**	**31,034,426**	**37,921,587**
Total maximum credit risk exposure	**390,245,755**	**96,659,918**	**486,905,673**

31 December 2016 (Audited)	By geographical area Mainland China	Outside Mainland China	Total
Available-for-sale financial assets	42,254,887	92,310	42,347,197
Refundable deposits	1,555,512	44,538	1,600,050
Margin accounts	62,447,940	2,573,253	65,021,193
Financial assets held for trading	93,062,254	28,392,727	121,454,981
Financial assets designated as at fair value through profit or loss	100,000	—	100,000
Derivative financial assets	940,119	2,840,239	3,780,358
Reverse repurchase agreements	58,413,714	761,369	59,175,083
Cash held on behalf of customers	124,760,013	5,116,765	129,876,778
Bank balances	27,209,895	9,502,750	36,712,645
Others	9,357,249	19,017,135	28,374,384
Total maximum credit risk exposure	420,101,583	68,341,086	488,442,669

(b) Liquidity risk

Liquidity risk refers to the risk that the Company is not able to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations and meet capital requirements for normal business operations. The Company has consistently adhered to overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. At present, 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; meanwhile, the Company supplements the long-term working capital through the issuance of corporate bonds, subordinated bonds, structured notes via public and private offering and gold lease, 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, which measures the solvency of the Company via analysis of matching between assets and liabilities within specified point in time and time period and indicators such as funding gaps. The Risk Management Department releases a liquidity risk report on a daily basis, reporting on the assets and liabilities and limits management of the Company. The Company also sets threshold values for internal and external liquidity risk indicators, and once exceeded, the Risk Management Department will warn the Risk Management Committee and the Senior Management of the Company as well as relevant departments according to the relevant systems, and appropriate actions will be taken by the relevant competent departments to adjust the liquidity risks exposed to a level within the permitted ranges. The Company has also established a liquidity reserve pool system, holding sufficient high liquidity assets to meet the Company's emergency liquidity needs.

In 2017, we faced a market of neutral to tight liquidity, relying on the investment from the central bank. The Group strengthened its close monitoring and daily management on liquidity risks, to ensure the constant compliance of liquidity regulatory indicators with the regulatory standards. On the other hand, the Group evaluated liquidity pressure under extreme circumstances through liquidity risk stress tests and formulated emergency plans to ensure secured liquidity of the Company.

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 2017 (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	**101,564,935**	**16,608,815**	**—**	**—**	**—**	**—**	**118,173,750**
Financial liabilities held for trading	**—**	**2,677,806**	**22,451**	**490,749**	**640,708**	**1,101,124**	**4,932,838**
Financial liabilities designated as at fair value through profit or loss	**2,108,471**	**2,504,660**	**14,309,847**	**1,515,126**	**—**	**13,932,140**	**34,370,244**
Repurchase agreements	**—**	**79,541,956**	**17,091,779**	**1,696,994**	**—**	**—**	**98,330,729**
Due to banks and other financial institutions	**—**	**12,007,477**	**511,375**	**—**	**—**	**—**	**12,518,852**
Short-term loans	**—**	**3,480,674**	**329,010**	**—**	**—**	**—**	**3,809,684**
Short-term financing instruments payable	**—**	**25,056,019**	**7,900,538**	**—**	**—**	**—**	**32,956,557**
Debt instruments issued	**—**	**425,000**	**14,726,740**	**64,823,051**	**15,488,500**	**—**	**95,463,291**
Long-term loans	**—**	**6,899**	**20,696**	**1,273,204**	**—**	**—**	**1,300,799**
Others	**30,397,392**	**10,708,490**	**9,007,729**	**290,534**	**6,392**	**197,040**	**50,607,577**
Total	**134,070,798**	**153,017,796**	**63,920,165**	**70,089,658**	**16,135,600**	**15,230,304**	**452,464,321**
Cash flows from derivative financial liabilities settled on a net basis	**17,079**	**597,808**	**2,386,996**	**1,297,809**	**21,588**	**877,623**	**5,198,903**
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	**—**	**(284,200)**	**—**	**—**	**—**	**(350,000)**	**(634,200)**
Contractual amounts payable	**—**	**287,765**	**—**	**—**	**—**	**353,069**	**640,834**
	—	**3,565**	**—**	**—**	**—**	**3,069**	**6,634**

	31 December 2016 (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	125,612,683	8,785,052	—	—	—	—	134,397,735
Financial liabilities held for trading	—	2,484,002	13,149	97,591	107,929	1,379,684	4,082,355
Financial liabilities designated as at fair value through profit or loss	3,841,400	4,027,361	6,730,543	1,506,777	—	11,351,097	27,457,178
Repurchase agreements	—	91,405,888	30,806,573	—	—	—	122,212,461
Due to banks and other financial institutions	—	19,663,856	—	—	—	—	19,663,856
Short-term loans	—	3,082,348	420,054	—	—	—	3,502,402
Short-term financing instruments payable	—	15,636,968	5,930,165	—	—	—	21,567,133
Debt instruments issued	—	632,500	2,324,398	62,212,917	16,222,000	—	81,391,815
Long-term loans	—	6,799	20,396	1,250,307	—	—	1,277,502
Others	23,845,799	3,388,886	1,268,791	273,983	6,186	173,317	28,956,962
Total	153,299,882	149,113,660	47,514,069	65,341,575	16,336,115	12,904,098	444,509,399
Cash flows from derivative financial liabilities settled on a net basis	2,907	573,230	644,337	688,146	44,476	593,122	2,546,218
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(1,230,000)	(305,336)	—	—	(235,000)	(1,770,336)
Contractual amounts payable	—	1,260,491	314,293	—	—	236,170	1,810,954
	—	30,491	8,957	—	—	1,170	40,618

(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 originate from instructions received from the customers and the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price risk and foreign exchange rate risk. Among which, 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 three risk defense lines, i.e. the Risk Management Committee of the Board, Risk Management Committee of the Company and all business departments/business lines as well as internal control departments. Through allocating the overall risk of the Company to different business departments/business lines, and through monitoring by the internal control department, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within an acceptable level.

The Company assesses, monitors and manages its overall market risks through a risk management department, which is independent of the business departments/business lines, and its assessments and testings results are reported to the respective business departments/business lines, the operation management of the Company and the Risk Management Committee. In implementing market risk management, the front-office business departments/business lines, with direct responsibility for risk management and as the frontline risk management team, dynamically manage the market risks arising from its securities holdings, and actively take measures including reducing risk exposures or risk hedging 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 mainly 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 back testing and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company's positions upon occurrence of different events under 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, analyze its risk return and compare its risk resistant capacities, and evaluates whether the overall market risk portfolio of the Company is within its expected limits.

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

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

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

The Group closely kept track of market and business changes, promptly identified the latest market risk profile and maintained good communication with relevant regulatory authorities and shareholders, with a view to timely control exposure to market risks.

(i) VaR

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:

	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Stock price-sensitive financial instruments	**174,804**	242,697
Interest rate-sensitive financial instruments	**22,445**	21,117
Exchange rate-sensitive financial instruments	**45,421**	35,910
Total portfolio VaR	**175,525**	241,909

(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	
	2017 (Unaudited)	2016 (Unaudited)
Change in basis points		
+25 basis points	**(177,694)**	(142,866)
–25 basis points	**180,351**	142,597

Sensitivity of equity

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Change in basis points		
+25 basis points	(38,387)	(60,450)
–25 basis points	38,661	61,047

(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.

Sensitivity of revenue

Currency	Change in currency rate	Six months ended 30 June 2017 (Unaudited)	2016 (Unaudited)
USD	–3%	**271,797**	(233,482)
HKD	–3%	**91,597**	113,618

Sensitivity of equity

Currency	Change in currency rate	30 June 2017 (Unaudited)	31 December 2016 (Audited)
USD	–3%	**(162,385)**	(173,035)
HKD	–3%	**(224,776)**	(220,900)

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 2017 and 31 December 2016. 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.

	As at 30 June 2017 (Unaudited)				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net on-balance sheet position	**140,158,224**	**(12,372,229)**	**9,542,036**	**9,715,856**	**147,043,887**

	As at 31 December 2016 (Audited)				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net on-balance sheet position	120,067,651	8,496,047	10,174,860	7,050,112	145,788,670

(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 2017, the proportion of the Group's equity investment to total assets further increased. The equity investment classified as the financial assets held for trading and financial assets designated as at fair value through profit or loss accounted for approximately 10.56% of the total assets as at 30 June 2017 with an increase of 1.86 percentage points as compared to 31 December 2016, while the equity investment classified as available-for-sale financial assets accounted for approximately 2.91 % of the total assets with an increase of 0.1 percentage points.

48 EVENTS AFTER THE REPORTING PERIOD

Issuance of corporate bonds

Pursuant to the resolution passed by the 35th Meeting of the 5th Session of the Board of Directors, the relevant resolution passed by the 2014 General Meeting of Shareholders of the Company, and the approval (SHSE[2016]No.1928) issued by Shanghai Stock Exchange, the Company was authorized to issue non-public corporate bonds to qualified investors, the face value of which shall not exceed RMB30 billion. On 11 August 2017, the Company completed its first issuance in 2017 of RMB4.5 billion of non-public corporate bonds, with a term of one year and coupon rate of 4.60%.

Classification rating updated

On 14 August 2017, the CSRC announced the 2017 regulatory rating for securities firms. The Company's regulatory rating was upgraded from 2016's rating of "Class B Grade BBB" to "Class A Grade AA".

Profit distribution after the reporting period

According to the 2016 profit distribution plan passed in the 2016 Annual General Meeting of the Shareholders of the Company held on 19 June 2017, the Company declared cash dividends on its profit for the year ended 31 December 2016. The A Share and H Share cash dividend distributions of the Company were completed on 18 August 2017.

49 APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The financial information was approved and authorised for issue by the Board of Directors on 25 August 2017.

CHAPTER IX DOCUMENTS AVAILABLE FOR INSPECTION

Financial statements with the signatures and chops 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 chops of the accounting firm and signatures and chops of CPAs.

The originals 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
ZHANG Youjun
Chairman

Beijing, the PRC
25 August 2017

As at the date of this announcement, the executive Directors of the Company are Mr. ZHANG Youjun and Mr. YANG Minghui; the non-executive Director is Mr. CHEN Zhong; and the independent non-executive Directors are Mr. LIU Ke, Mr. HE Jia and Mr. CHAN, Charles Sheung Wai.

APPENDIX: 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	2017-1-11	Announcement on the Financial Data for December 2016
2	2017-1-20	Preliminary Financial Data for the Year of 2016
3	2017-1-20	Announcement of Resolutions Passed at the 2017 First Extraordinary General Meeting; Legal Opinion of the 2017 First Extraordinary General Meeting
4	2017-2-4	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2017
5	2017-2-8	Announcement on the Financial Data for January 2017
6	2017-2-14	Announcement on Public Issuance of the 2017 Corporate Bonds (Tranche 1) to the Qualified Investors; Prospectus and its Summary; Credit Rating Report
7	2017-2-16	Announcement on the Coupon Interest Rate of the 2017 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors
8	2017-2-18	Announcement on the Resolutions Passed at the Eighth Meeting of the Sixth Session of the Board
9	2017-2-20	Announcement on the Results of Issuance of the 2017 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors
10	2017-2-24	Announcement on the Listing of 2017 Corporation Bonds (Tranche 1) Publicly Issued to the Qualified Investors on Shanghai Stock Exchange
11	2017-3-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2017
12	2017-3-4	Announcement on the Resolutions Passed at the Ninth Meeting of the Sixth Session of the Board
13	2017-3-7	Announcement on the Financial Data for February 2017
14	2017-3-9	H Share Announcement – Notification of Board Meeting
15	2017-3-23	2016 Annual Report and its Summary; Announcement on the Resolutions Passed at the 11th Meeting of the Sixth Session of the Board; Announcement on the Resolutions Passed at the Sixth Meeting of the Sixth Session of the Supervisory Committee; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 11th Meeting of the Sixth Session of the Board of the Company; Announcement on Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2017; 2016 Annual Financial Statements and Audit Report; 2016 Annual Audit Report on Internal Control; 2016 CSR Report; 2016 Annual Internal Control Evaluation Report; 2016 Annual Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties of CITIC Securities (for the year ended 31 December 2016); Announcement on Resignation of Mr. YIN Ke as Executive Director; Annual Report of the Audit Committee of the Board on the Performance of Duties in 2016
16	2017-4-6	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2017
17	2017-4-8	H Share Announcement – Notice on Proposed Listing of the US$3,000,000,000 Medium Term Note on the Hong Kong Stock Exchange
18	2017-4-12	Announcement on the Financial Data for March 2017
19	2017-4-13	Announcement on Drawdown made by Indirect Wholly-owned Subsidiary under the Medium Term Note Program and Guaranteed by the Company
20	2017-4-19	H Share Announcement – Notification of Board Meeting
21	2017-4-21	H Share Announcement – Announcement on Unconditional and Irrevocable Guarantee under the US$3,000,000,000 Medium Term Note Program
22	2017-4-22	2017 Follow-up Rating Report for the Corporate Bonds (Tranche 1) in 2013; 2017 Follow-up Rating Report for the Corporate Bonds in 2015; Follow-up Rating Report for the 2016 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors; Follow-up Rating Report for 13 CITICS 01, 13 CITICS 02, 16 CITICS G1 and 16 CITICS G2
23	2017-4-25	Announcement on Trustee Report for the Corporate Bonds (Tranche 1) in 2013 (2016); Announcement on Follow-up Rating Results of 17 CITICS G1 and 17 CITICS G2; Follow-up Rating Report for the 2017 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors (2017)
24	2017-4-29	2017 First Quarterly Report; Announcement on the Resolutions Passed at the 12th Meeting of the Sixth Session of the Board; Comprehensive Risk Management System
25	2017-5-3	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2017

No.	Date of Publication	Subject Matter
26	2017-5-5	Notice of the 2016 Annual General Meeting; Documents of the 2016 Annual General Meeting
27	2017-5-6	Announcement on the Financial Data for April 2017
28	2017-5-25	Announcement on Receipt of Prior Notification Letter of Administrative Penalty from the CSRC
29	2017-5-27	Announcement on the Results of Non-Public Issuance of Subordinated Bonds (Tranche 1) in 2017
30	2017-6-1	Announcement on Interest Payment in 2017 for 2013 Corporate Bonds (Tranche 1); Second Notice of the 2016 Annual General Meeting
31	2017-6-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2017
32	2017-6-7	Announcement on the Financial Data for May 2017; First Temporary Trustee Report in 2017 for the Corporate Bonds (Tranche 1) in 2013; First Temporary Trustee Report in 2017 for the Subordinated Bonds (Tranche 2) in 2015; First Temporary Trustee Report in 2017 for the Corporate Bonds in 2015; First Temporary Trustee Report in 2017 for the Subordinated Bonds (Tranche 1) under Non-Public Issuance in 2017
33	2017-6-8	Announcement on the Listing of Type 1 and Type 2 of Non-Public Issuance of 2017 Subordinated Bonds (Tranche 1) on the SSE
34	2017-6-20	Announcement on the Resolutions Passed at the 2016 Annual General Meeting; Legal Opinion of the 2016 Annual General Meeting; Announcement on Interest Payment in 2017 for 2015 Corporate Bonds; Announcement on 2016 Trustee Report for the 2016 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors; Announcement on 2016 Trustee Report for the 2017 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors
35	2017-6-29	Announcement on 2016 Trustee Report for the 2015 Corporate Bonds

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 SSE. 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	2017-1-10	Announcement on the Financial Data for December 2016
2	2017-1-19	Preliminary Financial Data for the Year of 2016; Poll Results of the 2017 First Extraordinary General Meeting
3	2017-2-3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2017
4	2017-2-7	Announcement on the Financial Data for January 2017
5	2017-2-17	Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the Eighth Meeting of the Sixth Session of the Board
6	2017-3-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2017
7	2017-3-3	Announcement – Appointment of Person-in-charge of Accounting Affairs
8	2017-3-3	Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the Ninth Meeting of the Sixth Session of the Board
9	2017-3-6	Announcement on the Financial Data for February 2017
10	2017-3-8	Notification of Board Meeting
11	2017-3-22	Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 11th Meeting of the Sixth Session of the Board; Announcement on the Resolutions Passed at the Sixth Meeting of the Sixth Session of the Supervisory Committee; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 11th Meeting of the Sixth Session of the Board; Announcement on Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2017; 2016 Annual Audit Report on Internal Control; 2016 CSR Report; 2016 Annual Internal Control Evaluation Report; 2016 Annual Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties of CITIC Securities; Annual Report of the Audit Committee of the Board on the Performance of Duties in 2016; Annual Report of the Independent Non-executive Directors on the Performance of Duties in 2016; Announcement – Resignation of Executive Director; List of Directors and their Roles and Functions
12	2017-3-23	2016 Annual Results Announcement
13	2017-4-5	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2017
14	2017-4-7	Notice of Listing on The Stock Exchange of Hong Kong Limited – US$3,000,000,000 Medium Term Note Program
15	2017-4-11	Announcement on the Financial Data for March 2017
16	2017-4-12	Voluntary Announcement – Drawdown under the Guaranteed Medium Term Note Program
17	2017-4-18	Notification of Board Meeting
18	2017-4-20	Notice of Listing on The Stock Exchange of Hong Kong Limited – US$300,000,000 2.750% Guaranteed Notes Due 2020 and US$500,000,000 3.250% Guaranteed Notes Due 2022
19	2017-4-21	Overseas Regulatory Announcement – Announcement on the Follow-up Rating Results for Corporate Bonds of 13 CITICS 01, 13 CITICS 02, 15 CITICS 01, 15 CITICS 02, 16 CITICS G1 and 16 CITICS G2
20	2017-4-24	Overseas Regulatory Announcement – Announcement on the Follow-up Rating Results for Corporate Bonds of 17 CITICS G1 and 17 CITICS G2
21	2017-4-26	2016 Annual Report
22	2017-4-28	2017 First Quarterly Report, Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 12th Meeting of the Sixth Session of the Board; Comprehensive Risk Management System of CITIC Securities, Proposed Amendments to the Articles of Association
23	2017-5-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2017
24	2017-5-4	Announcement – General Mandate to Issue Additional A Shares and/or H Shares; 2016 Profit Distribution Plan; Proposed Re-Authorisation of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company; Potential Related Party/Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments; Proposed Amendments to the Articles of Association; and Notice of Annual General Meeting; Proxy Form; Reply Slip
25	2017-5-5	Announcement on the Financial Data for April 2017
26	2017-5-24	Announcement on Receipt of Prior Notification Letter of Administrative Penalty from the CSRC
27	2017-5-26	Overseas Regulatory Announcement – Announcement on the Results of Non-Public Issuance of Subordinated Bonds (Tranche 1) in 2017

No.	Date of Publication	Subject Matter
28	2017-5-31	Second Notice of the 2016 Annual General Meeting; Overseas Regulatory Announcement — Announcement on Interest Payment in 2017 for 2013 Corporate Bonds (Tranche 1)
29	2017-6-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2017
30	2017-6-6	Announcement on the Financial Data for May 2017
31	2017-6-19	Announcement – Poll Results of the 2016 AGM; and Payment of the 2016 Final Dividend
32	2017-6-19	Overseas Regulatory Announcement – Announcement on Interest Payment in 2017 for 2015 Corporate Bonds