CITIC Limited
中國中信股份有限公司

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

For the first six months of 2017, CITIC Limited recorded a profit attributable to ordinary shareholders of HK$32.3 billion, 60% more than the same period in 2016. This increase was mainly driven by improved earnings from our property business and the booking of HK$2.7 billion from Guoan Football Club bringing in a new investor. A revaluation gain on an investment also contributed to this profit increase. The board recommends an interim dividend of HK$0.11 per share payable to shareholders, 10% more than the same period last year.

In this letter, I'd first like to review the performance, results and activities of our businesses in the first half of the year, and then update you on what is happening at the company's Sino Iron mine in Australia.

Business Performance

The financial services business contributed HK$21.3 billion in the first half of 2017, 3% less than the same period last year. Excluding the Renminbi to HK Dollar conversion impact, contribution from this sector grew 2%. Profit at CITIC Bank increased slightly compared with the first half of 2016. The bank's continuing effort to improve its income mix led to a rise in net non-interest income, which for the first six months of this year contributed 35% of the bank's revenue. However, interest income was lower for the period due to the narrowing of net interest margin. CITIC Trust continued to outperform its peers. CITIC-Prudential recorded significant growth in net profit while CITIC Securities' profit declined.

Our manufacturing business experienced profit growth of 9%, mainly due to the better performance of our special steel business. In the first six months of the year, profit at our steel plants rose 33% as we sold a greater proportion of high-end products and the overall sales prices of our products increased.

In the resources and energy sector, CITIC Metal's profit rose sharply due mainly to the contribution from its 15%-held Las Bambas copper mine in Peru, which began commercial operation in July 2016. Profit at CITIC Resources improved in the period with better performance of its crude oil business due to the increase in oil selling prices. However, the overall sector incurred a loss. This is because beginning in the second half of 2016 as the Sino Iron magnetite iron ore mine entered commercial operation, the associated costs needed to be recorded in the income statement. As a result, losses in the first half of 2017 were higher compared with the same period in 2016.

Profit from our property business increased significantly as we recognised profit from the sale of two office buildings within our Shanghai Lujiazui project, when they were delivered to Industrial and Commercial Bank of China and China Life Insurance, respectively. The solid earnings also included our share of profits from our 10% interest in China Overseas Land and Investment.

Just last month, we completed the transaction whereby CITIC became the largest shareholder of a partnership to operate and manage McDonald's business in mainland China and Hong Kong. This partnership is McDonald's largest franchisee outside of the United States. We are very excited to be working with this iconic brand, as well as CITIC Capital and Carlyle, to drive growth and innovation at McDonald's and to offer Chinese consumers quality food and service. More importantly, McDonald's extensive network and consumer base will provide CITIC with invaluable insights into the consumer economy, which we will leverage to the benefit of our existing businesses.

Also in July, through the CITIC Agriculture Fund, we proposed to acquire a portion of Dow AgroSciences' corn seed business in Brazil, which has about 18% of the Brazilian corn seed market. While CITIC is already the largest shareholder in China's biggest crop seed company, Longping Hi-Tech, agriculture is a sector that we are focused on developing further.

Sino Iron Update

Ten years ago, we began constructing the Sino Iron project in the Pilbara region of Western Australia. It has been a long journey with challenges on many fronts. We have built from scratch a fully integrated, next generation pit-to-port mining, processing and export operation, and have been shipping quality iron ore concentrate since late 2013. It is exciting to see the mine, extensive processing and associated infrastructure — including the first greenfield port in the Pilbara in more than 40 years — emerge from the red earth. A new magnetite iron ore industry has been born for this famous mining region.

The economic benefits Sino Iron has created are already flowing strongly into the Australian community. We now directly employ more than 1,500 people, along with another 1,100 full-time contract workers. Directly and indirectly, we have created over 10,000 jobs.

The road we've travelled has not been a smooth one, to say the least. I have always been very frank with our shareholders and other stakeholders about CITIC's efforts to construct Sino Iron and the unexpected issues we've encountered. In my letter to you in 2013, I wrote about the challenges we faced and the lessons learned on the path to first production. These included the many difficulties associated with developing a greenfield project the size and scale of Sino Iron in a foreign land. We experienced labour shortages as well as high equipment and construction material costs. All the while, we've had to deal with a litigious tenement holder.

Our ongoing legal disputes with Mineralogy have attracted much attention. We've tried not to let the litigation distract us from constructing the project, improving its operating efficiency and raising its overall reliability. It's no secret that producing magnetite product is more expensive than direct shipping ore because it involves extensive processing. Therefore, driving down costs in all aspects of our operation is very important. In this regard, we have a continuous programme in place that has already reduced the overall costs of production. This effort will not end, and we expect to achieve further cost reductions as we implement new initiatives. We have set goals, stayed focused on priorities and persevered, recognising the long-term value Sino Iron will bring to our company and shareholders. The result has been good as we exported eleven million tonnes of quality iron ore concentrate in 2016. Fifteen million tonnes is our target for 2017, and we remain on track to achieve it.

However, Sino Iron's future could still be affected by factors that are beyond our control.

The first of these is the price of iron ore. As an inherently higher cost producer, the profitability of Sino Iron is particularly susceptible to price movements. Sustained low iron ore prices could make the project uneconomic.

Secondly, we have unique challenges with Mineralogy, to which we paid US$415 million for the right to mine magnetite ore and continue to pay an ongoing royalty (known as "Royalty A") on every tonne of unprocessed ore taken.

When we embarked on this journey, we expected to have the support and cooperation of Mineralogy. Unfortunately, this has not been the case, and it is our firm view that Mineralogy's uncooperative and adversarial approach poses a threat to the future of Sino Iron.

As a magnetite project, Sino Iron requires vast areas for the storage of waste and tailings generated by mining and processing activities. For several years now, we have been seeking Mineralogy's assistance to obtain the necessary government approvals required for the whole life of the project. However, Mineralogy's refusal to cooperate means that we will run out of space for waste and tailings storage in the near future. This will severely constrain operations and impact Sino Iron's sustainability.

Another issue relates to whether CITIC is required to make certain ongoing royalty payments (known as "Royalty B") on the iron ore concentrate produced and, if so, the amount we have to pay.

In June, a two-week hearing on the Royalty B matter was held in the Supreme Court of Western Australia. The Royalty B dispute arose because the iron ore annual benchmark pricing system, which was central to the agreed formula for the calculation of Royalty B, ceased in 2010. The benchmark price was negotiated annually, for many decades, between major iron ore producers and steel mills. It took into account factors such as anticipated supply and demand, investment needs, and a fair return to both buyers and sellers. Since the cessation of this pricing system, it has not been possible to identify a substitute.

CITIC argued that any royalty determined by the court to be payable should be fair and reasonable and should reflect the original intention of the parties at the time of the negotiation — that Royalty B should be based on the principle of profit sharing.

An adverse development in any one, or a combination of, the above matters could jeopardise Sino Iron's viability and, in the worst case, lead to suspension of our operations. We are doing everything within our power to avoid this undesirable outcome. However, the potential risk is real.

There's a misperception that companies with a state background or ownership are not commercially driven and our resources are assumed to be unlimited. This is not true. Chinese companies all have individual characteristics. I can assure you that CITIC is very much its own corporate commercial entity, with its own approach and very clear commercial objectives and constraints.

While CITIC has its roots as one of China's largest state-owned enterprises, we are a listed company accountable to an increasingly diverse shareholder base. Any investment we make has to be economically viable and provide our shareholders with a return on their investment. For Sino Iron to be sustainable, it must be able to demonstrate long-term commercial viability now. This means that we not only need to operate efficiently but, most importantly, operate profitably.

Conclusion

The board is pleased with our first half results and confident that the company is moving in the right direction. As we continue to grow our existing businesses and make them more efficient, we are also focused on exploring new investment opportunities. I would like to thank all of our employees for their hard work, and I express my appreciation to all shareholders, lenders and the board for their ongoing support.

Chang Zhenming
Chairman
Hong Kong, 29 August 2017

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	**Unaudited Six months ended 30 June 2017** *HK$ million*	2016 *HK$ million*
Continuing operations			
Interest income		**125,332**	128,784
Interest expenses		**(68,574)**	(64,466)
Net interest income	*4(a)*	**56,758**	64,318
Fee and commission income		**30,278**	29,680
Fee and commission expenses		**(2,240)**	(1,271)
Net fee and commission income	*4(b)*	**28,038**	28,409
Sales of goods and services	*4(c)*	**108,118**	86,934
Other revenue	*4(d)*	**5,150**	4,313
		113,268	91,247
Total revenue		**198,064**	183,974
Cost of sales and services		**(95,266)**	(72,158)
Other net income		**8,638**	3,595
Impairment losses on			
– Loans and advances to customers		**(24,220)**	(23,632)
– Others		**(3,675)**	(4,838)
Other operating expenses		**(32,977)**	(37,352)
Net valuation gain on investment properties		**400**	171
Share of profits of associates, net of tax		**3,506**	957
Share of profits of joint ventures, net of tax		**3,899**	868
Profit before net finance charges and taxation		**58,369**	51,585
Finance income		**656**	534
Finance costs		**(5,285)**	(3,624)
Net finance charges	*5*	**(4,629)**	(3,090)

CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Unaudited Six months ended 30 June	
		2017	2016
	Note	***HK$ million***	*HK$ million*
Profit before taxation	*6*	**53,740**	48,495
Income tax	*7*	**(10,747)**	(12,343)
Profit for the period from continuing operations		**42,993**	36,152
Discontinued operations			
Loss for the period from discontinued operations	*15*	**–**	(4,782)
Profit for the period		**42,993**	31,370
Attributable to:			
– Ordinary shareholders of the Company		**32,261**	20,182
– Holders of perpetual capital securities		**336**	460
– Non-controlling interests		**10,396**	10,728
Profit for the period		**42,993**	31,370
Profit/(loss) attributable to ordinary shareholders of the Company arising from:			
– Continuing operations		**32,261**	24,918
– Discontinued operations		**–**	(4,736)
		32,261	20,182
Basic and diluted earnings per share for profit/(loss) attributable to ordinary shareholders of the Company during the period (HK$):	*9*		
– Continuing operations		**1.11**	0.85
– Discontinued operations		**–**	(0.16)
		1.11	0.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited Six months ended 30 June 2017 HK$ million	2016 HK$ million
Profit for the period	**42,993**	31,370
Other comprehensive income/(loss) for the period (after tax and reclassification adjustments)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets: net movement in the fair value reserve	**(3,901)**	(2,653)
Cash flow hedge: net movement in the hedging reserve	**433**	(447)
Share of other comprehensive income/(loss) of associates and joint ventures	**730**	(581)
Exchange differences on translation of financial statements and others	**19,651**	(11,545)
Items that have not been reclassified or may not be reclassified subsequently to profit or loss		
Reclassification of owner-occupied property as investment property: revaluation gain	**19**	11
Other comprehensive income/(loss) for the period, net of tax	**16,932**	(15,215)
Total comprehensive income for the period	**59,925**	16,155
Attributable to:		
– Ordinary shareholders of the Company	**44,827**	9,331
– Holders of perpetual capital securities	**336**	460
– Non-controlling interests	**14,762**	6,364
Total comprehensive income for the period	**59,925**	16,155
Total comprehensive income/(loss) attributable to ordinary shareholders of the Company arising from:		
– Continuing operations	**44,827**	14,275
– Discontinued operations	**–**	(4,944)
	44,827	9,331

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2017

	Note	**30 June 2017** *HK$ million* **(Unaudited)**	31 December 2016 *HK$ million* (Audited)
Assets			
Cash and deposits		**758,717**	927,259
Placements with banks and non-bank financial institutions		**182,916**	186,927
Financial assets at fair value through profit or loss		**78,100**	77,819
Derivative financial instruments		**31,021**	53,281
Trade and other receivables		**156,753**	138,942
Amounts due from customers for contract work		**1,820**	1,949
Inventories		**55,656**	48,905
Financial assets held under resale agreements		**29,067**	193,615
Loans and advances to customers and other parties	*10*	**3,475,325**	3,137,906
Available-for-sale financial assets		**698,010**	642,477
Held-to-maturity investments		**266,323**	244,151
Investments classified as receivables		**980,328**	1,166,325
Interests in associates		**91,002**	84,125
Interests in joint ventures		**30,851**	19,387
Fixed assets		**174,938**	172,236
Investment properties		**32,545**	31,539
Intangible assets		**19,391**	19,322
Goodwill		**22,445**	21,871
Deferred tax assets		**38,253**	34,786
Other assets		**31,964**	35,173
Total assets		**7,155,425**	7,237,995

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2017

	Note	**30 June 2017** *HK$ million* **(Unaudited)**	31 December 2016 *HK$ million* (Audited)
Liabilities			
Borrowing from central banks		**223,322**	205,755
Deposits from banks and non-bank financial institutions		**1,010,882**	1,097,164
Placements from banks and non-bank financial institutions		**73,876**	93,596
Derivative financial instruments		**29,719**	52,648
Trade and other payables		**188,971**	207,285
Amounts due to customers for contract work		**1,883**	2,892
Financial assets sold under repurchase agreements		**77,087**	134,534
Deposits from customers	*11*	**3,950,545**	4,031,522
Employee benefits payables		**15,629**	18,283
Income tax payable		**8,122**	9,999
Bank and other loans	*12*	**119,845**	112,819
Debt instruments issued	*13*	**666,365**	543,893
Provisions		**4,067**	3,668
Deferred tax liabilities		**7,510**	6,682
Other liabilities		**35,573**	21,404
Total liabilities		**6,413,396**	6,542,144
Equity			
Share capital		**381,710**	381,710
Perpetual capital securities		**7,873**	7,873
Reserves		**138,875**	101,050
Total ordinary shareholders' funds and perpetual capital securities		**528,458**	490,633
Non-controlling interests		**213,571**	205,218
Total equity		**742,029**	695,851
Total liabilities and equity		**7,155,425**	7,237,995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1 GENERAL INFORMATION

CITIC Limited (the "Company") was incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in financial services, resources and energy, manufacturing, engineering contracting, real estate and other businesses.

The parent and the ultimate holding company of the Company is CITIC Group Corporation ("CITIC Group").

These condensed unaudited consolidated interim accounts (the "Accounts") are presented in millions of Hong Kong dollars ("HK$"), unless otherwise stated.

The financial information relating to the year ended 31 December 2016 that is included in the Accounts as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 BASIS OF PREPARATION

The Accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Accounts should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies adopted in the preparation of the Accounts are consistent with those adopted in the Company's annual financial statements for the year ended 31 December 2016, except in relation to the following amendments which became effective for the first time for the financial year beginning on or after 1 January 2017:

HKAS 7 (Amendments)	Statement of cash flows
HKAS 12 (Amendments)	Income taxes
HKFRS 12 (Amendments)	Disclosure of interest in other entities

Adoption of the above amendments does not have a significant impact on the Accounts.

2 BASIS OF PREPARATION (CONTINUED)

The Group has not applied the following amendments to standards and new standards which are not yet effective for the financial year beginning on or after 1 January 2017 and which have not been early adopted in the Accounts.

HKAS 28 (Amendments)	Investments in associates and joint ventures [(1)]
HKFRS 4 (Amendments)	Insurance contracts [(1)]
HKFRS 1 (Amendments)	First time adoption of HKFRS [(1)]
HKFRS 15	Revenue from contracts with customers [(1)]
HKFRS 9	Financial instruments [(1)]
HK (IFRIC) 22	Foreign currency transactions and advance consideration [(1)]
HKFRS 16	Leases [(2)]
HKAS 28 and HKFRS 10 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture [(3)]

(1) Effective for the annual periods beginning on or after 1 January 2018.
(2) Effective for the annual periods beginning on or after 1 January 2019.
(3) Originally effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

None of the above amendments to standards and new standards is expected to have a significant effect on the consolidated financial statements of the Group, except as set out below:

The Group has not completed its assessment of the full impact of adopting HKFRS 9 and therefore its possible impact on the Group's operating results and financial position has not yet been quantified. HKFRS 16 will affect primarily the accounting for group's operating leases. As at 30 June 2017, the Group has non-cancellable operating lease commitments HK$19,279 million.

3 SEGMENT REPORTING

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2017and 2016 is set out below:

	Six months ended 30 June 2017								
	Financial services *HK$ million*	Resources and energy *HK$ million*	Manufacturing *HK$ million*	Engineering contracting *HK$ million*	Real estate *HK$ million*	Others *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Continuing operations									
Revenue from external customers	89,944	31,732	39,450	3,653	1,228	32,037	20	–	198,064
Inter-segment revenue	(234)	1,821	119	106	55	494	–	(2,361)	–
Reportable segment revenue	89,710	33,553	39,569	3,759	1,283	32,531	20	(2,361)	198,064
Share of profits of associates, net of tax	1,065	363	28	–	2,003	45	2	–	3,506
Share of profits of joint ventures, net of tax	304	543	–	–	2,786	266	–	–	3,899
Finance income *(Note 5)*	–	177	157	89	291	47	430	(535)	656
Finance costs *(Note 5)*	–	(1,075)	(384)	(42)	(218)	(686)	(3,281)	401	(5,285)
Depreciation and amortisation *(Note 6)*	(1,663)	(1,437)	(1,670)	(70)	(93)	(1,223)	(47)	–	(6,203)
Impairment losses	(27,625)	58	(76)	2	(81)	(173)	–	–	(27,895)
Profit/(loss) before taxation	39,037	216	2,395	362	6,250	8,701	(3,245)	24	53,740
Income tax	(8,345)	(308)	(492)	(53)	(431)	(1,063)	(53)	(2)	(10,747)
Profit/(loss) for the period from continuing operations	30,692	(92)	1,903	309	5,819	7,638	(3,298)	22	42,993
Loss for the period from discontinued operations	–	–	–	–	–	–	–	–	–
Profit/(loss) for the period	30,692	(92)	1,903	309	5,819	7,638	(3,298)	22	42,993
Attributable to:									
– Ordinary shareholders of the Company	21,276	(284)	1,796	310	5,691	7,084	(3,634)	22	32,261
Continuing operations	21,276	(284)	1,796	310	5,691	7,084	(3,634)	22	32,261
Discontinued operations	–	–	–	–	–	–	–	–	–
– Non-controlling interests and holders of perpetual capital securities	9,416	192	107	(1)	128	554	336	–	10,732
Continuing operations	9,416	192	107	(1)	128	554	336	–	10,732
Discontinued operations	–	–	–	–	–	–	–	–	–

3 SEGMENT REPORTING (CONTINUED)

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

	As at 30 June 2017								
	Financial services *HK$ million*	Resources and energy *HK$ million*	Manufacturing *HK$ million*	Engineering contracting *HK$ million*	Real estate *HK$ million*	Others *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Reportable segment assets	**6,605,963**	**141,921**	**103,684**	**37,988**	**156,022**	**132,522**	**145,878**	**(168,553)**	**7,155,425**
Including:									
Interests in associates	33,646	12,974	1,009	311	33,683	9,305	74	–	91,002
Interests in joint ventures	4,544	3,743	–	–	19,082	3,482	–	–	30,851
Reportable segment liabilities	**6,086,238**	**167,588**	**54,016**	**27,259**	**97,014**	**73,685**	**175,791**	**(268,195)**	**6,413,396**
Including:									
Bank and other loans	2,682	45,994	17,577	1,522	13,523	37,256	23,482	(22,191)	119,845
Debt instruments issued	544,091	1,152	3,912	–	–	5,117	112,093	–	666,365

3 SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June 2016								
	Financial services *HK$ million*	Resources and energy *HK$ million*	Manufacturing *HK$ million*	Engineering contracting *HK$ million*	Real estate *HK$ million*	Others *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Continuing operations									
Revenue from external customers	97,040	21,323	28,673	6,096	1,641	29,183	18	–	183,974
Inter-segment revenue	41	1,135	280	–	47	260	5	(1,768)	–
Reportable segment revenue	97,081	22,458	28,953	6,096	1,688	29,443	23	(1,768)	183,974
Share of profits/(losses) of associates, net of tax	1,096	(34)	63	(2)	18	(187)	3	–	957
Share of profits of joint ventures, net of tax	206	386	–	–	13	263	–	–	868
Finance income *(Note 5)*	–	153	129	120	114	44	1,298	(1,324)	534
Finance costs *(Note 5)*	–	(795)	(363)	(37)	(163)	(821)	(3,024)	1,579	(3,624)
Depreciation and amortisation *(Note 6)*	(1,575)	(827)	(1,656)	(67)	(90)	(1,323)	(32)	–	(5,570)
Impairment losses	(28,825)	(16)	(36)	650	(186)	(57)	–	–	(28,470)
Profit/(loss) before taxation	41,333	1,586	2,207	1,231	670	3,885	(2,413)	(4)	48,495
Income tax	(9,577)	(335)	(467)	(172)	(665)	(1,083)	(82)	38	(12,343)
Profit/(loss) for the period from continuing operations	31,756	1,251	1,740	1,059	5	2,802	(2,495)	34	36,152
Loss for the period from discontinued operations	–	–	–	–	(4,782)	–	–	–	(4,782)
Profit/(loss) for the period	31,756	1,251	1,740	1,059	(4,777)	2,802	(2,495)	34	31,370
Attributable to:									
– Ordinary shareholders of the Company	21,941	911	1,641	1,060	(4,717)	2,267	(2,955)	34	20,182
Continuing operations	21,941	911	1,641	1,060	19	2,267	(2,955)	34	24,918
Discontinued operations	–	–	–	–	(4,736)	–	–	–	(4,736)
– Non-controlling interests and holders of perpetual capital securities	9,815	340	99	(1)	(60)	535	460	–	11,188
Continuing operations	9,815	340	99	(1)	(14)	535	460	–	11,234
Discontinued operations	–	–	–	–	(46)	–	–	–	(46)

	As at 31 December 2016								
	Financial services *HK$ million*	Resources and energy *HK$ million*	Manufacturing *HK$ million*	Engineering contracting *HK$ million*	Real estate *HK$ million*	Others *HK$ million*	Operation management *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Reportable segment assets	6,729,902	135,784	96,112	36,796	143,596	113,090	150,506	(167,791)	7,237,995
Including:									
Interests in associates	32,128	11,719	950	465	31,832	6,959	72	–	84,125
Interests in joint ventures	3,999	2,906	–	–	9,149	3,333	–	–	19,387
Reportable segment liabilities	6,237,647	160,848	49,474	26,579	94,244	70,059	167,944	(264,651)	6,542,144
Including:									
Bank and other loans	2,964	41,398	15,088	1,276	10,721	32,863	21,749	(13,240)	112,819
Debt instruments issued	432,579	1,453	4,242	–	–	4,682	100,937	–	543,893

3 SEGMENT REPORTING (CONTINUED)

(b) Geographical information

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

	Revenue from external customers Six months ended 30 June		Reportable segment assets	
	2017	2016	**30 June 2017**	31 December 2016
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Mainland China	**157,409**	155,249	**6,533,712**	6,682,751
Hong Kong and Macau	**26,595**	16,797	**502,113**	447,065
Overseas	**14,060**	11,928	**119,600**	108,179
	198,064	183,974	**7,155,425**	7,237,995

4 REVENUE

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

For financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (see Notes 4(a), 4(b) and 4(d)). For non-financial services segment, revenue mainly comprises total invoiced value of sales of goods, services rendered to customers and revenue from construction contracts (see Note 4(c)).

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

4 REVENUE (CONTINUED)

(a) Net interest income

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Interest income arising from:		
Deposits with central banks, banks and non-bank financial institutions	**6,133**	5,501
Placements with banks and non-banks financial institutions	**3,051**	1,973
Financial assets held under resale agreements	**684**	544
Investments classified as receivables	**24,315**	29,245
Loans and advances to customers and other parties	**76,824**	79,192
Investments in debt securities	**14,286**	12,327
Others	**39**	2
	125,332	128,784
Interest expenses arising from:		
Borrowing from central banks	**(2,947)**	(1,434)
Deposits from banks and non-bank financial institutions	**(23,407)**	(20,146)
Placements from banks and non-bank financial institutions	**(1,500)**	(739)
Financial assets sold under repurchase agreements	**(1,330)**	(401)
Deposits from customers	**(29,361)**	(33,895)
Debt instruments issued	**(10,013)**	(7,819)
Others	**(16)**	(32)
	(68,574)	(64,466)
Net interest income	**56,758**	64,318

(b) Net fee and commission income

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Consultancy and advisory fees	**2,924**	3,776
Bank card fees	**15,295**	9,899
Settlement and clearing fees	**731**	884
Commission for wealth management services	**2,933**	3,881
Agency fees and commission	**2,920**	4,620
Guarantee fees	**1,223**	1,500
Trustee commission and fees	**4,065**	4,700
Others	**187**	420
	30,278	29,680
Fee and commission expenses	**(2,240)**	(1,271)
Net fee and commission income	**28,038**	28,409

4 REVENUE (CONTINUED)

(c) Sales of goods and services

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Sales of goods	**92,719**	69,431
Services rendered to customers	**11,580**	11,827
Revenue from construction contracts	**3,819**	5,676
	108,118	86,934

(d) Other revenue

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Net trading gain *(note (i))*	**3,929**	2,654
Net gain on investment assets under financial services segment	**603**	1,304
Others	**618**	355
	5,150	4,313

(i) Net trading gain

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Trading profit:		
– debt securities and certificates of deposits	**1,429**	752
– foreign currencies	**127**	1,035
– derivatives	**2,373**	867
	3,929	2,654

5 NET FINANCE CHARGES

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Finance costs		
– Interest on bank and other loans	**2,166**	1,198
– Interest on debt instruments issued and other interest expenses	**3,103**	2,699
	5,269	3,897
Less: interest expense capitalised	**(145)**	(324)
	5,124	3,573
Other finance charges	**161**	51
	5,285	3,624
Finance income	**(656)**	(534)
	4,629	3,090

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging below costs and expenses in cost of sales and services and other operating expenses:

(a) Staff costs

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Salaries and bonuses	**15,840**	16,264
Contributions to defined contribution retirement schemes	**1,863**	2,210
Others	**3,642**	3,561
	21,345	22,035

(b) Other items

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Amortisation	**1,223**	1,246
Depreciation	**4,980**	4,324
Operating lease charges: minimum lease payments	**2,760**	2,798
Tax and surcharges	**1,119**	4,765
Property management fees	**401**	389
Non-operating expenses	**134**	439
Professional fees	**444**	455
	11,061	14,416

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Current tax – Mainland China		
Provision for enterprise income tax	**10,840**	10,796
Land appreciation tax	**12**	48
	10,852	10,844
Current tax – Hong Kong		
Provision for Hong Kong profits tax	**480**	953
Current tax – Overseas		
Provision for the period	**259**	273
	11,591	12,070
Deferred tax		
Origination and reversal of temporary differences	**(844)**	273
	10,747	12,343

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the six months ended 30 June 2017 is 16.5% (six months ended 30 June 2016: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Mainland China for the six months ended 30 June 2017 is 25% (six months ended 30 June 2016: 25%).

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

8 DIVIDENDS

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
2016 Final dividend paid: HK$0.23 (2015: HK$0.20) per share	**6,691**	5,818
2017 Interim dividend proposed: HK$0.11 (2016: HK$0.10) per share	**3,200**	2,909

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company of HK32,261 million for the six months ended 30 June 2017 (six months ended 30 June 2016: HK$20,182 million), calculated as follows:

	Six months ended 30 June	
	2017	2016
	HK$ million	*HK$ million*
Profit/(loss) attributable to ordinary shareholders of the Company arising from:		
– Continuing operations	**32,261**	24,918
– Discontinued operations	**–**	(4,736)
	32,261	20,182
Weighted average number of ordinary shares (in million)	**29,090**	29,090

The diluted earnings per share for the six months ended 30 June 2017 and 2016 are the same as the basic earnings per share. As at 30 June 2017, there are no share options or other equity securities of the Company in issue which if exercised would have a dilutive effect on the issued ordinary share capital as at 30 June 2017 (30 June 2016: Nil).

The basic and diluted earnings per share for the six months ended 30 June 2017 are HK$1.11 (six months ended 30 June 2016: HK$0.69).

10 LOANS AND ADVANCES TO CUSTOMERS AND OTHER PARTIES

Loans and advances

	30 June 2017	31 December 2016
	HK$ million	*HK$ million*
Corporate loans		
– Loans	**2,097,072**	2,034,571
– Discounted bills	**119,195**	83,949
– Finance lease receivables	**48,672**	38,579
	2,264,939	2,157,099
Personal loans		
– Residential mortgages	**570,923**	484,297
– Business loans	**147,953**	125,151
– Credit cards	**348,565**	265,745
– Personal consumption	**237,169**	194,224
	1,304,610	1,069,417
	3,569,549	3,226,516
Less: impairment allowance		
– Individually assessed	**(29,617)**	(32,240)
– Collectively assessed	**(64,607)**	(56,370)
	(94,224)	(88,610)
	3,475,325	3,137,906

11 DEPOSITS FROM CUSTOMERS

(a) Types of deposits from customers

	30 June 2017	31 December 2016
	HK$ million	*HK$ million*
Demand deposits		
– Corporate customers	**1,821,643**	1,845,451
– Personal customers	**289,808**	260,433
	2,111,451	2,105,884
Time and call deposits		
– Corporate customers	**1,464,664**	1,554,160
– Personal customers	**365,099**	363,387
	1,829,763	1,917,547
Outward remittance and remittance payables	**9,331**	8,091
	3,950,545	4,031,522

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

	30 June 2017	31 December 2016
	HK$ million	*HK$ million*
Bank acceptances	**199,347**	238,817
Letters of credit	**10,674**	10,759
Guarantees	**18,040**	28,867
Others	**139,727**	166,345
	367,788	444,788

12 BANK AND OTHER LOANS

(a) Types of loans

	30 June 2017 *HK$ million*	31 December 2016 *HK$ million*
Bank loans		
Unsecured loans	**80,646**	80,128
Loan pledged with assets	**31,059**	23,900
Guaranteed loans	**631**	643
	112,336	104,671
Other loans		
Unsecured loans	**7,098**	6,883
Loan pledged with assets	**390**	1,143
Guaranteed loans	**21**	122
	7,509	8,148
	119,845	112,819

(b) Maturity of loans

	30 June 2017 *HK$ million*	31 December 2016 *HK$ million*
Bank and other loans are repayable:		
– Within 1 year or on demand	**29,099**	29,413
– Between 1 and 2 years	**9,349**	10,985
– Between 2 and 5 years	**30,637**	27,464
– Over 5 years	**50,760**	44,957
	119,845	112,819

13 DEBT INSTRUMENTS ISSUED

	30 June 2017 *HK$ million*	31 December 2016 *HK$ million*
Corporate bonds issued	**91,019**	81,376
Notes issued	**126,763**	64,916
Subordinated bonds issued	**87,617**	85,234
Certificates of deposit issued	**10,731**	10,612
Certificates of interbank deposit issued	**350,235**	301,755
	666,365	543,893
Analysed by remaining maturity:		
– Within 1 year or on demand	**373,856**	320,997
– Between 1 and 2 years	**33,472**	34,395
– Between 2 and 5 years	**122,623**	55,073
– Over 5 years	**136,414**	133,428
	666,365	543,893

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

14 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES

The Group is involved in a number of current and pending legal proceedings. The Group provided for liabilities arising from those legal proceedings in which the outflow of economic benefit is probable and can be reliably estimated in the consolidated balance sheet. The Group believes that these accruals are reasonable and adequate.

(i) Investigation into 2008 forex incident

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

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

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

14 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

(i) Investigation into 2008 forex incident (Continued)

In the action instigated by the SFC at the MMT, the SFC asked the MMT to (i) determine whether any market misconduct has taken place, and (ii) identify persons who had engaged in such misconduct. In the event that the MMT makes determinations of market misconduct against either the Company or the former directors, it is understood that the SFC will seek from the High Court orders against those who have been found to have engaged in market misconduct to restore affected investors to their pre-transaction positions or to compensate affected investors for their losses.

The MMT hearing was completed in July 2016. On 10 April 2017, the MMT handed down its decision determining that, in the publication of the Company's circular on 12 September 2008, no market misconduct within the meaning of section 277(1) of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) took place. The time limits for appeal of the MMT decision have expired and the SFC has discontinued the proceedings in the High Court by consent.

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

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

(ii) Mineralogy Pty Ltd. ("Mineralogy") Disputes

Each of Sino Iron Pty Ltd ("Sino Iron") and Korean Steel Pty Ltd. ("Korean Steel"), subsidiary companies of the Company, is a party to a Mining Right and Site Lease Agreement ("MRSLA") with Mineralogy. Among other things, those agreements, together with other project agreements, provide Sino Iron and Korean Steel the right to construct and operate the Sino Iron Project and take two billion tonnes of magnetite ore.

The MRSLAs provide that royalties are payable to Mineralogy by each of Sino Iron and Korean Steel on magnetite ore mined (Royalty Component A) and concentrate produced (Royalty Component B). The MRSLAs also provide that, unless certain exceptions apply, a Minimum Production Royalty is payable to Mineralogy by each of Sino Iron and Korean Steel where a minimum production level was not achieved by a specified date.

Due to changes in the way in which seaborne-traded iron ore is priced, the Company considers that it is no longer possible to calculate Royalty Component B. Mineralogy and its related companies have commenced a number of proceedings against the Company, Sino Iron, Korean Steel, Sino Iron Holdings Pty Ltd. and certain officers of those companies containing or derived from claims for Royalty Component B and/or the Minimum Production Royalty. Those proceedings continue to be vigorously contested by the Group.

The Group does not consider that a reliable estimate can be made of the amount of any potential liability (if such liability is found to exist) for Royalty Component B arising from the Royalty B proceeding. Therefore, no provision has been recognised in the Accounts.

14 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

(ii) Mineralogy Pty Ltd. ("Mineralogy") Disputes (Continued)

A number of disputes have arisen in relation to the MRSLAs and associated agreements, a number of which are described below. The Group intends to contest all claims vigorously.

Option Agreement Dispute

The Company is a party to an Option Agreement with Mineralogy and Mr. Clive Palmer, pursuant to which it has options to acquire up to four further companies, each holding the right to mine one billion tonnes of magnetite ore in the vicinity of the Sino Iron Project. The Company exercised the first option under the Option Agreement on 13 April 2012. Following the exercise of the first option, Mineralogy alleged that the Option Agreement had been repudiated by the Company, purported to accept that repudiation and stated that the Option Agreement was at an end.

The Company (and its affected subsidiaries, Sino Iron and Korean Steel) commenced legal proceedings in relation to the dispute in the Supreme Court of Western Australia. On 30 September 2015, the Court made the declarations sought by the Company, including that the Company had not repudiated the Option Agreement as initially asserted by Mineralogy and Mr. Palmer.

Notwithstanding the making of these declarations, Mineralogy has not taken the action necessary to permit completion of the transaction resulting from the Company's exercise of the first option under the Option Agreement. On 31 March 2016, the Company, Sino Iron and Korean Steel commenced a proceeding in the Supreme Court of Western Australia to seek orders compelling Mineralogy to take the steps necessary to complete the transfer of a further company having the right to mine one billion tonnes of magnetite ore. No trial date has been set for this proceeding.

Royalties Disputes

The MRSLAs provide that Sino Iron and Korean Steel must pay a royalty to Mineralogy, a component of which ("Royalty Component B") is payable on products produced and calculated by reference to 'prevailing published annual FOB prices' for certain iron ore products. Sino Iron and Korean Steel's position is that, because this phrase refers to the Annual Benchmark Pricing System ("Benchmark") which ceased to exist in early 2010, it is no longer possible to calculate Royalty Component B. Mineralogy's position is that the phrase is not limited to a reference to the Benchmark and Royalty Component B is still ascertainable from other published data. Mineralogy pursued proceedings in the Supreme Court of Western Australia seeking payment of sums for Royalty Component B on products produced to date, damages for alleged breaches of the MRSLAs and certain other relief.

The principal issues for determination by the Court are: (a) the proper construction of the phrase 'prevailing published annual FOB prices', in particular, whether this is only a reference to the Benchmark; (b) whether there are other available prices that meet the description of 'prevailing published annual FOB prices'; (c) whether Royalty Component B should be severed from the MRSLAs; (d) if there are no 'prevailing published annual FOB prices', whether there is an implied term in the MRSLAs requiring Sino Iron and Korean Steel pay a fair and reasonable royalty; and (e) if there is an implied term providing for a fair and reasonable royalty, how such a royalty is to be determined.

14 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

(ii) Mineralogy Pty Ltd. ("Mineralogy") Disputes (Continued)

The trial for the Royalty Component B proceedings commenced on 14 June 2017 and ran for 10 sitting days, ending on 29 June 2017. Judgement was reserved.

In November 2015, Mineralogy filed an application for an urgent interlocutory mandatory injunction requiring Sino Iron, Korean Steel and the Company (together, the "CITIC Parties") pay to Mineralogy royalties under the MRSLAs. Justice Tottle dismissed the application at first instance and Mineralogy appealed the decision to the Court of Appeal. The appeal was upheld and the application was remitted to the Supreme Court of Western Australia for rehearing.

The remitted injunction application was heard by Justice Kenneth Martin, who made orders that the CITIC parties were to pay, on an interlocutory basis pending final judgment, sums of monies to Mineralogy and into Court. The CITIC Parties appealed the decision. On 20 April 2017, the Court of Appeal delivered judgment, allowing the appeals by the CITIC Parties on all grounds it found necessary to consider. The Court of Appeal also ordered that the payment orders made by Justice Martin be set aside and Mineralogy's application for a mandatory interlocutory injunction be dismissed.

Indemnity Claim Dispute

On 29 June 2017, Mr. Clive Palmer commenced proceedings against the Company in the Supreme Court of Western Australia in which he claimed damages in the sum of AUD$2.324 billion, which is said to represent the reduction in the enterprise value of companies in the Queensland Nickel group of companies ("Queensland Nickel") controlled by Mr Palmer. The claim purports to be made pursuant to an indemnity from the Company given under the Fortescue Coordination Deed, one of the Sino Iron project agreements, that extends to losses suffered by Palmer in relation to failure by Sino Iron and Korean Steel to perform their obligations under the project agreements.

Mr. Palmer claims that Mineralogy and Queensland Nickel entered into an agreement in or around November 2015 whereby Mineralogy agreed to provide AUD$28 million to those companies for working capital. As Sino Iron and Korean Steel did not pay the amounts sought by Mineralogy in the November 2015 urgent mandatory interlocutory injunction referred to in the section headed "Royalties Disputes" above, it is claimed Mineralogy did not have funds to provide the loan. Palmer alleges that Queensland Nickel was subsequently placed in administration, followed by liquidation, because it did not receive those funds from Mineralogy. The proceeding is in its early stages.

14 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

(ii) Mineralogy Pty Ltd. ("Mineralogy") Disputes (Continued)

Port Dispute

Sino Iron and Korean Steel have developed port infrastructure at Cape Preston to export product from the Sino Iron Project. Mineralogy commenced legal proceedings in the Federal Court of Australia seeking declarations that the port infrastructure has vested in it, that it is entitled to possession, control and ownership of that infrastructure and that the Facilities Deeds between the parties which regulate usage of the port infrastructure have been terminated by it. The Federal Court refused to grant any of the relief sought by Mineralogy.

Mineralogy appealed the decision at first instance. On 30 March 2017, the Full Court of the Federal Court of Australia handed down its unanimous decision dismissing the appeal on all grounds raised by Mineralogy. The Full Court held that Mineralogy was not entitled to a declaration that it was the owner of the port terminal facilities. The Full Court found that the primary judge was correct in concluding that the CITIC Parties (and another group company), and not Mineralogy, were solely responsible for the operation and maintenance of the port terminal facilities. The Full Court held that the Facilities Deeds termination notices issued in November 2014 and relied upon by Mineralogy in the appeal were ineffective.

On 2 May 2017, Mineralogy served on the CITIC Parties (and another group company) its application for special leave to appeal the decision of the Full Court to the High Court of Australia. There is no automatic right of appeal to the High Court and so special leave is required. The application for special leave will be heard by the High Court on 15 September 2017.

(iii) CITIC Resources Holdings Limited ("CITIC Resources") Litigation

(1) In August 2014, 山煤煤炭進出口有限公司 (Shanxi Coal Import & Export Co., Ltd.) ("Shanxi Coal I/E"), a wholly-owned subsidiary of 山煤國際能源集團股份有限公司 (Shanxi Coal International Energy Group Co., Ltd.), commenced a claim in 山西省高級人民法院 (the Shanxi High People's Court) (the "Shanxi Court") against, amongst others, CITIC Australia Commodity Trading Pty Limited ("CACT"), an indirect wholly-owned subsidiary of the Company ("Shanxi Claim A"). In connection with Shanxi claim A, Shanxi Coal I/E obtained an asset protection order from the Shanxi Court over a certain quantity of the inventories (the "Shanxi APO").

In January 2017, pursuant to a civil ruling of the Shanxi Court, Shanxi Claim A was transferred to the Public Security Bureau and as a result, Shanxi Claim A terminated and Shanxi Coal I/E has no further recourse or rights against CACT in respect of Shanxi Claim A.

In February 2017, the Qingdao Court ordered the lifting of the Shanxi APO.

14 CONTINGENT LIABILITIES AND COMMITMENTS – OUTSTANDING LITIGATION AND DISPUTES (CONTINUED)

(iii) CITIC Resources Holdings Limited ("CITIC Resources") Litigation (Continued)

(2) In the second half of 2015, CACT received an arbitration request notice from the International Court of Arbitration of the International Chamber of Commerce in respect of an arbitration application by Shanxi Coal I/E pursuant to which, Shanxi Coal I/E is (i) alleging that CACT has entered into two contracts for the supply of, and has failed to deliver, copper cathodes to Shanxi Coal I/E (the "Contracts"); and (ii) claiming the amount of US$27,890,000 (HK$217,542,000) as the aggregate purchase price Shanxi Coal I/E alleges it has paid to CACT under the Contracts, plus interest ("Shanxi Claim B").

CACT has not entered into the Contracts as alleged by Shanxi Coal I/E, and considers Shanxi Claim B to be baseless. Accordingly, no provision was made in respect of Shanxi Claim B.

In November 2016, a hearing was held in Singapore to determine the jurisdiction of Shanxi Claim B. However, up to the date of approval of the Accounts, the determination is still pending.

(iv) Metallurgical Corporation of China ("MCC") claim

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

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

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

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

As set out in the Company's announcement dated 24 December 2013, Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron Project. An independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings of the independent audit, Sino Iron and MCC WA expect to enter into further negotiations to determine the amount of liabilities to be borne between the parties. Outcomes are not yet known as at 30 June 2017.

15 DISCONTINUED OPERATIONS

On 14 March 2016, the Company, CITIC Pacific and CITIC Corporation entered into an agreement with China Overseas to sell the Group's interest in certain residential real estate projects in the PRC to one of the affiliates of China Overseas. Completion of the transaction took place in September 2016.

The aggregate results of the discontinued operations were as follows:

	Six months ended 30 June 2016 *HK$ million*
Revenue	7,484
Expenses	(10,415)
Loss before taxation	(2,931)
Income tax	(1,851)
Loss arising from discontinued operations	(4,782)
Attributable to:	
– Ordinary shareholders of the Company	(4,736)
– Non-controlling interests	(46)
	(4,782)

FINANCIAL REVIEW AND ANALYSIS

In HK$ million	**Six months ended 30 June** **2017**	2016	Increase/ (Decrease)
Continuing operations			
Revenue	**198,064**	183,974	14,090
Profit before taxation	**53,740**	48,495	5,245
Profit/(loss) attributable to ordinary shareholders	**32,261**	20,182	12,079
– Continuing operations	**32,261**	24,918	7,343
– Discontinued operations	**–**	(4,736)	4,736
Earnings per share (HK$)	**1.11**	0.69	0.42
– Continuing operations	**1.11**	0.85	0.26
– Discontinued operations	**–**	(0.16)	0.16
Dividend per share (HK$)	**0.11**	0.10	0.01
Net cash (used in)/generated from operating activities	**(92,947)**	55,624	(148,571)
– Continuing operations	**(92,947)**	48,178	(141,125)
– Discontinued operations	**–**	7,446	(7,446)
Capital expenditure	**9,939**	21,978	(12,039)

	As at 30 June 2017	As at 31 December 2016	Increase/ (Decrease)
Total assets	**7,155,425**	7,237,995	(82,570)
Total liabilities	**6,413,396**	6,542,144	(128,748)
Total ordinary shareholders' funds and perpetual capital securities	**528,458**	490,633	37,825

Profit/(loss) and assets by business

	Profit/(loss)		Assets	
			As at	As at
	Six months ended 30 June		**June 30**	31 December
In HK$ million	**2017**	2016	**2017**	2016
Financial services	**30,692**	31,756	**6,605,963**	6,729,902
Resources and energy	**(92)**	1,251	**141,921**	135,784
Manufacturing	**1,903**	1,740	**103,684**	96,112
Engineering contracting	**309**	1,059	**37,988**	36,796
Real estate	**5,819**	5	**156,022**	143,596
Others	**7,638**	2,802	**132,522**	113,090
Underlying business operations	**46,269**	38,613	**7,178,100**	7,255,280
Operation management	**(3,298)**	(2,495)		
Discontinued operations	**–**	(4,782)		
Elimination	**22**	34		
Profit attributable to non-controlling interests and holders of perpetual capital securities	**10,732**	11,188		
Profit attributable to ordinary shareholders	**32,261**	20,182		

Revenue by business

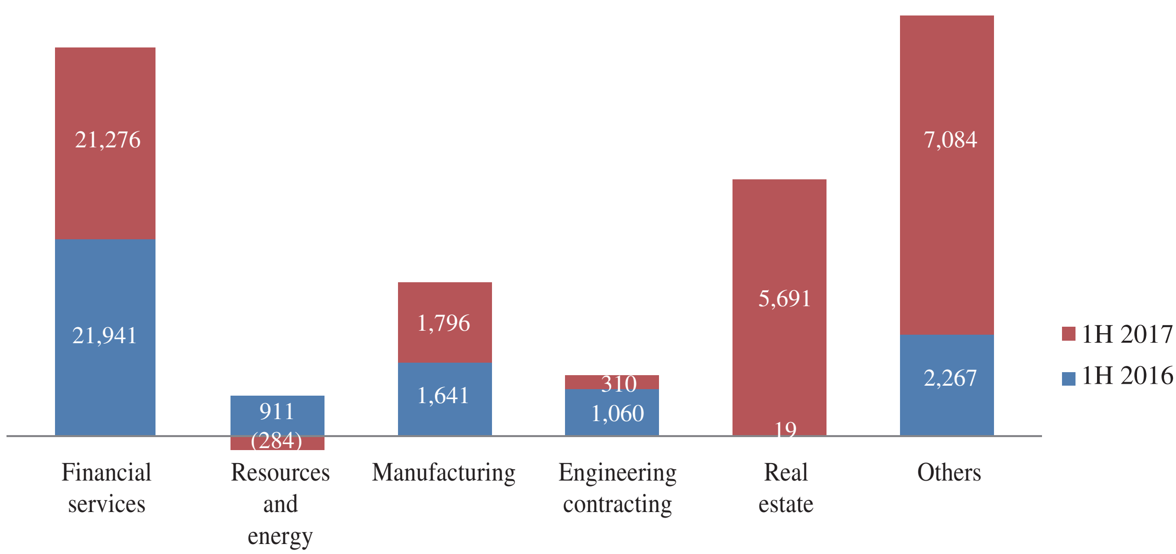
	Six months ended 30 June		Increase/(decrease)	
In HK$ million	**2017**	2016	Amount	%
Financial services	**89,944**	97,040	(7,096)	(7)
Resources and energy	**31,732**	21,323	10,409	49
Manufacturing	**39,450**	28,673	10,777	38
Engineering contracting	**3,653**	6,096	(2,443)	(40)
Real estate	**1,228**	1,641	(413)	(25)
Others	**32,037**	29,183	2,854	10

Revenue by nature

In HK$ million	Six months ended 30 June **2017**	2016	Increase/(decrease) Amount	%
Net interest income	**56,758**	64,318	(7,560)	(12)
Net fee and commission income	**28,038**	28,409	(371)	(1)
Sales of goods and services	**108,118**	86,934	21,184	24
– Sales of goods	**92,719**	69,431	23,288	34
– Services rendered to customers	**11,580**	11,827	(247)	(2)
– Revenue from construction contracts	**3,819**	5,676	(1,857)	(33)
Other revenue	**5,150**	4,313	837	19

Net Profit/(Loss) Attributable to Ordinary Shareholders from Continuing Operations

In HK$ million



Capital Expenditures

In HK$ million	**Six months ended 30 June** **2017**	2016	Increase/(decrease) Amount	%
Financial services	**1,027**	5,941	(4,914)	(83)
Resources and energy	**2,419**	2,901	(482)	(17)
Manufacturing	**1,798**	2,600	(802)	(31)
Engineering contracting	**922**	154	768	499
Real estate	**869**	4,403	(3,534)	(80)
Others	**2,904**	5,979	(3,075)	(51)
Total	**9,939**	21,978	(12,039)	(55)

Group Financial Position

In HK$ million	**As at 30 June 2017**	As at 31 December 2016	Increase/(decrease) Amount	%
Total assets	**7,155,425**	7,237,995	(82,570)	(1)
Loans and advances to customers and other parties	**3,475,325**	3,137,906	337,419	11
Investments classified as receivables	**980,328**	1,166,325	(185,997)	(16)
Cash and deposits	**758,717**	927,259	(168,542)	(18)
Available-for-sale financial assets	**698,010**	642,477	55,533	9
Held-to-maturity investments	**266,323**	244,151	22,172	9
Fixed assets	**174,938**	172,236	2,702	2
Inventories	**55,656**	48,905	6,751	14
Total liabilities	**6,413,396**	6,542,144	(128,748)	(2)
Deposits from customers	**3,950,545**	4,031,522	(80,977)	(2)
Deposits from banks and non-bank financial institutions	**1,010,882**	1,097,164	(86,282)	(8)
Debt instruments issued	**666,365**	543,893	122,472	23
Bank and other loans	**119,845**	112,819	7,026	6
Total ordinary shareholders' funds and perpetual capital securities	**528,458**	490,633	37,825	8

Loans and advances to customers and other parties

As at 30 June 2017, the net loans and advances to customers and other parties of the Group was HK$3,475,325 million, an increase of HK$337,419 million, increased 10.75% compared to 31 December 2016. The proportion of loans and advances to customers and other parties to total assets was 48.57%, an increase of 5.22% compared to 31 December 2016.

In HK$ million	**As at 30 June 2017**	As at 31 December 2016	Increase/(decrease) Amount	%
Corporate loans	**2,145,744**	2,073,150	72,594	4
Discounted bills	**119,195**	83,949	35,246	42
Personal loans	**1,304,610**	1,069,417	235,193	22
Total loans and advances to customers and other parties	**3,569,549**	3,226,516	343,033	11
Impairment allowances	**(94,224)**	(88,610)	(5,614)	6
Net loans and advances to customers and other parties	**3,475,325**	3,137,906	337,419	11

Deposits from customers

As at 30 June 2017, deposits from customers of the financial institutions under the Group were HK$3,950,545 million, an decrease of HK$80,977 million, –2.01% compared to 31 December 2016. The proportion of deposits from customers to total liabilities was 61.60%, a decrease of 0.02% compared to 31 December 2016.

In HK$ million	**As at 30 June 2017**	As at 31 December 2016	Increase/(decrease) Amount	%
Corporate deposits				
Time deposits	**1,464,664**	1,554,160	(89,496)	(6)
Demand deposits	**1,821,643**	1,845,451	(23,808)	(1)
Subtotal	**3,286,307**	3,399,611	(113,304)	(3)
Personal deposits				
Time deposits	**365,099**	363,387	1,712	0.5
Demand deposits	**289,808**	260,433	29,375	11
Subtotal	**654,907**	623,820	31,087	5
Outward remittance and remittance payables	**9,331**	8,091	1,240	15
Total	**3,950,545**	4,031,522	(80,977)	(2)

Risk Management

CITIC Limited has established a risk management and internal control system covering all business segments to identify, assess and manage various risks in the Group's business activities. The business, operating results, financial position and profitability of CITIC Limited may be subject to a number of risk factors and uncertainties, directly or indirectly, relating to the Group. The risk factors set out below are not exhaustive and CITIC Limited, in addition to these risk factors, may also be exposed to other unknown risks or risks that may not be material at present but may become material in future.

Financial Risk

As a sub-committee of the Executive Committee, the Asset and Liability Management Committee ("ALCO") has been established to monitor financial risks of the Group in accordance with the relevant treasury and financial risk management policies.

Asset and liability management

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

1. *Debt*

    ALCO centrally manages and regularly monitors the existing and projected debt levels of CITIC Limited and its major non-financial subsidiaries to ensure that the Group's debt size, structure and cost are at reasonable levels.

    As at 30 June 2017, consolidated debt of CITIC Limited(1) was HK$786,210 million, including loans of HK$119,845 million and debt instruments issued(2) of HK$666,365 million. Debt of the head office of CITIC Limited(3) accounted for HK$78,246 million and debt of CITIC Bank(4) HK$544,091 million. In addition, the head office of CITIC Limited had cash and deposits of HK$6,974 million and available committed facilities from banks of HK$17,000 million.

The details of debt are as follows:

As at 30 June 2017		*HK$ million*
Consolidated debt of CITIC Limited		786,210
Among which:	Debt of the head office of CITIC Limited	78,246
	Debt of CITIC Bank	544,091

Notes:

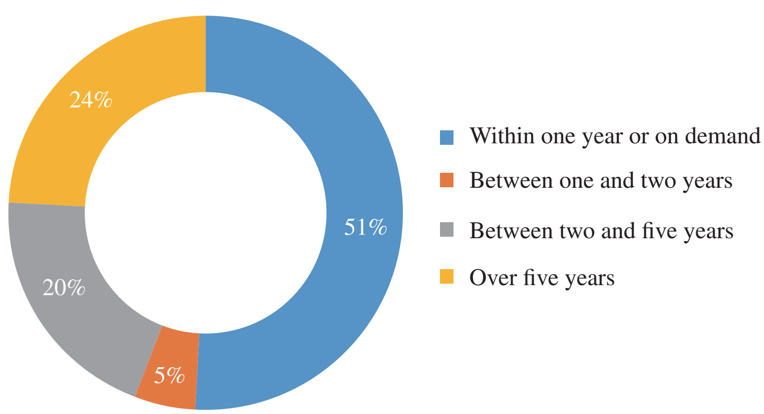
(1) Consolidated debt of CITIC Limited is the sum of "bank and other loans" and "debt instruments issued" in the Consolidated Balance Sheet of CITIC Limited;

(2) Debt instruments issued include corporate bonds, notes, subordinated bonds, certificates of deposit and certificates of interbank deposit issued;

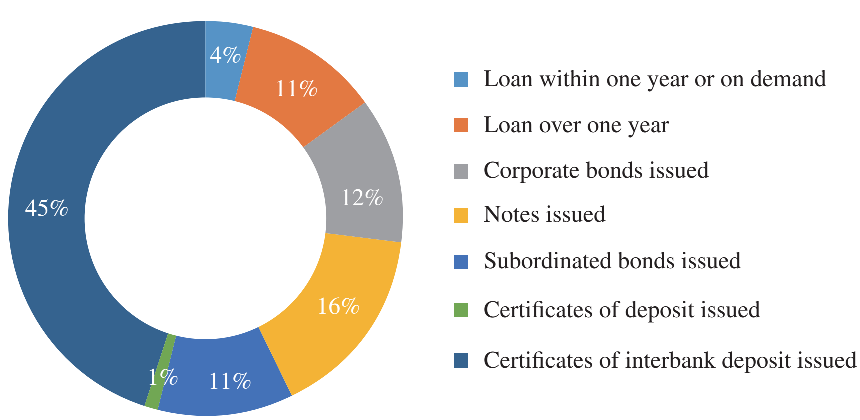
(3) Debt of the head office of CITIC Limited is the sum of "bank and other loans", "long-term borrowings" and "debt instruments issued" in the Balance Sheet of CITIC Limited;

(4) Debt of CITIC Bank refers to CITIC Bank's consolidated debt securities issued, including long-term debt securities, subordinated bonds, certificates of deposit and certificates of interbank deposit issued.

Consolidated debt by maturity as at 30 June 2017



Consolidated debt by type as at 30 June 2017



The debt to equity ratio of CITIC Limited as at 30 June 2017 is as follows:

In HK$ million	**Consolidated**	**Head office**
Debt	786,210	78,246
Total equity[(5)]	742,029	394,729
Debt to equity ratio	106%	20%

Note:

(5) Total consolidated equity is based on the "total equity" in the Consolidated Balance Sheet; Total equity of head office is based on the "total ordinary shareholders' funds and perpetual capital securities" in the Balance Sheet.

2. *Liquidity risk management*

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

CITIC Limited's liquidity management involves the regular cash flow forecast for the next three years and the consideration of its liquid assets level and new financings necessary to meet future cash flow requirements.

CITIC Limited centrally manages its own liquidity and that of its major non-financial subsidiaries and improves the efficiency of fund utilisation. With flexible access to domestic and overseas markets, CITIC Limited seeks to diversify sources of funding through different financing instruments, in order to raise low-cost funding of medium and long terms, maintain a mix of staggered maturities and minimise refinancing risk.

3. *Credit ratings*

	Standard & Poor's	**Moody's**
30 Jun. 2017	A–/Negative	A3/Negative

Treasury risk management

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

- Interest rate risk
- Currency risk
- Counterparty risk for financial products
- Commodity risk
- Market price risk

CITIC Limited manages the above risks by using appropriate financial derivatives or other means, and priority will be given to simple, cost-efficient and effective hedge instruments which meet the HKAS 39 in performing treasury risk management responsibilities. To the extent possible, gains and losses of the derivatives offset the losses and gains of the assets, liabilities or transactions being hedged.

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

1. *Interest rate risk*

   CITIC Limited regularly monitors current and projected interest rate changes, with each of the operating entities of the Group implementing its own interest rate risk management system covering identification, measurement, monitoring and control of market risks. Interest rate risk is managed by taking into account market conditions and controlled at a reasonable level.

   For our financial subsidiaries, repricing risk and benchmark risk are the main sources of interest rate risk. Observing the principle of prudent risk appetite, they closely track changes in the macroeconomic situation and internal business structure, continue to optimise the maturity structure of deposits, make timely adjustments to the loan repricing lifecycle, and take the initiative to manage sensitive gaps in interest rates for the overall objective of achieving steady growth both in net interest income and economic value within a tolerable level of interest rate risk.

For our head office and non-financial subsidiaries, the interest rate risk arises primarily from debt. Borrowings at floating rates expose CITIC Limited to cash flow interest rate risk, while borrowings at fixed rates expose CITIC Limited to fair value interest rate risk. Based on its balance sheet and market conditions, CITIC Limited and its non-financial subsidiaries will conduct analysis and sensitivity testing on interest rate risk, adopt a flexible approach in choosing financing instruments at floating and fixed rates, or choose to employ, at the suitable time, the interest rate swaps and other derivative instruments approved for use by the ALCO to manage interest rate risk.

2. *Currency risk*

CITIC Limited has major operations in mainland China, Hong Kong and Australia, with Renminbi ("RMB"), Hong Kong dollar ("HKD") and United States dollar ("USD") as functional currencies respectively. The Group's member companies are exposed to currency risk from gaps between financial assets and liabilities, future commercial transactions and net investments in foreign operations that are denominated in a currency that is not the member company's functional currency. The reporting currency of the consolidated financial statements of CITIC Limited is HKD. Translation exposures from the consolidation of subsidiaries, whose functional currency is not HKD, are not hedged by using derivative instruments as no cash exposures are involved.

CITIC Limited measures its currency risk mainly by currency gap analysis. Where it is appropriate, the Group seeks to lower its currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currency or using forward contracts and cross currency swaps, provided that hedging is only considered for firm commitments and highly probable forecast transactions.

3. *Counterparty risk for financial products*

CITIC Limited has business with various financial institutions, including deposits, interbank lending, financial investment products and derivative financial instruments. To mitigate the risk of non-recovery of deposited funds or financial instrument gains, member companies of CITIC Limited approve and adjust the list of counterparties and credit limits of approved financial institutions through internal credit extension processes. A regular report is required.

4. *Commodity risk*

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

To manage some of its raw material exposures such as supply shortages and price volatility, CITIC Limited has entered into long-term supply contracts for certain inputs or used plain vanilla futures or forward contracts for hedging. While CITIC Limited views that natural offsetting is being achieved to a certain extent across its different business sectors, it performs a continual risk management review to ensure commodity risks are well understood and controlled within its business strategies.

5. *Market price risk*

CITIC Limited holds investments in financial assets classified as available-for-sale financial assets or financial assets at fair value through profit or loss in the consolidated balance sheet. To control price risks arising from such investments, the Group actively monitors the price changes and diversifies the relevant investment risks through appropriate asset allocation.

Economic Environment

CITIC Limited operates diversified businesses globally in various countries and regions. As a result, its financial condition, operational results and business prospects are, to a significant degree, subject to the development of both international and domestic economies, as well as the political and legislative environment.

As China's economy is undergoing structural changes, the formation of new growth drivers involves further reforms in a variety of areas, including politics, economy, technology, culture and society. With the sluggish global economic recovery, growth remains soft in the developed economies and tends to be more divergent across regions due to significant differences in inherent structures. In emerging markets, economic growth continues to slow down. The economic rebound is still vulnerable due to the lowering of potential market growth as well as the decline in commodity prices and capital outflows. If negative economic factors appear in countries and regions in which CITIC Limited operates, there might be an adverse impact on its operational results, financial condition and profitability.

Operational Risk

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

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

Credit Risk

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

Competitive Markets

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

– The financial services business faces fierce competition from domestic and international commercial banks and other financial institutions.

– The engineering contracting business is challenged by global peers as well as China's large state-owned enterprises and private companies.

– Resources and energy, manufacturing, real estate operations, and other businesses in different sectors also face severe competition over resources, technologies, prices and services.

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

Other External Risks and Uncertainties

Impact of local, national and international laws and regulations

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

Impact of new accounting standards

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

Natural disasters or events, terrorism and diseases

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

HUMAN RESOURCES

Equality

All of our labour contracts were established and modified in strict accordance with relevant laws and regulations to protect the legal rights of our employees. We offer equal opportunities in employment, career advancement, remuneration and benefits, as well as training and development, and operate against any discrimination in connection with ethnicity, nationality, religion, physical disability or gender, to develop a harmonious relationship with our staff.

Incentives

We have a remuneration mechanism in place across all of our subsidiaries, which is guided by the remuneration policies of relevant local governments and based on business results. This market-oriented mechanism makes reference to statistical data on salaries and remuneration prepared by professional consultants with equal emphasis on market competitiveness and fairness. We optimised our performance appraisal and remuneration mechanism based on the principle of "one company, one policy", which helped to create a closer link between performance appraisal results and staff remuneration/incentives. In the construction of welfare and benefit schemes, apart from social insurance required by local governments, most of our subsidiaries have instituted corporate annuities (supplementary pension insurance) and supplementary medical insurance schemes for our employees.

Training

In line with our people-oriented philosophy, we actively promoted the implementation of Talent Strategy, accelerated the construction of our five talent teams, and established a systematic, scientific and standard training regime. We specifically implemented CITIC Excellence Training Project for outstanding young officers, and continued to run training sessions for Hong Kong employees.

CORPORATE GOVERNANCE

CITIC Limited is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments. Details of our corporate governance practices can be found in CITIC Limited's Annual Report 2016 and on CITIC Limited's website at www.citic.com.

Board Changes

On 1 June 2017, Mr Yang Jinming retired from the board as a non-executive director and a member of the remuneration committee of CITIC Limited.

On 7 August 2017, Mr Liu Zhuyu was appointed as a non-executive director and a member of the remuneration committee of CITIC Limited.

Board Committees

Currently the board has the following committees to discharge its functions:

- An audit and risk management committee to oversee the relationship with the external auditor; and to review CITIC Limited's financial reporting, annual audit and interim report. The committee acts on behalf of the board in providing oversight of CITIC Limited's financial reporting system, risk management and internal control systems, reviews and monitors the effectiveness of the internal audit function, and reviews CITIC Limited's policies and practices on corporate governance. The committee comprises three independent non-executive directors, Mr Francis Siu Wai Keung (who serves as the chairman of the committee), Dr Xu Jinwu and Mr Anthony Francis Neoh, and two non-executive directors, Mr Liu Yeqiao and Mr Yang Xiaoping.

- A nomination committee to determine the policy for the nomination of directors set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship which shall take into consideration the principle of diversity. It also reviews the structure, size, composition and diversity of the board annually. The committee is chaired by Mr Chang Zhenming, the chairman of the board, and other members include an executive director, Mr Wang Jiong (being vice chairman and president of CITIC Limited), a non-executive director, Ms Yan Shuqin, and four independent non-executive directors, Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh and Ms Lee Boo Jin.

- A remuneration committee to determine and review the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, share options, pension rights, compensation payments (including any compensation payable for loss or termination of office or appointment) and other plans. The committee comprises four independent non-executive directors, Mr Anthony Francis Neoh (who serves as the chairman of the committee), Mr Francis Siu Wai Keung, Dr Xu Jinwu and Mr Paul Chow Man Yiu, and a non-executive director, Mr Liu Zhuyu.

- A strategic committee to accommodate the strategic development of CITIC Limited and enhance its core competitiveness, make and implement the development plan of CITIC Limited, streamline the investment-related decision making procedures and procure well-advised and efficient decision making. The committee is chaired by Mr Chang Zhenming, the chairman of the board, and other members include an executive director, Mr Wang Jiong (being vice chairman and president of CITIC Limited), three non-executive directors, Mr Song Kangle, Ms Yan Shuqin and Mr Yang Xiaoping, and two independent non-executive directors, Mr Anthony Francis Neoh and Mr Noriharu Fujita. Mr Li Rucheng, being a former non-executive director of CITIC Limited continues to serve as a member of the strategic committee in the capacity as a consultant to CITIC Limited.

- A special committee to deal with all matters relating to all investigations (including enquiries) of, and proceedings involving, CITIC Limited and its directors, arising from the 2008 forex incident, including but not limited to, by the Market Misconduct Tribunal, the Securities and Futures Commission and the Commercial Crime Bureau of the Hong Kong Police Force. The committee comprises two members, Mr Zhang Jijing and Mr Francis Siu Wai Keung.

Management Committees

- The executive committee is the highest authority of the management of CITIC Limited accountable to the board. The functions and powers of the executive committee are to formulate CITIC Limited's material strategic plans and annual material investment and financing plans, to review CITIC Limited's annual business plan, finance plans and monthly reports, to manage and monitor CITIC Limited's core activities, to appoint and remove mid-level and above key personnel of CITIC Limited (other than personnel above the rank of assistant to general manager, and those appointed and removed by the board), to approve internal rules on day-to-day operations of CITIC Limited, to review and approve proposals to establish and adjust CITIC Limited's management and organizational structure and to discharge other powers and functions conferred on it by the board. The committee is chaired by Mr Chang Zhenming, the chairman of the board, and other members include Mr Wang Jiong (being executive director, vice chairman and president of CITIC Limited and also serves as vice chairman of the committee), Mr Cai Huaxiang (who serves as vice chairman of the committee), Mr Feng Guang, Ms Li Qingping (being executive director and vice president of CITIC Limited), Mr Pu Jian (being executive director and vice president of CITIC Limited), Mr Zhu Gaoming (being vice president of CITIC Limited) and Mr Cai Xiliang (being vice president of CITIC Limited).

- The asset and liability management committee (the "ALCO") has been established as a sub-committee under the executive committee to be in charge of monitoring and controlling the financial risks of CITIC Limited. The principal responsibilities of the ALCO are to monitor and control the asset and liability financial position of CITIC Limited on a regular basis and to monitor and control the asset and liability structure, counterparties, currencies, interest rates, commodities and commitments and contingent liabilities of CITIC Limited. It also reviews financing plans and manages the cash flow of CITIC Limited on the basis of the annual budget and establishes hedging policies and approves the use of new financial instruments for hedging. The committee is chaired by Mr Zhu Gaoming (being vice president of CITIC Limited and a member of the executive committee), and other members include responsible persons of the financial control department, treasury department, strategic development department, the office of the board of directors and legal and compliance functions.

Compliance with Corporate Governance Code

CITIC Limited has applied the principles and complied with all the code provisions of the corporate governance code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the six months ended 30 June 2017.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit and risk management committee of the board reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017 in conjunction with the management and CITIC Limited's external auditor.

The interim financial information is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". It has been reviewed by CITIC Limited's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have declared an interim dividend of HK$0.11 per share (2016: HK$0.10 per share) for the year ending 31 December 2017, payable on Friday, 29 September 2017 to shareholders whose names appear on CITIC Limited's register of members on Thursday, 21 September 2017. The register of members of CITIC Limited will be closed from Monday, 18 September 2017 to Thursday, 21 September 2017, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with CITIC Limited's Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 15 September 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither CITIC Limited nor any of its subsidiary companies has purchased, sold or redeemed any of CITIC Limited's listed securities during the six months ended 30 June 2017.

FORWARD LOOKING STATEMENTS

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

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

HALF-YEAR REPORT AND FURTHER INFORMATION

A copy of the announcement is posted on CITIC Limited's website (www.citic.com) and the Hong Kong Stock Exchange's website (www.hkexnews.hk). The Half-Year Report 2017 will be made available on the respective websites of CITIC Limited and the Hong Kong Stock Exchange on or about 8 September 2017.

By Order of the Board
CITIC Limited
Chang Zhenming
Chairman

Hong Kong, 29 August 2017

As at the date of this announcement, the executive directors of CITIC Limited are Mr Chang Zhenming (Chairman), Mr Wang Jiong, Ms Li Qingping and Mr Pu Jian; the non-executive directors of CITIC Limited are Mr Liu Yeqiao, Mr Song Kangle, Ms Yan Shuqin, Mr Liu Zhuyu, Mr Liu Zhongyuan and Mr Yang Xiaoping; and the independent non-executive directors of CITIC Limited are Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh, Ms Lee Boo Jin, Mr Noriharu Fujita and Mr Paul Chow Man Yiu.