



中信证券股份有限公司
CITIC SECURITIES CO.,LTD.

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

(STOCK CODE : 6030)

Interim Report

2013

中期報告

IMPORTANT NOTICE

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

This interim report was considered and approved at the 16th Meeting of the 5th Session of the Board, and the 6th Meeting of the 5th Session of the Supervisory Committee of the Company. All Directors and Supervisors of the Company attended the meeting, and no Director or Supervisor raised any objection to this interim report.

The interim financial report of the Company contained herein was unaudited. Ernst & Young Hua Ming LLP and Ernst & Young issued review opinions in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively.

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

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

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

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

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

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Definitions

“A Shareholder(s)”	holder(s) of A Shares
“A Shares”	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB (stock code: 600030)
“Articles of Association”	the Articles of Association of the Company
“AUM”	assets under management
“Board”	the board of directors of the Company
“CA-CIB”	Crédit Agricole Corporate and Investment Bank, a société anonyme established under the laws of the Republic of France and a wholly-owned subsidiary of Credit Agricole Group, a major international banking group headquartered in France
“CAM”	collective asset management
“CASA BV”	Crédit Agricole Securities Asia B.V., a private limited liability company established under the laws of the Netherlands, through which CA-CIB previously held the shares in CLSA B.V.
“China AMC”	China Asset Management Co., Ltd.
“China CITIC Bank”	China CITIC Bank Corporation Limited
“CITIC Buyout Fund”	CITIC Buyout Fund Management Co., Ltd.
“CITIC Group”	CITIC Group Corporation (formerly known as China International Trust and Investment Corporation and CITIC Group (中國中信集團公司))
“CITIC PE Fund”	CITIC Private Equity Funds Management Co., Ltd.
“CITIC Securities” and “Company”	CITIC Securities Company Limited
“CITIC Securities (Zhejiang)”	CITIC Securities (Zhejiang) Co., Ltd
“CITIC Securities Investment”	CITIC Securities Investment Limited
“CITIC Trust”	CITIC Trust Co., Ltd.

Definitions

“CITIC Wantong Securities”	CITIC Wantong Securities Co., Ltd.
“CITIC-Kington Securities”	CITIC-Kington Securities Co., Ltd. (renamed as “CITIC Securities (Zhejiang) Co., Ltd” in December 2011)
“CITICS Futures”	CITICS Futures Co., Ltd.
“CLSA”	CLSA BV, a private limited liability company established under the law of Netherlands which became a wholly-owned subsidiary of CSI since 31 July 2013
“CLSA Hong Kong”	CLSA Limited, a wholly-owned subsidiary of CLSA
“Company Law”	the Company Law of the People’s Republic of China
“Connected Transaction”	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
“CSI”	CITIC Securities International Company Limited
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Ernst & Young Hua Ming”	Ernst & Young Hua Ming LLP
“ETF”	exchange traded fund
“General Meeting”	the general meeting of the Company
“GoldStone Investment”	GoldStone Investment Co., Ltd.
“Group”	CITIC Securities Company Limited and its subsidiaries
“H Shareholder(s)”	holder(s) of H Shares
“H Shares”	the overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a normal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (stock code: 6030)

Definitions

“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“MOF”	the Ministry of Finance of the People’s Republic of China
“NSSF”	the National Social Security Fund
“Qianhai Equity Exchange”	Qianhai Equity Exchange (Shenzhen) Company Limited
“Related Party Transaction”	has the meaning ascribed to it under the Shanghai Listing Rules currently in effect and as amended from time to time
“SAIC”	the State Administration for Industry & Commerce of the People’s Republic of China
“SAM”	specified asset management
“Securities Law”	the Securities Law of the People’s Republic of China
“Senior Management”	the senior management of the Company
“Shanghai Listing Rules”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shareholder” or “Shareholders”	A Shareholders and H Shareholders
“Shenzhen Bureau of the CSRC”	the Shenzhen Securities Regulatory Bureau of the CSRC
“Supervisors”	the supervisors of the Company
“TAM”	targeted asset management
“Wind Info”	Wind Information Co., Ltd.

Company Information

Name in Chinese:	中信証券股份有限公司
Abbreviation in Chinese:	中信証券
Name in English:	CITIC Securities Company Limited
Abbreviation in English:	CITIC Securities Co., Ltd.
Legal Representative:	WANG Dongming
Authorized Representatives:	YIN Ke, ZHENG Jing
President:	CHENG Boming
Secretary to the Board, Company Secretary:	ZHENG Jing
Registered Address:	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Postal Code: 518048)
Office Address:	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Postal Code: 518048) <i>(Note: This is a postal address and is the same as the registered address of the Company. The registered address of the Company corresponds to the name of building registered with Shenzhen Real Estate Ownership Registration Center.)</i> CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing (Postal Code: 100026)
Place of Business in Hong Kong:	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website:	http://www.cs.ecitic.com
Email:	ir@citics.com
Telephone:	0755-2383 5888, 010-6083 8888
Facsimile:	0755-2383 5861, 010-6083 6029
Brokerage Customer Service Hotline:	40088 95548
Asset Management Customer Service Hotline:	010-6083 6688

Company Information

Investor Relations Hotline:	0755-2383 5383, 010-6083 6030		
Legal Adviser as to PRC Laws:	Beijing Jiayuan Law Firm		
Legal Adviser as to Hong Kong Laws:	Linklaters		
Domestic Auditor:	Ernst & Young Hua Ming LLP 16/F, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing Signatories: LI Huimin and SHI Yuxuan		
International Auditor:	Ernst & Young 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong		
A Share Registrar:	China Securities Depository and Clearing Corporation Limited, Shanghai Branch 36/F, China Insurance Building, 166 Lujiazui East Road, Pudong New Area, Shanghai		
H Share Registrar:	Computershare Hong Kong Investor Services Limited 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong		
Places of Listing, Stock Name and Stock Code:	A Shares Shanghai Stock Exchange	CITIC SECURITIES	600030
	H Shares Hong Kong Stock Exchange	CITIC SEC	6030
Registered Capital:	RMB11,016,908,400		
Total Shares:	11,016,908,400 Shares (9,838,580,700 A Shares and 1,178,327,700 H Shares)		

During the reporting period, there was no change of company information, disclosure method and places where interim reports are available.

During the reporting period, there was no change of the Company's registration.

Financial Summary

Key Accounting Data and Financial Indicators

In RMB millions

Items	30 June 2013	31 December 2012	Variance in comparison with the end of last year (%)
Total assets	199,086	168,508	18.15
Total liabilities	114,503	81,823	39.94
Equity attributable to owners of the parent	84,379	86,465	-2.41
Issued share capital	11,017	11,017	—
Net assets per share attributable to owners of the parent (in RMB yuan/share)	7.66	7.85	-2.42
			Increased by 12.54 percentage points
Gearing ratio (%)	47.71	35.17	points

Items	Six months ended 30 June 2013	Six months ended 30 June 2012	Variance in comparison with the corresponding period of last year (%)
Total revenue and other income	7,322	6,433	13.82
Operating profit	2,459	2,653	-7.31
Profit before income tax	2,717	2,904	-6.44
Net profit attributable to owners of the parent	2,110	2,249	-6.18
Net cash outflow from operating activities	-21,712	-6,436	237.35
Basic earnings per share (in RMB yuan/share)	0.19	0.20	-5.00
Diluted earnings per share (in RMB yuan/share)	0.19	0.20	-5.00
			Decreased by 0.14 percentage points
Return on weighted average equity (%)	2.42	2.56	points

Note: In calculating the gearing ratio for the above reporting periods, the assets and liabilities have excluded the amounts of cash held on behalf of customers, customers' refundable deposits and accounts payable to customers.

Financial Summary

Net Capital and Relevant Risk Control Indices of the Parent Company

As at 30 June 2013, the net capital of the parent company was RMB35,979 million, representing a decrease of 11.10% as compared with that of RMB40,472 million as at 31 December 2012. The decrease was mainly due to the increase of dividends payable and increase of investment in two funds established by the Company.

Items	In RMB millions	
	30 June 2013	31 December 2012
Net capital	35,979.13	40,471.73
Net assets	69,814.85	72,592.88
Net capital/total risk capital reserves (%)	1,002.66	1,307.32
Net capital/net assets (%)	51.54	55.75
Net capital/total liabilities (%)	52.89	94.81
Net assets/total liabilities (%)	102.62	170.05
Value of equity securities and derivatives held (stock index futures inclusive)/net capital (%)	59.07	65.97
Value of fixed income securities held/net capital (%)	127.73	91.82

Note: The risk control indices for various businesses of the Company comply with the relevant requirements of *Measures for the Risk Control Indices of Securities Companies of the PRC* issued by the CSRC.

Management Discussion and Analysis

Analysis of Principal Businesses

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

The brokerage business of the Group is mainly engaged in dealing and brokering 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, and alternative investment business.

The Group provides asset management services and products to clients in China and globally. Asset management businesses already commenced by the Group include CAM, TAM, SAM and other investment accounts management.

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

Investment Banking

Equity Financing

Market Conditions

In the first half of 2013, funds raised by follow-on offerings surged while IPO was still in suspension. Total funds raised by equity financing on the A share market slightly increased by 6.11% year-on-year. Funds raised by follow-on offerings stood at RMB239,781 million, increased by 57.57% year-on-year, of which private placements and convertible bond issuances achieved a year-on-year growth of 66.75% and 139.06%, respectively. Private placements remained the dominant means of follow-on offerings. In the first half of 2013,

funds raised by private placements reached RMB205,214 million (of which RMB135,809 million was raised through private placements in cash), accounting for 85.58% of the total amount of funds raised by follow-on offerings.

The concentration level of the A share underwriting market has decreased with an aggregate market share of the top ten securities firms (in terms of underwriting amount) in the first half of 2013 slightly decreased to 58.27% from 60.68% in 2012.

Actions and Achievements

Faced with the challenges arising from the ferocious capital market conditions in the first half of 2013, the Company has required all industry teams to organize and deploy all the internal and external resources of the Company in a client-oriented manner in order to provide clients with all-rounded capital market product services while sticking to the strategic direction of “being client-oriented with full-product services; maximizing the efficiency of resources allocation; improving the quality of client services”. On the other hand, the Company has strived to further develop innovative businesses and products, taking an active role to explore into other equity flow-based businesses and trying to enhance the comprehensive competitive edge of the Company. Apart from developing innovative businesses, the Company also tried to strengthen the awareness of risks and liabilities of its business team and to optimize the measures and procedures of risk monitoring and control.

In respect of SME equity financing projects, the Company has strengthened the specialized division of its industry teams, thereby establishing evident competitive advantages in different sectors, namely commercial and life style consumer goods, advanced equipment manufacturing, information technology, pharmaceutical, food and beverage, general chemicals, energy conservation and environmental protection. The Company has also formed a product innovation team to provide a full range of financial services to clients.

Management Discussion and Analysis

In the first half of 2013, the Company completed eight equity lead underwriting projects (all were follow-on offerings), with a total lead underwriting amount of RMB27,483 million, accounting for a market share of

11.46%, and ranked first in the market. In particular, four were cash equity lead underwriting projects, with a total lead underwriting amount of RMB17,740 million, which was ranked first in the market.

Projects	From January to June 2013		From January to June 2012	
	Lead underwriting amount (RMB million)	Number of issues	Lead underwriting amount (RMB million)	Number of issues
IPOs	—	—	13,848	11
Follow-on offerings	27,483	8	11,504	4
Total	27,483	8	25,352	15

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

In respect of the international business, in spite of a volatile market, the Company maintained resilient competitiveness. In the first half of 2013, CSI participated in and completed four IPOs, two cross-border mergers and acquisitions, one follow-on offering and 12 offshore RMB-denominated bond and USD-denominated bond offerings in Hong Kong. Meanwhile, the Company continued to work on the efficient interaction between the international and domestic business platforms, and enhanced its influence on the international market through cross-border mergers and acquisitions, as well as strategic collaboration.

Outlook for the Second Half of 2013

In the second half of 2013, the Company will keep focusing on strategic client coverage and capitalize on various financing opportunities arising from economic restructuring and industrial upgrading, and will identify opportunities from sub-segments and regional leading enterprises. All these efforts are aiming at providing integrated capital market solutions, creating added

value for and achieving mutual growth with the clients. The Company will keep optimizing its internal resource allocation and developing innovative businesses. Meanwhile, the Company will establish a multi-tier risk management system, strengthen the risk control on project sponsorship and innovative businesses and improve the project quality, thereby constantly enhancing the market influence of its brand name.

Debt and Structured Financing

Market Conditions

In the first half of 2013, the PRC bond market experienced a drop after increase. From January to May 2013, benefiting from the stable macro-economic data, the relatively low inflation expectation and the relatively stable liquidity in the financial system, the bond market performed steadily. In June 2013, affected by tightening liquidity and the uncertainties in market expectation, bond yields rallied remarkably and hit the highest level at the end of June. Since then, the yields of bonds gradually returned to normal status.

Management Discussion and Analysis

Actions and Achievements

In the first half of 2013, the Company completed 71 transactions in total, including the lead underwriting for enterprise bonds, corporate bonds, financial bonds, medium-term notes, commercial papers and asset-

backed securities, with the lead underwriting amount of RMB89,838 million, representing 4.20% of the market share in terms of lead underwriting amount. The Company ranked first in terms of number of issues and underwriting amount.

Projects	From January to June 2013		From January to June 2012	
	Lead underwriting amount (RMB million)	Number of issues	Lead underwriting amount (RMB million)	Number of issues
Enterprise bonds	8,667	6	18,833	10
Corporate bonds	17,900	17	8,250	6
Financial bonds	36,875	15	31,834	9
Medium-term notes	13,550	19	18,300	14
Commercial papers	11,050	11	5,750	6
Collective notes	—	—	—	—
Asset-backed securities	1,796	3	—	—
Total	89,838	71	82,967	45

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

Besides, while maintaining its leading position in the conventional bond underwriting business, the Company recorded a steady growth in the private structured financing business in 2013, completing 16 projects with an aggregate amount of approximately RMB5,200 million fund raised, and became the frontrunner among domestic securities firms. The Company carried on the development of structured financing products with increasing efforts, thereby making a constructive probe into business structure diversification, all-encompassing business vision and the advancement of the proactive transition from the conventional bonds underwriting business.

Outlook for the Second Half of 2013

In the second half of 2013, the Company will adapt to the shift of the market focus in a proactive way, while deepening the concept of compliant operation and strengthening internal control measures. The Company will also keep diversifying the client base and product line to expedite the transformation of business structure. Through driving the client demand for debt and structured financing and other fixed income business, the Company will endeavour to maintain its leading market position and influence, and to continue deepening the concept of product innovation and strengthen research and development for a further breakthrough in operation.

Management Discussion and Analysis

Financial Advisory Services

Market Conditions

The global merger and acquisition market slowed down in the first half of 2013. According to the statistics from Thomson Reuters, the aggregate amount of global mergers and acquisitions for the first half of year 2013 was US\$996,791 million, down by 12.96% year-on-year. 16,808 merger and acquisition transactions were announced in the first half of 2013, representing a year-on-year decrease of 13.15%. On a sector basis, the transaction value was mainly concentrated in three sectors, namely energy and electricity, real estate and finance, representing approximately 37.40% of the value of all merger and acquisition transactions globally.

In the first half of 2013, the value of merger and acquisition transactions involving Chinese companies amounted to US\$116,273 million, representing a year-on-year increase of 39.01%. 1,558 merger and acquisition transactions were announced during the period, down by 10.56% year-on-year. In terms of geographical locations, the value of merger and acquisition transactions in China accounted for 59.56% of that in the Asia Pacific region, of which the value of out-bound transactions by Chinese firms amounted to US\$36,314 million whereas in-bound transactions being US\$13,903 million. On a sector basis, the merger and acquisition activities were mainly found in the energy and electricity, industrial and financial sectors, accounting for approximately 57.80% of the value of all mergers and acquisitions in China.

Actions and Achievements

The Company strived to develop itself into a leading brand name in the domestic and international markets, and to develop innovative financial advisory services as a new driver for profit growth. According to the ranking in terms of the transaction value of mergers and acquisitions involving Chinese companies as compiled by Bloomberg in the first half of 2013, the Company ranked number one among Chinese investment banks, and number six among international investment banks

following Morgan Stanley, UBS, HSBC, Goldman Sachs and Barclay Capital, by virtue of the US\$8,279 million transaction value.

The overseas network of the Company is the key stepping stone for the rapid development of its cross-border merger and acquisition financial advisory business. In 2013, the Company fully utilized its overseas teams, strengthened the established and all-rounded cooperation with its overseas strategic partners, thus further developing and expanding its overseas business networks to cover key regions such as Europe, North America, Asia and Australia, and gradually extended into the emerging regions such as Africa and South America, to establish an international network for cross-border merger and acquisition advisory services across the world.

Outlook for the Second Half of 2013

In the second half of 2013, in respect of the domestic merger and acquisition market, the Company will continue to strengthen the client network of domestic mergers and acquisitions by in-depth studies of client demands, and will capitalize on business opportunities arising from industry consolidation and flotation of sizable enterprises. The Company will strive to arrange major projects for sizable clients and to play a core financial advisory role in transactions which have a more substantial market impact, with a view to further strengthening its advantageous position and to probing further into innovation.

In respect of the cross-border merger and acquisition market, with the sustained establishment and continuous enhancement of the overseas network, the Company will be able to participate in cross-border merger and acquisition activities extensively and profoundly with greater impact on the international market. The Company will also try to provide flow-based services for cross-border merger and acquisition transactions to build up its brand name in the China-involved cross-border merger and acquisition market.

Management Discussion and Analysis

While maintaining its advantages in conventional financial advisory business, the Company has been expanding buy-side business and striving to explore investment and financing business opportunities from mergers and acquisitions, in and outside of China, by capitalizing on its market position and influence of sell-side business as well as its rich merger and acquisition experience and client resources accumulated in the process of financial advisory business.

Brokerage

Market Conditions

The average daily turnover of stock and fund in the PRC A share market was RMB190,919 million in the first half of 2013, representing a year-on-year increase of 26%. The average commission rate of the industry, after successive and substantial slides of years, stabilized at 0.789‰ in the first half of 2013, representing an increase of 2% compared to the end of 2012. As at 30 June 2013, the market value of all securities under custody was RMB21.28 trillion, and customer deposits was RMB569,000 million, down by 8% and 5%, respectively, compared to 31 December 2012.

Actions and Achievements

In 2013, in terms of brokerage business, the Group has been following the trend of market development that favours “institutionalization and product-orientation” business, striving to attract institutional clients, providing clients with a multi-business platform, and further enlarging the advantage in market share. In the first half of 2013, the Group recorded a total turnover of RMB2.66 trillion in securities and mutual funds trading on the Shanghai Stock Exchange and Shenzhen Stock Exchange, with a market share of 6.17%, representing an increase of 7.12% compared to the end of 2012.

The Company was proactive in deepening the transformation of its brokerage business by facilitating the

functional change of its branches into sales outlets and service centres for all businesses of the Company. As at 30 June 2013, the Company, CITIC Securities (Zhejiang) and CITIC Wantong Securities distributed a total of RMB24,913 million of financial products.

Outlook for the Second Half of 2013

In the second half of 2013, the Company will, aim at serving the real economy and proactively respond to the institutionalization and product-orientation trend of investments, further push ahead with the margin financing and securities lending business, and block trade business, at the same time, elevate its capability of institutional services. The Company will also focus on building the mechanism of comprehensive financial services for SMEs. Given the new OTC market expansion, the Company is going to strictly keep risk under control and steadily promote the private bonds business. Meanwhile, the Company will enhance the supply and sales of the fixed-income-related products, continuously offer the multi-business platform, and encourage the innovative businesses such as stock pledged repo and small credit loans. The Company will also bring OTC trades into full bloom and accelerate the construction of internet finance.

Trading

Market Conditions

In the first half of 2013, the A share market dipped again with the index fluctuating downward after a sign of rebound. As at 30 June 2013, SSE Composite Index was 12.78% lower than the beginning of the year, when the market continued its rebound commencing from the end of last year due to the market expectation of the domestic economic recovery and reform policies. In the second quarter, impacted by the slower-than-expected economic recovery, in particular, the tightening of liquidity by the central bank, the A share market pulled back to a substantial extent.

Management Discussion and Analysis

Generally, in the first half of 2013, A share market was mainly fluctuating, and structural investment opportunities existed. The SME board and ChiNext board are relatively bullish, among which industries such as military industry, environment protection, media and TMT, etc. performed relatively well.

Actions and Achievements

Flow-based business

The Company reported a relatively rapid development in its flow-based business in the first half of 2013.

For the equity flow-based business, the Company provided clients with equity management services such as stock repo, stock pledge-style repo and market cap management, launched structured products and total return swaps, as well as market making services for block trades and ETFs. During the reporting period, the Company gradually expanded the scale of stock repo business, gaining a leading market position in terms of stock repo scale. The Company recorded a rapid growth in the scale of its total return swap business, ranking first in terms of the trading volume.

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

In respect of fixed income products, by capitalizing on its extensive clientele network, the Company actively developed new clients, new sources of demand, and further enhanced the capabilities in product innovation and design to develop flow-based business. More specifically, measures adopted included launching innovative commodities and cross-border products; further expanding the scale of proprietary wealth management products; stepping up efforts in development and sales of innovative products; continuing to strengthen its investment advisory services for wealth management of commercial banks and small-and medium-sized financial institutions; engaging in market-making businesses to meet the client demands in risk management, investment and financing. In the first half of 2013, the Company continued to maintain its number one position in the interbank bond market in terms of trading volume.

In respect of the prime services, the Company focused on the development and service of key clients and has proactively explored the demands for margin financing and securities lending of the institutional clients and high-net-worth individual clients. The margin financing and securities lending balance of the Company ranked first across the market for consecutive months. The balance of the margin financing and securities lending of the Company, CITIC Securities (Zhejiang) and CITIC Wantong Securities added up to more than 10% of market share, ranking first in the market. In the first half of 2013, the revenue from margin financing and securities lending business has already exceeded the aggregate amount of the year 2012. The Company has gained a rapid growth in such business and has been approved to launch refinancing business.

Management Discussion and Analysis

As at 30 June 2013, the balance of margin financing business of the Company was RMB22,170 million, 158.21% up from the beginning of the period; the

balance of securities lending business of the Company was RMB475 million, 89.23% up from the beginning of the period.

Item	Company	30 June 2013	31 December 2012	Growth rate (%)	Market share (%)
Balance of margin financing and securities lending accounts (RMB million)	CITIC Securities	15,083	6,236	141.87	6.79
	CITIC Securities (Zhejiang)	5,205	1,869	178.45	2.34
	CITIC Wantong Securities	2,357	732	221.99	1.06
	Total	22,645	8,837	156.24	10.19

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

Proprietary Trading

In the first half of 2013, the Company took the initiative to conduct a strategic shift to equity proprietary trading, strengthened the diversification of the proprietary trading business, and proactively managed the risks. The Company has received relatively stable gains through means such as hedging, arbitrage and quantitative investment by leveraging on the inefficiency across the domestic and foreign markets. The alternative investment business has already gained the ability to start hedging and arbitrage strategy on both domestic and overseas markets, realizing low-risk, low-market-correlated and stable investment yields. The Company has already commenced a series of strategies including: hedge fund investment, index arbitrage, statistical arbitrage, fundamental quantitative investment, convertible arbitrage, etc.

Outlook for the Second Half of 2013

In the second half of 2013, the Company will further research and develop new trading strategies, expand the income sources, and steadily enhance trading yields. The Company will carry on expanding the scale and scope of the market-making services and make OTC market a new realm of flow-based services. On the realization of all the basic financial functions such as registration, custody, settlement, payment, trading, etc., the Company will develop and design products in accordance with diversified investment and financing demands of its clients, and providing liquidity service as demanded.

It is expected that in the second half of 2013, the overall market scale of margin financing and securities lending will still be fast-growing. The Company will seize the favourable opportunities to develop more hedging transaction clients in an intensified manner, while further enriching the product line of innovative financing products and upgrading the efficiency of its margin financing and securities lending trading system. The Company is committed to enlarging the scale of securities lending business and raising the business profits, while maintaining its leading position in the margin financing business.

Management Discussion and Analysis

Asset Management

Market Conditions

In the first half of 2013, the economic growth of China continued to slow down due to factors such as weakened domestic demand, excessive capacity, external environment and policies control. Meanwhile, the easing monetary policy was becoming neutral and the overall economic environment was tightening. The stock market was adjusting in fluctuation while the performance of the bond market experienced a drop after increase. There was growing competition in the market

for asset management business among mutual funds, securities houses, banks and trust companies. These factors contributed to the unprecedented challenges faced by the asset management businesses of securities companies.

Actions and Achievements

As at 30 June 2013, the Company's total AUM amounted to RMB388,774 million, comprising CAM, TAM (including enterprise annuity and NSSF) and SAM of RMB30,233 million, RMB355,325 million and RMB3,216 million, respectively.

In RMB millions

Type	AUM		Management fees	
	30 June 2013	31 December 2012	From January to June 2013	From January to June 2012
CAM	30,233	24,923	102.85	77.97
TAM	355,325	222,423	95.71	17.24
SAM	3,216	3,493	0.50	0.40
Total	388,774	250,839	199.06	95.61

Source: the Company's internal statistical data

In the first half of 2013, given the continuously weak performance of domestic stock market, the Company increased the issuance of low-risk CAMs such as bond and money-market products, and proactively promoted the issuance of bank-tailored limited-scale asset management schemes, steadily escalated AUM of CAMs. At the same time, the Company vigorously expanded its TAM business targeting banks as the major clientele. Except for that of enterprise annuity and NSSF, the AUM of its TAMs increased by approximately RMB129,269 million, being the major driver of the increased AUM of

the Company. In the first half of 2013, 29 new enterprise annuity accounts were opened with the Company with an aggregate increased amount of approximately RMB3,126 million. The Company was also entrusted by NSSF to revitalize its debt portfolios as its domestic investment manager during the reporting period. In terms of SAM, the Company has obtained the approval and successfully launched the first structured product, CITIC Xinying Structured Asset Management Plan (中信信盈分級專項計劃), filling up the vacancy of the product line.

Management Discussion and Analysis

Outlook for the Second Half of 2013

In the second half of 2013, on one hand, the Company will attach great importance to product innovation, continue to roll out more CAMs that fit the investors' demands and try to raise investment skills in preparation for the application of mutual fund manager qualification. On the other hand, the Company will proactively explore into innovative private businesses, position private business as the direction of the innovation and development of the asset management business, and continue to provide quality services for banks, enterprise annuities, NSSF and other sizable institutional clients. Meanwhile, the Company will provide the clients with fund raising services to meet their financing demands through stock pledge-style repo, etc.

Investment

Private Equity Investment

Market Conditions

In the first half of 2013, the private equity investment fund market in China didn't show substantial recovery. The amount and scale of the new funds raised remained decreasing since 2012. According to the statistics of Zero2IPO, 70 private equity investment funds were disclosed to have completed their subscription in the PRC private equity investment fund market during the first half of 2013. Of the 64 transactions which have disclosed the subscription amounts in 2013, the aggregate subscription amount was US\$6,202 million, representing a year-on-year decline of 56%, or a decline of 45% as compared to the second half of 2012. In the first half of 2013, 180 private equity investments were completed, representing a year-on-year decline of 51% or a decline of 42% as compared to the second half of 2012. Of the 147 transactions which have disclosed the investment amounts, the aggregate investment amount was US\$8,037 million, representing a year-on-year decline of 11%, or a decline of 25% as compared to the second half of 2012.

Affected by the suspension of A share IPOs, and with the scale of fund raising and investments both declining, there was a substantial decline in divestment activities in the PRC private equity market as compared to 2012. According to the statistics of Zero2IPO, 35 divestments occurred in the first half of 2013, involving 31 enterprises. In terms of the means of divestment, merger and acquisition divestment is taking the key role.

Actions and Achievements

GoldStone Investment, a wholly-owned subsidiary of the Company, has established a hybrid investment strategy of focusing on both direct investments and fund investments. By leveraging on the network of the Group, the strength of its investment team and the project resources of the equity investment funds, GoldStone Investment kept its strategic focus on the opportunities arising from medium-to-large scale equity investments in China. In the first half of 2013, GoldStone Investment has added seven new investment projects, and divested or partly divested from six projects.

Qingdao Goldstone Hongxin Investment Centre (Limited Partnership), the direct investment fund established by GoldStone Investment, has already completed the first closing and the change of commercial and industrial registration in January 2013. In the first half of 2013, CITIC Buyout Fund has entered into contracts with eight investors, who committed to invest RMB3 billion. GoldStone Investment has been keeping in close contact with the professional institutions such as industrial investors and financial enterprises, etc., and established strategic partnership with local governments, collaboratively promoting the local investment and industrial integration.

Management Discussion and Analysis

Outlook for the Second Half of 2013

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

In the second half of 2013, based on the completion of the first subscription of its direct investment fund and buyout fund, GoldStone Investment will proactively continue with the follow-on fund raising of each fund. The follow-on fund raising is expected to be completed by the end of 2013. The Company will strive to foster a matrix network of investor relations that will facilitate interaction, enhance communications and strengthen cooperation between the Company and institutional fund investors.

In the second half of 2013, GoldStone Investment will keep on with its investment approach that focuses on shareholders' added value for strategic investors, enhance its knowledge of the industries and target enterprises, actively participate in the corporate governance of the target enterprises, and increase the long-term value of invested enterprises through detailed post-investment planning and management. GoldStone Investment will seize investment opportunities arising from start-up enterprises in the China market, and at the same time will attempt other investment approaches, such as investments in State-owned enterprise restructuring and mergers and acquisitions, to build up comprehensive and multi-level equity investment capabilities.

Principal Investment

China AMC

In 2013, faced with the fierce competition and complicated market environment, China AMC still retained a steady growth in all businesses, ranking first in terms of AUM. As at 30 June 2013, the AUM of China AMC was RMB323,977 million, of which the AUM of its mutual funds being RMB247,519 million, RMB12,176 million up from the end of 2012, representing a 5.17% growth and taking up a market share of 9.83%. The AUM of institutional business reached RMB76,458 million, RMB15,355 million up from the end of 2012, representing a 22.78% growth. The AUM of enterprise annuity reached RMB44,031 million, remaining the first across the whole industry.

In the second half of 2013, opportunities and challenges will co-exist. On one hand, the acceleration of financial reform will further stimulate the booming of the business of fund management companies, especially the businesses of private funds and professional subsidiaries, which may speed up the pace of the overall transformation of fund management companies to wealth management institutions. Apart from that, the inclination of new shares placement to mutual funds and NSSF, the further mutual recognition of investment funds between Mainland China and Hong Kong, the rapid development of asset securitization may all bring new opportunities to the continuous development of mutual fund business. On the other hand, as propelled by the deregulation measures, the room for industrial innovation and development will be further expanded, which poses higher requirements for the compliance management and risk control. Asset management companies under insurance companies, securities companies and private funds are entering into the mutual fund sector successively, depriving mutual fund management companies of the advantage in license monopoly.

Management Discussion and Analysis

Against such back-drop, in the second half of 2013, China AMC will further strengthen the building of investment research teams, and maintain the stability of the investment performance. It will carry on with innovation, seize the market demand, and endeavour to maintain the leading position in the mutual fund sector in terms of AUM. China AMC is also committed to steadily developing institutional business, enhancing the supporting capability of its middle and back offices for innovative business. It will insist on compliant operation and prevention of risk.

CITIC PE Fund

CITIC PE Fund manages two funds, namely CITIC Mianyang Private Equity Fund and Beijing CITIC Investment Center (Limited Partnership). In the first half of 2013, the two funds increased their investments by RMB330 million. As at 30 June 2013, all the seven projects invested by the two funds have been listed.

In the second half of 2013, CITIC PE Fund will further explore into transactions with a controlling stake or management rights under the value creation strategy and select financial investment targets under the start-up strategy. The Company will maintain its core competitive strengths by comprehensive practice and exploration in investment strategies, investment process, organization structure and incentive mechanism, etc.

Research Business

In the first half of 2013, the research business of the Company maintained its edges in the domestic sell-side research. Meanwhile, by adhering to the principle of “promoting development through transformation”, the Company proactively strengthened its cooperation with CLSA to speed up the internationalization of its research business. Currently, the research business of the Company has already covered almost a thousand A share companies, more than 70 A+H share companies and more than 150 overseas-listed Chinese companies,

forging an omnipotent product research and quantitative research team, constantly providing both domestic and foreign institutional investors with various timely, comprehensive and profound research reports.

Apart from providing research opinions, the comprehensive advantages of the research team of the Company are also shown in offering various value-added research services such as organizing strategy conventions, seminars, methodology trainings, analyst global road shows, NDRs of listed companies and facilitating direct visits to government authorities and listed companies for clients, providing a high-end communication platform for virtuous listed companies and global investors.

Meanwhile, the Company’s research department are constantly improving the cross-disciplinary collaboration within the department. Benefiting from its first-hand market information and swift response, the Company’s research department continues to provide governmental authorities, regulatory entities, group companies and academic institutions with special reports on latest market development and policy recommendations, with a view to becoming a reputed non-government economic think tank.

Financial Statement Analysis **Analysis on the Profitability of the Group** **During the Reporting Period**

In the first half of 2013, due to the fluctuations in the securities and the currency market, the transformation of its business mode and developing stage of innovative businesses, the Group recognized a net profit attributable to owners of the parent of RMB2,110 million, representing a year-on-year decrease of 6.18%. Basic earnings per share was RMB0.19, representing a year-on-year decrease of 5.00%. Return on weighted average equity was 2.42%, representing a year-on-year decrease of 0.14 percentage points.

Management Discussion and Analysis

In the first half of 2013, the Group recognized total revenue and other income of RMB7,322 million, representing a year-on-year increase of 13.82%. Among that, revenue from brokerage business recorded a year-on-year growth of 11.80%, due to the increase of securities and fund trading volume and larger market share secured by the Group; revenue from asset management business recorded a year-on-year growth of 103.51%, due to substantial AUM growth of both CAM and TAM; revenue from trading business increased by 46.26% year-on-year, due to increased financial leverage of the Company and vigorous development of flow-based business; revenue from investment banking business decreased by 39.77% year-on-year as affected by the suspension of A-share IPO.

Apart from the above, due to the increase of funding cost, the operating expenses of the Group in the first half of 2013 increased by 28.65% as compared to the same period of last year.

Assets Structure and Assets Quality

As at 30 June 2013, the equity attributable to owners of the parent amounted to RMB84,379 million, representing a decrease of RMB2,086 million, or 2.41% as compared to the end of 2012, mainly due to the Group's proposed but not paid dividends of RMB3,305 million.

The Group maintained a stable assets structure, with good assets quality and liquidity. As at 30 June 2013, excluding cash held on behalf of customers and customers' refundable deposits, the Group's total assets amounted to RMB161,754 million, representing an increase of RMB28,053 million or 20.98% as compared with RMB133,701 million as at the end of 2012. In particular, cash and bank balances accounted for

18.33% of the total assets. Investments, which consisted primarily of high-liquidity financial assets including investments in subsidiaries, associates/jointly controlled entities and financial assets, represented 56.37% of the total assets. Fund financed to our customers accounted for 16.52% of the total assets. Fixed assets, constructions in progress, intangible assets and investment properties in aggregate represented 2.33% of the total assets.

The gearing ratio of the Group increased. As at 30 June 2013, excluding accounts payable to customers, the liabilities of the Group were RMB77,171 million, representing an increase of RMB30,155 million or 64.14% as compared with RMB47,016 million as at the end of 2012. Such increase was mainly due to the reason that the Group vigorously developed flow-based business by raising funds through various channels, expanding the scale of financing, and increasing financial leverage. Based on the assets and liabilities with cash held on behalf of customers, customers' refundable deposits and accounts payable to customers (customers deposits) excluded, the Group's gearing ratio was 47.71% as at 30 June 2013, representing an increase of 12.54 percentage points as compared to 35.17% as at the end of 2012.

Cash Flow Status

In the first half of 2013, excluding customers' deposits, the net cash inflow from investing activities and financing activities increased, which resulted in a net increase of RMB4,000 million in cash and cash equivalents.

Management Discussion and Analysis

Net cash outflow from operating activities in the first half of 2013 was RMB21,712 million, up from RMB6,436 million in the same period of last year, which was mainly due to the increase of cash outflow because of larger scale of margin financing and securities lending business of the Group. Net cash inflow from investment activities in the first half of 2013 was RMB5,075 million, representing an increase of RMB3,426 million as compared to the same period of last year, which was mainly due to the increase of cash inflow from investment in available-for-sale financial assets. Net cash inflow from financing activities in the first half of 2013 was RMB20,637 million, representing a year-on-year increase of RMB20,681 million, which was mainly due to the increase of cash inflow from financing activities as a result of the issuance of corporate bonds and commercial papers by the Group during the reporting period. From the above situation, both net cash inflows from investment and financing activities recorded an increase as compared to the same period in 2012, because the Group intensified its efforts in fund raising and capital use.

Explanation of Changes in the Scope of Financial Statements Consolidation

During the reporting period, the Company has established two wholly-owned subsidiaries engaging in property management services, namely Tianjin Jingzheng Property Services Limited (天津京證物業服務有限公司) and Tianjin Shenzheng Property Services Limited (天津深證物業服務有限公司). The number of primary subsidiaries that are consolidated to the scope of financial statements of the Company increased to ten, namely CITIC Securities (Zhejiang), CITIC Wantong Securities, CSI, CITICS Futures, GoldStone Investment, CITIC Securities Investment, CITICS Global Absolute Return Fund, CITICS Global Multi-Strategy Fund, Tianjin Jingzheng Property Services Limited and Tianjin Shenzheng Property Services Limited.

Changes in Accounting Policies, Judgements and Estimates

The accounting policies adopted are consistent with those adopted in the preparation of the Group's 2012 annual financial statements.

The preparation of the Group's financial statements requires the Group to make judgements, estimates and assumptions on the effects of future uncertainties over the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. At the end of the reporting period, the Group made the judgements and assumptions on the future uncertainties such as impairment of available-for-sale financial assets, impairment of goodwill, income tax, and fair value of financial instruments, which may result in an adjustment to the book value of the assets or liabilities in the accounting period.

Besides, there was no circumstances of correction of material accounting errors during the reporting period.

Analysis of the Core Competitiveness

Over the years, the Company has always been committed to the development concept of professionalism, differentiation and internationalization aiming at becoming a "world-class and China-focused global investment bank" by internal growth and external development to gradually build up its core competitiveness. During the reporting period, the Company continued to promote its business transformation and consolidate its core competitiveness.

Management Discussion and Analysis

The Company's gearing ratio has been significantly improved. During the reporting period, the Company completed the issuance of RMB15,000 million RMB-denominated corporate bonds and six tranches of commercial papers. The Company's subsidiary CITIC Securities Finance 2013 Co., Ltd. completed the issuance of USD800 million USD-denominated corporate bonds. As at the end of the reporting period, the Company had a total of RMB67,000 million interest-bearing liabilities, with its financial leverage having improved from 1.55 as at the end of 2012 to 1.92. The expansion of the Company's assets and liabilities scale provided an effective support for its business expansion.

The flow-based business scale has been growing rapidly. The Company made great efforts to lay out the flow-based business and stepped up resources commitment to businesses such as margin financing and securities lending, stock repo, stock pledged repo, market making and block trade. The business scale of the flow-based business has been growing substantially, which has effectively moderated the effects of the declining traditional businesses and become a main income growth driver of the Company.

The Company has actively promoted the transformation and upgrade of its traditional businesses. The Company ranked first in terms of its market shares in businesses such as brokerage, equity underwriting, bonds underwriting and asset management, strengthening its leading position in these traditional business areas. Meanwhile, the Company has proactively explored and attempted internet finance to provide its customers with more comprehensive and convenient financial services.

In addition, the Company has also made great efforts to accelerate the productization and customization of its capital market business, with growing investment capabilities in businesses such as direct investment, proprietary trading, buyout fund and PE fund and increasingly diversified investment strategies.

Facing the intense competition, the Company will strive to improve its comprehensive advantages, integrate its internal resources and enhance its competitiveness in all respects.

Equity Investment

In the first half of 2013, the equity investments by the Company totalled RMB944 million, down by 57.52% compared with the same period in 2012. The equity investments mainly included:

Investment of RMB176 million to acquire a minority interest of CITIC Wantong Securities.

Investment of RMB200,000 to establish two wholly-owned subsidiaries, namely Tianjin Jingzheng Property Services Limited and Tianjin Shenzheng Property Services Limited.

An increase of RMB618 million in the investments in CITICS Global Absolute Return Fund and CITICS Global Multi-Strategy Fund.

Investment of RMB150 million to hold shares of Qianhai Equity Exchange.

Risk Management

Overview

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

Management Discussion and Analysis

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

Structure of Risk Management

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

Level 1: Board of Directors

The Risk Management Committee of the Board supervises the overall risk management of the Company with a view to controlling risks within an acceptable level and ensures smooth implementation of effective risk management schemes over risks related to its 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: Management

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

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

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and the Executive Committee of the Company, and is responsible for monitoring and managing the daily risk of the Company within its designated authority, and to decide and approve material matters related to risk management and relevant system. There is a sub-working group under the Risk Management Committee, which mainly comprises transaction heads of the major business lines and heads of functional departments. The subworking group is the main body responsible for daily monitoring and management of the financial risks over the securities investment business. It directly reports to the Risk Management Committee and facilitates executing decisions made by the Risk Management Committee. Under the sub-working group, there is a credit risk management sub-working team, which mainly comprises key members of business lines and is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management.

Management Discussion and Analysis

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

Level 3: Division/Business Lines

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

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

The Company has set up the Risk Management Department, which performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyzes and assesses the overall risks of the Company and each of its business line and recommends on optimized allocation of risk resources; assists the Risk Management Committee in the preparation of risk management indicators such as

risk limits, as well as supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the Management, and regularly discloses the general risk portfolio of the Company and makes recommendations on risk management; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment and fulfillment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

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

The Company has established the Compliance Department, which organises the establishment and implementation of the basic compliance policy of the Company, provides compliance advice to management, departments, business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the business departments, business lines and branches to assess, develop, modify and improve internal management policies 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.

Management Discussion and Analysis

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

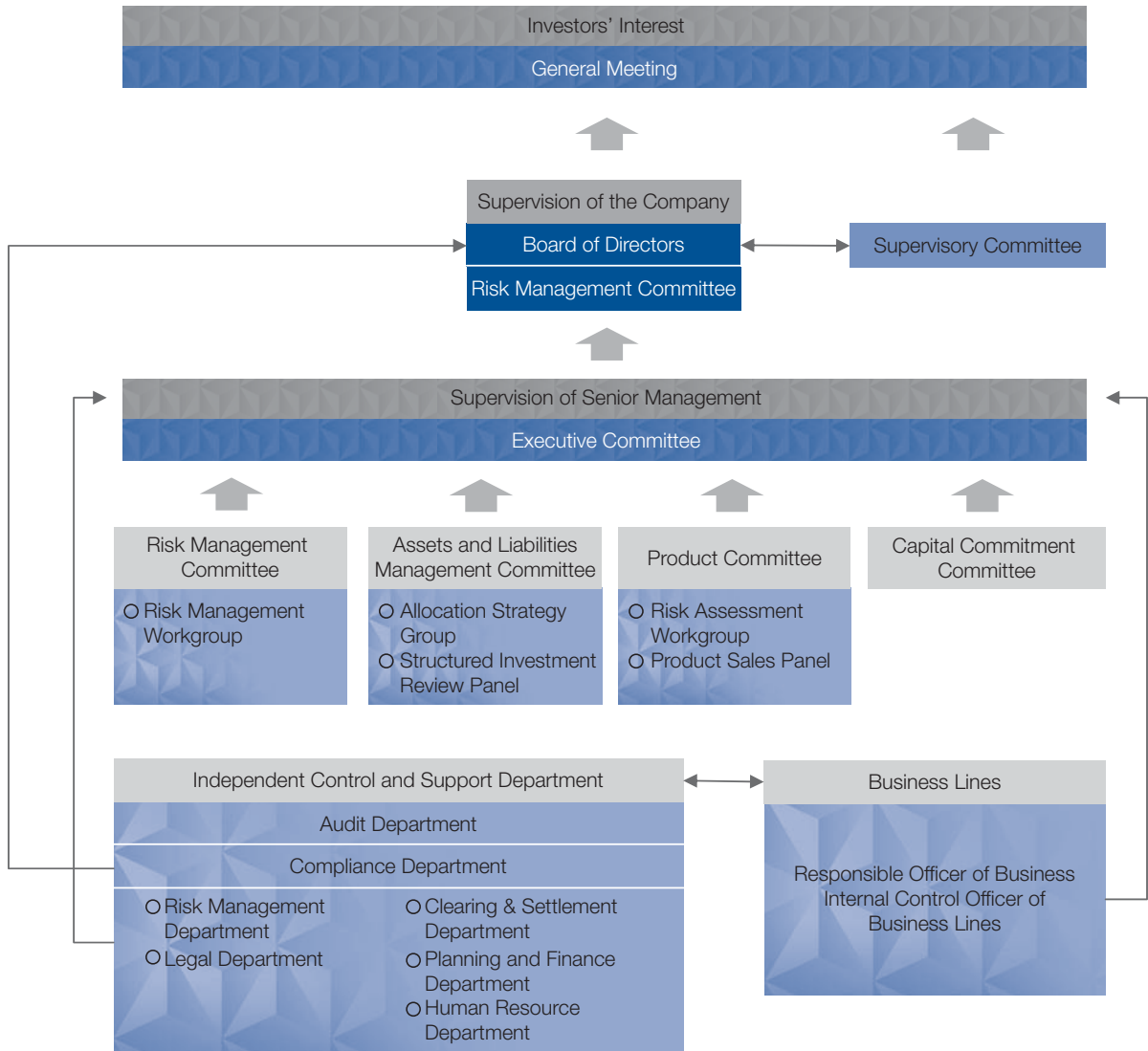


Chart: Structure of the Risk Management

Market Risk

Market risks represent potential losses due to movement in market prices of securities held by the Company. Securities held by the Company are derived from the Company's proprietary investment, market-making

business and other investment activities. Movement in securities holdings primarily arose from instructions received from the customers and the relevant strategies of proprietary investment.

Management Discussion and Analysis

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

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

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

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

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

Management Discussion and Analysis

The Company sets limits for its respective business departments to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn relevant management officers in advance and discuss with the respective business management officers, followed by mitigation measures to adjust the exposures to a level within the limits, or the respective business departments 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 based on current indicators for the Company, its respective business departments and investment accounts, with a view to formulating substantive policies or guidelines for its risk management system.

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

Overall VaR at the end of the period

	<i>In RMB millions</i>	
	30 June 2013	30 June 2012
Equity risk	261	197
Interest rate risk	66	35
Currency risk	11	12
Effect of diversification	-32	-52
Overall VaR	306	192

Note: Effect of diversification: represents a scenario that a smaller combined VaR than the total VaR of the respective classes of assets is obtained due to the low correlation between the fluctuation in the values of different assets.

At the end of the period, VaR of the Company increased from RMB190 million as at 30 June 2012 to RMB310 million as at 30 June 2013. Such changes were mainly attributable to the increase in fluctuations in the stock markets and the substantial increase in fluctuations in the bond market.

In respect of overseas assets, in order to ensure the availability of fund required for overseas 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 to manage exchange risk exposure through method such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

Management Discussion and Analysis

Credit Risk

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

The credit risk of the Company mostly arises from four aspects: firstly, in respect of the securities and futures brokerage business, if the Company does not require the clients to pay sufficient margin deposits in advance according to the laws, the Company 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 margin businesses including margin financing and securities lending, stock repo and equity swap business, refers to the Company's exposure to loss caused by clients' failure to perform the contracts; thirdly, default risk from trust product investment, which refers to the risk of asset and revenue losses by reason of non-payment of principal and interest due by the financiers, which in turn results in the non-payment of trust companies in a timely basis; and fourthly, default risk from bonds investment, which refers to the risk of asset losses and change in yield by reason of default by the issuer or the counterparty of the bonds invested, or refusal to pay principal and interest due.

The Company uses its information management systems to monitor its credit risk on a real time basis, keep track of the credit risk of the Company's business products and its transaction counterparties, provide analyses and prewarning reports, and adjust its credit limits in a timely

manner. The Company will also measure the credit risks of its major operations through stress test and sensitivity analysis.

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

Credit risk arising from the margin businesses, such as margin financing and securities lending, stock repo and equity swap businesses, 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 margin businesses is mainly managed through customer education, credit reference checks, credit approval, daily mark to market, risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

For trust product investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through daily marked-to-market monitoring, risk reminders to clients, mandatory liquidation and judicial recovery.

For credit risk associated with bonds investment, the Company has established the counterparty credit approval policy and the blacklist policy, and developed certain investment restrictions based on the ratings of credit products.

Management Discussion and Analysis

Credit risk exposure of bonds investment

Investment rating	In RMB millions	
	30 June 2013	30 June 2012
China's Sovereign Credit Rating	6,558	3,437
AAA	10,300	7,573
AA	21,368	8,971
A	323	225
A-1	2,239	4,247
Others	1,544	1,331
Total exposure	42,332	25,784

Note: AAA–A represents 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.

As at the end of the reporting period, the minimum margin ratio was 128% for the Company's clients of margin financing and securities lending business, 112% for the Company's clients in stock repo business, and 130% for the Company's clients in stock returns swap business.

Liquidity Risk

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

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

Management Discussion and Analysis

Operational Risk

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

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

Report of the Board

Operation of the Principal Businesses of the Group

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

Implementation of the 2012 Profit Distribution Plan

On 20 June 2013, the 2012 profit distribution plan, namely the payment of a cash dividend of RMB3.00 (tax inclusive) for every 10 shares, was considered and approved at the 2012 Annual General Meeting of the Company. The cash dividend was denominated and declared in RMB and payable in RMB to A Shareholders and in Hong Kong Dollars to H Shareholders. The actual payable amount of the cash dividend in Hong Kong Dollars, calculated on the basis of the average benchmark RMB/HKD exchange rate published by the People’s Bank of China for the 5 working days prior to the convening of the 2012 Annual General Meeting of the Company, namely RMB0.79402: HKD1.00, was HKD0.37782 per share (tax inclusive).

On 14 June 2013 and 20 June 2013 respectively, the Company published the announcements on the record date and book closure period for registration for the current H share dividend payment, as well as distribution of the 2012 final dividend on the HKExnews website of HKEX.

On 2 August 2013, the Company published the *Announcement on the Implementation of 2012 A-share Dividend Distribution of CITIC Securities Company Limited* on the website of Shanghai Stock Exchange, *China Securities Journal*, *Shanghai Securities News* and *Securities Times*. The A-share and H-share cash dividend distribution was completed on 16 August 2013.

Use of Proceeds

Use of Proceeds of H Share IPO

According to the Capital Verification Report (Ernst & Young Hua Ming (2011) Yan Zi No. 60469435_A09) issued by Ernst & Young Hua Ming, the net proceeds from the initial public offering of H Shares in 2011 were RMB11,271 million. As at 30 June 2013, the Company has utilised an aggregate of RMB11,131 million of the net proceeds, of which RMB7,166 million was spent on the acquisition of overseas platforms and the expansion of overseas businesses, RMB2,139 million was spent on overseas fixed-income investment, RMB1,824 million was spent on the development of cross-border businesses, and RMB1.5747 million was used for the payment of expenses incurred overseas relating to the overseas platforms. A foreign exchange loss of RMB117 million was incurred during the holding period of the proceeds. Unutilised proceeds amounted to RMB23 million.

The use of proceeds from the offering of H Shares was in line with the disclosure in the H Share prospectus without any variation. In 2013, the Company will continue to use the remaining proceeds according to the operation and development strategies of the Company with reference to the capital market conditions.

Use of Other Proceeds

During the reporting period, the Company issued a total of six tranches of commercial papers, raising total proceeds of RMB29,000 million, and one tranche of corporate bonds, raising proceeds of RMB15,000 million. All the aforementioned proceeds were used to supplement the Company’s working capital in accordance with the disclosure made in the offering memorandum. As at 30 June 2013, the outstanding amount of commercial papers issued by the Company totalled RMB14,000 million and the outstanding amount of corporate bonds issued by the Company totalled RMB16,500 million.

Besides, during the reporting period, the Company’s subsidiary CITIC Securities Finance 2013 Co., Ltd. issued USD-denominated corporate bonds in the aggregate principal amount of USD800 million. For details, please refer to “Other Significant Events and Events after the Reporting Period” of this Report.

For investment activities conducted during the reporting period, please refer to “Equity Investment” of this report.

Report of the Board

Information of Principal Subsidiaries Contributing More than 10% of the Net Profit of the Group

In the first half of 2013, among the subsidiaries and non-controlling companies, CITIC Securities (Zhejiang) contributed a net profit accounting for more than 10% of that of the Group.

In the first half of 2013, CITIC Securities (Zhejiang), a wholly-owned subsidiary of the Company, realized a revenue of RMB739 million and a net profit of RMB244 million, accounting for 11.58% of that of the Group. As at 30 June 2013, the total assets and net assets of CITIC Securities (Zhejiang) amounted to RMB15,031 million and RMB2,596 million, respectively.

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

Major Investments Apart from Proceeds

During the reporting period, there was no investment exceeding 10% of the Company's audited net assets for 2012 with funds apart from proceeds.

Significant Events

Material Litigation and Arbitration

The Company is currently involved in three material litigations, including commission contract dispute with Guangdong Nanguodesai Law Firm, the lawsuit against Shanghai Xin Guo Da Real Estate Company Limited (上海新國大房地產有限公司) for disputes arising from commercial residential housing pre-sale contracts, and the lawsuit filed by Mr. ZHANG Qihe, a customer, against Mr. XU Qiang and Hangzhou Wenhulu Securities Branch of CITIC-Kington Securities for infringement of rights, which have already been disclosed in the 2012 Annual Report of the Company. During the reporting period, there is no progress in the first two lawsuits; as for the third lawsuit, the Higher People's Court of Zhejiang arranged the parties to mediate during March and April 2013, and the mediation was failed. Currently, the Supreme People's Court has not yet reached adjudication.

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

Major Acquisition and Disposal of Assets

Completion of Acquisition of 100% Equity Interest in CLSA by CSI

In accordance with the resolutions adopted at the 2nd and the 6th meetings of the 5th Session of the Board (please refer to the details set out in the announcements published by the Company on 20 July 2012 and 5 November 2012, respectively), following the completion of the acquisition of 19.9% equity interest in CLSA on 20 July 2012, CSI, the Company's wholly-owned subsidiary, completed the acquisition of the remaining 80.1% equity interest in CLSA on 31 July 2013, and CLSA has become a wholly-owned subsidiary of CSI. Due to certain regulatory restrictions, the acquisition did not include the Taiwan business of CLSA. On 31 July 2013, the parties to the 80.1% Share Sale and Purchase Agreement entered into a supplemental agreement to adjust the consideration for the acquisition of the 80.1% equity interest in CLSA from USD941.68 million to a net consideration of USD841.68 million payable to CASA BV (the adjusted consideration is subject to post-completion adjustments according to the 80.1% Share Sale and Purchase Agreement). On the same date, CSI, CA-CIB, CASA BV and CLSA Hong Kong entered into the Taiwan Share Sale and Option Agreement to make alternative arrangements for the Taiwan business of CLSA (see the announcement dated 31 July 2013 of the Company for details). Pursuant to the aforesaid agreement, on 3 August 2013, CLSA Hong Kong sold the Taiwan Newco to CASA BV for a purchase price of USD23,854,598 (the Taiwan Newco Sale was completed before the Taiwan Newco Long Stop Date), and CASA BV had paid USD23,854,598 to CLSA and USD76,145,402 to CSI through the escrow account.

Acquisition of 10% Equity Interest in China AMC

On 21 May 2013, the 14th meeting of the 5th Session of the Board considered and approved the *Resolution on Acquiring a 10% Equity Interest in China Asset Management Co., Ltd.* resolving to acquire the 10% equity interest held by Wuxi Guolian Development (Group) Company Limited in China AMC for not more than RMB2,000 million (inclusive of RMB2,000 million). On 31 May 2013, the Company entered into an equity transfer contract with Wuxi Guolian Development (Group) Company Limited to acquire the stake at the listed price of RMB1,600 million. This equity transfer has already been approved by the CSRC (*Reply Letter in relation to the Approval of Equity Transfer of China AMC* (Zheng Jian Xu Ke [2013] No. 1089)) in August 2013. Upon completion of the transfer and the relevant procedures for shareholding changes, the financial statements of China AMC will be consolidated into that of the Company.

Significant Events

Acquisition of the Remaining Equity Interest in CITIC Wantong Securities

On 29 March 2010, the 10th Meeting of the 4th Session of the Board considered and approved the *Resolution Relating to the Proposed Acquisition of the Remaining Equity Interest in CITIC Wantong Securities Co., Ltd.*, pursuant to which the Company acquired an 8.6% equity interest of CITIC Wantong Securities with its own funds. During the reporting period, 3.5% equity interest in CITIC Wantong Securities in aggregate held by Shandong Expressway Company Limited and Qingdao Jinqiu Industrial Co., Ltd. was transferred to the Company for a consideration of RMB176 million. The Company's current shareholding in CITIC Wantong Securities has increased from 96% to 99.50%. The acquisition of the remaining 0.50% equity interest in CITIC Wantong Securities is still in progress.

Save as disclosed, there was no major acquisition or disposal by the Company of any assets during the reporting period.

Significant Restructuring Events

On 21 May 2013, the 14th meeting of the 5th Session of the Board adopted the *Resolution on the Restructuring of a Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.* and the *Resolution on the Split of a Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.* to restructure CITIC Securities (Zhejiang) for the purpose of integrating internal resources of the Group in order to strengthen its competitiveness in the relevant regional market. The proposed restructuring plan is as follows: firstly, the assets of CITIC Securities (Zhejiang) will be restructured through a subsisting plan; then the premium assets will be integrated into the Company as parent company through mergers and acquisitions; finally, the remaining assets will be divested in the market. As at the date of this report, the detailed plan in relation to the implementation of the restructuring was still under preparation and will be subject to the approval of the Board or the General Meeting (if necessary) based on their respective approval authorities.

Besides, the Company's management had commenced the preparatory work for the split of CITIC Securities (Zhejiang) in accordance with the aforementioned split plan adopted at the Board meeting. As at the date of this report, the management had completed publication of creditor notification and the audit and valuation of the relevant assets and begun to go through relevant regulatory and approval formalities.

Implementation of Share Incentive Scheme of the Company

The Company did not implement any new share incentive scheme during the reporting period.

The current share incentive scheme implemented by the Company was adopted upon the approval of the resolution at the 5th Meeting of the 3rd Session of the Board on 6 September 2006 (please refer to the *Announcement of the Resolution Passed at the 5th Meeting of the 3rd Session of the Board of CITIC Securities Co., Ltd.* on 7 September 2006). Among the incentive shares, 66,081,000 shares had been listed and tradable on 6 September 2011.

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

Related Party/Connected Transactions

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

During the reporting period, the Company conducted related party/connected transactions in strict compliance with the *Resolution on the Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business of the Company in 2013* considered and approved at the 2012 Annual General Meeting of the Company, the implementation of which is set out in the table below:

In RMB thousands

Related parties/ connected counterparties	Subject matter	Expected transaction amount in 2013	Actual transaction amount for the period from January to June 2013	Percentage to total amount of similar transactions (%)	Impact on profit of the Company
CITIC Group and its associates	Income: Securities and financial products services ^{Note1}	2,400,000	268,782	5.30	268,782
CITIC Group and its associates	Expense: Securities and financial products services ^{Note1}	210,000	25,888	1.70	-25,888
CITIC Group and its associates	Income: Lease of properties ^{Note1}	80,000	12,278	30.26	12,278
CITIC Group and its associates	Expense: Lease of properties ^{Note1, 2}	120,000	16,920	0.59	-16,920
CITIC Group and its associates	Income: Miscellaneous services ^{Note1}	7,000	8	0.02	8
CITIC Group and its associates	Expense: Miscellaneous services ^{Note1}	180,000	19,492	0.68	-19,492
China AMC	Fee income	335,000	599	0.02	599
China AMC	Fee expense	60,000	—	—	—
CITIC PE Fund	Fee income	125,000	—	—	—
CITIC PE Fund	Fee expense	10,000	—	—	—
CITIC PE Fund	Subscribed capital contribution to fund	USD20,000,000	—	—	—

Note 1: The Company and CITIC Group entered into the related party/connected transactions framework agreements in September 2011, including the Securities and Financial Products Transactions and Services Framework Agreement, the Property Leasing Framework Agreement and the Miscellaneous Services Framework Agreement, and agreed upon the respective annual caps for the related party/connected transactions from 2011 to 2013 under each of the framework agreements. In particular, the 2013 annual caps for the three types of transactions are set out under "Expected transaction amount in 2013" in the above table.

Note 2: Among the aforesaid related party/connected transactions, the rental expense of RMB385,100 for the leased properties was determined pursuant to the contract but not yet paid, and the other transactions were settled in cash.

Significant Events

In respect of the securities and financial products transactions between the Company and its related/connected parties, in view of the difficulty in estimating the volume of transactions due to the unpredictability of the securities market, the volume of the relevant transactions was approved at the 2012 Annual General Meeting of the Company to be calculated based on the actual amount incurred. Besides, the securities and financial products transactions between the Company and CITIC Group and its associates were granted by the Hong Kong Stock Exchange of a waiver from setting the annual caps. During the reporting period, the volume of securities and financial products transactions between the Company and CITIC Group and its associates was approximately RMB61,408 million.

In addition, the Company had a new related party transaction. In order to improve its office building utilization efficiency, the Company leased part of the office section of Shenzhen CITIC Securities Tower, at No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province to Qianhai Equity Exchange for a rental period of ten months, with the total rent ranging from RMB2.9 million to RMB3.1 million. As the transaction amount involved did not exceed 0.5% of the Company's audited net assets in 2012 (RMB432.5 million), this related party transaction is only subject to the approval of more than half of the independent non-executive directors of the Company. On 29 July 2013, the independent non-executive directors of the Company resolved and approved the transaction with unanimous consent, and the relevant resolution has been filed with the Shanghai Stock Exchange.

(Note: Mr. Xu Gang, member of the Company's Executive Committee, was a director of Qianhai Equity Exchange. According to the Shanghai Listing Rules, Qianhai Equity Exchange is a related party of the Company and the transaction constituted a related party transaction of the Company.)

The aforesaid related party/connected transactions were conducted by reference to the market prices, following the reasonable and fair pricing principle. The prices were neither higher nor lower than normal transaction prices and not detrimental to the interests of shareholders who are not related/connected parties. The aforesaid related party/connected transactions will not have any negative impact on the independency of the Company.

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

Guarantees, Debts and Liabilities Due From/Owed to Related Parties Between the Company and Its Related Parties

Guarantees provided to the Company by its related parties

In 2006, the Company issued RMB-denominated corporate bonds in an amount of RMB1,500 million for a term of 15 years guaranteed by CITIC Group. As at 30 June 2013, the guarantee provided by CITIC Group to the Company amounted to a total of RMB1,500 million (as at 31 December 2012: RMB1,500 million).

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

In RMB thousands

Related party	Capacity	Amount due from related party		Amount due to related party	
		Actual amount	Balance	Actual amount	Balance
China CITIC Bank ^①	Subsidiary of the largest shareholder of the Company	112	754	—	—
CITIC Bohai Aluminum Industries Holding Company Limited ^②	Subsidiary of the largest shareholder of the Company	—	—	-147	186
CITIC Trust ^③	Subsidiary of the largest shareholder of the Company	—	—	—	150
China CITIC Bank ^④	Subsidiary of the largest shareholder of the Company	—	—	707	3,912
Qianhai Equity Exchange (Shenzhen) Co., Ltd ^⑤	Associated company of the Company	—	—	833	833

As at 30 June 2013, there has been no misappropriation of the Company's capital by its related parties.

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

- ① Receivable deposits
- ② Payable amount of construction fees
- ③ Rental deposits received
- ④ Rental deposits received and payable rent
- ⑤ Rental deposits received

The above debts and liabilities did not have any adverse effect on the financial position and operating results of the Company.

Significant Events

Material Contracts and their Performance

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

Material Guarantee

Guarantees Provided by the Company

At the 6th meeting of the 5th Session of the Board held on 5 November 2012, the Board approved the *Resolution for the Provision of Guarantee to CSI, A Wholly-owned Subsidiary* relating to the provision of a guarantee by the Company regarding the payment of US\$941.68 million by CSI for the acquisition of 80.1% equity interest in CLSA. The Company also provided a guarantee for the performance by CSI of all obligations involved in the equity transactions. Pursuant to the supplemental agreement signed by all the parties on 31 July 2013, the Company was no longer required to provide the said guarantee for CSI. This resolution was terminated accordingly.

On 18 April 2013, the 12th meeting of the 5th Session of the Board adopted the *Resolution on Provision of Counter Guarantee for Guarantor Regarding the First Tranche of Offshore Bonds Issuance by Indirect Wholly-Owned Subsidiary*. According to the resolution, the Company agreed to provide a counter guarantee in favour of the Bank of China in relation to the standby letter of credit issued by the Bank of China Macau Branch for the first tranche of offshore bonds issuance by the Company's subsidiary CITIC Securities Finance 2013 Co., Ltd., with the amount of the counter guarantee covering the principal, interest and related fees of the first tranche of offshore bonds, which in aggregate shall not exceed USD1,250 million (inclusive of USD1,250 million). The guarantee is a joint liability guarantee, which expires at the end of six months after the expiration date of the standby letter of credit. As at the date of this report, the issuance of the first tranche of offshore corporate bonds of USD800 million (for a period of five years) was completed. The bond was listed on the Hong Kong Stock Exchange on 6 May 2013. The counter guarantee provided by the Company has taken effect.

Guarantees Provided by Controlling Subsidiaries

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

No.	Parties being guaranteed ^{Note 1}	Amount of guarantee	Nature
1	CSI Capital Management Limited	US\$80 million	Guarantee for loans
2	CITIC Securities Brokerage (HK) Co., Ltd.	HK\$200 million	Guarantee for loans
3	CITIC Securities Brokerage (HK) Co., Ltd.	HK\$70 million	Guarantee for loans
4	CITIC Securities International USA, LLC	US\$5.8075 million	Guarantee for property leasing ^{Note 4}
5	CSI Capital Management Limited	Not applicable	Guarantee for the ISDA Agreement and GMSL Agreement entered into between the guaranteed party and the counter party

Note 1: All of the above guaranteed parties are wholly-owned subsidiaries of CSI.

Note 2: All of the above guarantees are for general guarantees and have been approved by the Board of CSI.

Note 3: The guarantee period will expire upon the due performance of all obligations by the guaranteed party.

Note 4: In addition to rental payments, the guarantee also applies to ensure the lessee complies with the leases and undertakes due obligations.

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

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

Undertakings of the Company and their Performance

The Company currently applies for the property title certificates in relation to, or disposes of, three properties: the 10 units of Times Plaza located at No. 390 Panyu Road in Shanghai (gross floor area of 1,300 sq.m), the 23rd Floor of Jiangsu Huaqiao Plaza (gross floor area of 700 sq.m), and the 6th and 7th Floors of Caiyin Building located at Heping West Street in Beijing (gross floor area of 3,000 sq.m). The Company has undertaken that: “the Company will take immediate actions to finalize the procedures for the change and transfer of such properties, and ensure that interests of the Shareholders will not be prejudiced by such properties”.

Significant Events

The Company has commenced legal proceedings to expedite the process for the transfer of titles of such properties. On 16 November 2012, the Court of First Instance of Changning People's Court of Shanghai Municipality ordered Shanghai Xin Guo Da Real Estate Co., Ltd. to transfer the ownership of the 10 units of Times Plaza at No. 390 Panyu Road, Shanghai, to the Company within ten days from the effective date of the judgment. Upon the judgment of the Court of First Instance coming into effect, the Company applied for enforcement of the judgment on 26 December 2012, and the Changning People's Court of Shanghai Municipality correspondingly issued the notice of enforcement of judgment on 17 January 2013.

Undertakings of the Shareholders and Related Parties and their Performance

Undertaking in respect of non-competition

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

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

Undertaking in respect of the share reform

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

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

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

Appointment of Accounting Firms

On 20 June 2013, the 2012 Annual General Meeting of the Company adopted the *Resolution on the Re-appointment of Accounting Firms* to re-appoint Ernst & Young Hua Ming and Ernst & Young as the Company's external auditors for 2013 to be responsible for the provision of related audit services and review services in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

Are there any changes in the accounting firms appointed:	No
Information on the incumbent accounting firms:	
Name of the PRC accounting firm, signing auditors and duration of service:	Ernst & Young Hua Ming/7 years (Note: acted as the Company's supplementary auditor from 2000 to 2006)
Signing auditors:	LI Huimin/2 years and SHI Yuxuan/1 year
Name of the international accounting firm and duration of service:	Ernst & Young/2 years
Remuneration for the accounting firm:	In accordance with the resolution passed at the General Meeting, the audit fees payable to Ernst & Young by the Company shall be no more than RMB4 million and the review fees shall be no more than RMB2 million for 2013

Punishment and Remedial Actions of the Company, Board, Directors and Senior Management

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

Interim Dividend

The Company does not propose any interim dividend for 2013.

Repurchase, Sale or Redemption of the Company's Securities

During the reporting period, there was no repurchase, sale or redemption of any of the Company's securities by the Company or its subsidiaries.

Audit

This interim financial report is unaudited. Each of Ernst & Young Hua Ming and Ernst & Young has issued review opinions in respect of the interim financial report in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

Significant Events

The Audit Committee had also reviewed the unaudited financial statements and interim report of the Company for the six months ended 30 June 2013, and didn't raise any objection to the accounting policy and practices which were adopted by the Company.

Results of Classified Assessment by Regulatory Authorities

In the 2013 classified assessment of securities companies, the Company was rated A-Class, AA-level together with its subsidiaries CITIC Securities (Zhejiang) and CITIC Wantong Securities.

Other Significant Events and Events after the Reporting Period

Corporate Bond Issuance

In accordance with the *Resolution on General Authorisation Regarding Onshore and Offshore Issuance of Corporate Debt Financing Instruments by the Company* adopted at the 2013 First Extraordinary General Meeting of the Company, the Company issued the USD-denominated bonds and the first tranche of RMB-denominated bonds in 2013 during the reporting period, details of which are set out as follows:

CITIC Securities Finance 2013 Co., Ltd. issued the USD-denominated bonds, with a term of five years, a scale of USD800 million and a coupon rate of 2.5%, which were listed on the Hong Kong Stock Exchange on 6 May 2013.

The Company issued two types of RMB-denominated bonds: the five-year-term type with a scale of RMB3,000 million and a coupon rate of 4.65%, and the other ten-year-term type with a scale of RMB12,000 million and a coupon rate of 5.05%, both of which were listed on the Shanghai Stock Exchange on 28 June 2013.

In addition, the Company completed the issuance of the second tranche of the RMB-denominated bonds in 2013 on 7 August 2013, with a scale of RMB5,000 million, a coupon rate of 5%, and a term of three years, which were listed on the Shanghai Stock Exchange on 23 August 2013.

Establishment of Wholly-owned Subsidiaries

On 27 March 2013, the 11th meeting of the 5th Session of the Board adopted the *Resolution on the Establishment of Wholly-owned Subsidiaries by Fixed Assets-based Contribution* (see the *Announcement on Resolutions Passed at the 11th Meeting of the 5th Session of the Board of CITIC Securities Co., Ltd.* on the same date), approving the setting up of two wholly-owned subsidiaries by the Company with an initial capital injection of no more than RMB100,000 for each subsidiary, to which Beijing CITIC Securities Tower and Shenzhen CITIC Securities Tower will be injected, respectively, by way of capital increase. As at the date of this report, the Company had completed the procedures for the establishment of the wholly-owned subsidiaries, namely Tianjin Jingzheng Property Service Co., Ltd. and Tianjin Shenzheng Property Service Co., Ltd., each with a registered capital of RMB100,000 and the principal business scope of which is provision of property services in relation to proprietary properties.

The Company's management is handling the relevant capital increase and registration formalities in relation to property ownership transfers in accordance with the aforesaid Board resolution.

Change of Branches for Securities Operation

As at the end of the reporting period, the Group had 167 securities branches (including seven newly established ones) and 24 futures branches (including three newly established ones) in the mainland and five branches in Hong Kong.

The Company

During the reporting period, the Company had established three new securities branches, which are: Wuhan Guanshandadao Branch, Jieyang Huanshibeilu Branch and Yancheng Renminnanlu Branch. At present, the number of the Company's securities branches increased from 59 to 62. As at the disclosure date of this report, the Company had been approved to establish eight other securities branches which are under active preparation (for details, please see *China Securities Journal*, *Shanghai Securities News* and *Securities Times*, dated 25 and 27 July 2013, respectively).

The addresses of the three new securities branches set up during the reporting period are as follows:

Name of branch	Branch address
Wuhan Guanshandadao Branch	1st Floor, Training Apartment, Main Campus, Huazhong University of Science and Technology, Hongshan District, Wuhan
Jieyang Huanshibeilu Branch	Room A2112–A2114, Honghe Building, Huanshi North Road, Dongshan Sub-district, Rongcheng District, Jieyang, Guangdong Province
Yancheng Renminnanlu Branch	North Tower, International Venture Centre, No. 5, Renmin South Road, Xindu Sub-district, Chengnan New District, Yancheng, Jiangsu Province

In addition, during the reporting period, two branches of the Company completed the same city relocation, with details as follows:

Name of branch before relocation	Name of branch after relocation	Branch address after relocation
Wuxi Zhenghedadao Branch	Wuxi Taihudadao Branch	South 6th Floor, Muling Centre, No. 258, Taihu Avenue, Nanchang District, Wuxi
Beijing Zhangzizhonglu Branch	Beijing Guomao Branch	Room 504, 4th–24th Floor, No. 92A Jianguo Road, Chaoyang District, Beijing

Significant Events

CITIC Securities (Zhejiang)

During the reporting period, CITIC Securities (Zhejiang) established two new securities brokerage branches, namely: Quanzhou Baozhoulou Branch and Xiamen Hubinnanlu Branch. In addition, CITIC Securities (Zhejiang) completed the same-city relocation for three of its securities brokerage branches. As at the date of this report, CITIC Securities (Zhejiang) had 59 securities brokerage branches.

CITIC Wantong Securities

During the reporting period, CITIC Wantong Securities established two new securities brokerage branches, namely: Shandong Dezhou Yuchengxingzhengjie Branch and Shandong Qingdao Licangshuyuanlu Branch. As at the date of this report, CITIC Wantong Securities had 46 securities brokerage branches.

CITICS Futures

During the reporting period, CITICS Futures established three new futures brokerage branches, namely: Guangzhou Branch, Xi'an Branch and Suzhou Branch. As at the date of this report, CITICS Futures had 24 futures brokerage branches.

CSI

During the reporting period, CSI did not establish any new branches. As at the date of this report, CSI had five branches.

Approval of Comprehensive Custody Pilot Business for Limited-Partner Private Equity Fund

In August 2013, the Company was approved to develop comprehensive custody pilot business for limited-partner private equity funds, in accordance with the *No Comment Letter on Launch of Comprehensive Custody Pilot Business for Limited-Partner Private Equity Fund by CITIC Securities Company Limited* (Ji Gou Bu Bu Han [2013] No. 574) issued by the Department of Intermediary Supervision of CSRC.

Changes in Share Capital and Shareholdings of Substantial Shareholders

Share Capital Structure

Share capital structure as at 30 June 2013 is as follows:

Name of shareholders	Type of the Shares	Number of Shares (Share)	Percentage to the total number of Shares (%)
CITIC Group ^{Note}	A Shares	2,303,963,550	20.913
Public holders of A Shares	A Shares	7,534,617,150	68.391
Public holders of H Shares	H Shares	1,178,327,700	10.696
Total	—	11,016,908,400	100.000

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

Changes in Share Capital

During the reporting period, there were no changes in the share capital of the Company (including Shares subject to trading moratorium). The details are as follows:

Unit: Share

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

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

Changes in Share Capital and Shareholdings of Substantial Shareholders

Information on Shareholders

Total Number of Shareholders as at 30 June 2013: 610,105 accounts, including 609,979 A-Share accounts and 126 H-Share registered accounts.

Shareholdings of the Top 10 Shareholders as at 30 June 2013

Name of Shareholder	Type of the Shareholder ^{Note 6}	Number of Shares (Shares)	Percentage (%)	Change in the number of Shares during the reporting period (Shares)	Class of Shares (A Shares, B Shares, H Shares and others)
CITIC Limited	State-owned legal person	2,236,890,620	20.30	—	A Shares
HKSCC Nominees Limited ^{Note 2}	Foreign legal person	1,177,998,200	10.69	46,000	H Shares
China Life Insurance Company Limited ^{Note 3}	Domestic non State-owned legal person	361,059,999	3.28	—	A Shares
China Life Insurance (Group) Company — Traditional — General Insurance products	Domestic non State-owned legal person	231,141,935	2.10	—	A Shares
China Academy of Launch Vehicle Technology	State-owned legal person	106,478,308	0.97	—	A Shares
Nanjing Gaoke Company Limited ^{Note 4}	Domestic non State-owned legal person	72,823,634	0.66	1,600,000	A Shares
CITIC Guoan Group	State-owned legal person	63,739,930	0.58	—	A Shares
Bosera Value Group Securities Investment Fund	Domestic non State-owned legal person	54,489,056	0.49	-3,000,000	A Shares
CSOP Asset Management Limited — CSOP FTSE China A50ETF	Domestic non State-owned legal person	53,823,684	0.49	5,031,137	A Shares
New Times Trust Co., Ltd. — Fengjin #12 Collective Trust Scheme	Domestic non State-owned legal person	53,630,000	0.49	-4,370,000	A Shares

Note 1: All Shares held by the top 10 Shareholders are non-restricted Shares.

Note 2: Among the H Shareholders, HKSCC Nominees Limited held Shares on behalf of holders who do not register the Shares under their names.

Note 3: The Shares held by China Life Insurance Company Limited are the total number of Shares held in two securities accounts, namely “China Life Insurance Company Limited — Traditional — General Insurance Products — 005L — CT001Hu” and “China Life Insurance Company Limited — Bonus — Individual Bonus — 005L — FH002Hu”, which held 351,322,773 Shares and 9,737,226 Shares respectively (same as hereinunder).

Note 4: As at 30 June 2013, except for the 33,000,000 Shares of the Company held by Nanjing Gaoke Company Limited which have been frozen, no Shares of the top 10 Shareholders have been pledged or frozen.

Note 5: Among the top 10 Shareholders, both CITIC Limited and CITIC Guoan Group are subsidiaries of CITIC Group; China Life Insurance Company Limited is a subsidiary of China Life Insurance (Group) Company.

Note 6: Type of A Shareholders represents the type of account held by A Shareholders with Shanghai branch of China Securities Depository and Clearing Corporation Limited.

Note 7: As the Shares are margin trading underlying securities, the shareholding of Shareholders are calculated together with their Shares in their ordinary securities accounts and credit securities accounts, and their equity interests.

Changes in Share Capital and Shareholdings of Substantial Shareholders

Shareholdings of the Restricted Shareholders as at 30 June 2013

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

Largest Shareholder of the Company

The largest Shareholder of the Company, CITIC Limited owns 20.30% of Shares in the Company. On 25 February 2013, CITIC Limited was transferred 20.30% of Shares in the Company by CITIC Group, and became the largest shareholder of the Company. For details, please refer to the *Announcement on Change of CITIC Securities Company Limited's Largest Shareholder* on 26 February 2013 and the Company's 2012 annual report released on 28 March 2013 on the website of the Shanghai Stock Exchange.

Changes in Share Capital and Shareholdings of Substantial Shareholders

Interest and Short Positions of Substantial Shareholders

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial Shareholders are required to disclose their interests, and are required to make further disclosure when the changes of their interest reached the prescribed threshold. The following table is derived from the latest interest information disclosed by the substantial Shareholders on the HKExnews website of the Hong Kong Stock Exchange as at 30 June 2013. As they are only required to disclose the change of their interests when it reaches certain prescribed threshold, the information set out in the following table may be inconsistent with their actual interests as at 30 June 2013.

Name of Shareholders	Capacity	Class of Shares	Number of Shares/Positions	Percentage to	Percentage to
				the Number of A Shares/ H Shares in the Company as at 30 June 2013 (%)	Total Issued Share Capital of the Company as at 30 June 2013 (%)
CITIC Group	Interest of controlled corporations ^{Note 1}	A Shares	2,303,963,550 Shares/ Long positions	23.42	20.91
China Life Insurance (Group) Company	Beneficial owner and interest of controlled corporation ^{Note 2}	A Shares	688,700,626 Shares/ Long positions	7.00	6.25
The NSSF	Beneficial owner	H Shares	70,688,700 Shares/ Long positions	6.00	0.64
Temasek Holdings (Private) Limited	Interest of controlled corporation ^{Note 3}	H Shares	87,938,000 Shares/ Long positions	7.46	0.80
JPMorgan Chase & Co.	Others ^{Note 4}	H Shares	90,939,889 Shares/ Long positions	7.72	0.83
		H Shares	16,786,500 Shares/ Short positions	1.42	0.15
		H Shares	38,917,516 Shares/ Lending pool	3.30	0.35
		H Shares	Derivative interests of 2,703,600 Shares/ Long positions	0.23	0.02
		H Shares	Derivative interests of 16,686,500 Shares/ Short positions	1.42	0.15
BlackRock, Inc.	Interest of controlled corporation ^{Note 5}	H Shares	71,688,693 Shares/ Long positions	6.08	0.65
		H Shares	1,444,500 Shares/ Short positions	0.12	0.01
		H Shares	Derivative interests of 668,500 Shares/ Long positions	0.06	0.01
		H Shares	Derivative interests of 537,500 Shares/ Short positions	0.05	0.005

Changes in Share Capital and Shareholdings of Substantial Shareholders

Name of Shareholders	Capacity	Class of Shares	Number of Shares/Positions	Percentage to	Percentage to
				the Number of A Shares/ H Shares in the Company as at 30 June 2013 (%)	Total Issued Share Capital of the Company as at 30 June 2013 (%)
Lazard Asset Management LLC	Investment manager	H Shares	61,757,000 Shares/ Long positions	5.24	0.56
Citigroup Inc.	Others ^{Note 6}	H Shares	61,557,537 Shares/ Long positions	5.22	0.56
		H Shares	10,732,520 Shares/ Short positions	0.91	0.10
		H Shares	49,262,254 Shares/ Lending pool	4.18	0.45
		H Shares	Derivative interests of 1,883,249 Shares/ Long positions	0.16	0.02
		H Shares	Derivative interests of 5,742,020 Shares/ Short positions	0.49	0.05

Note 1: CITIC Group indirectly held 2,236,890,620 A Shares of the Company through its wholly-owned subsidiary CITIC Limited, and indirectly held 67,072,930 A Shares of the Company through its wholly-owned subsidiaries (including CITIC Guoan Group and its subsidiaries). As at 30 June 2013, CITIC Group held 2,303,963,550 A Shares of the Company in aggregate, representing 20.91% of the total number of Shares of the Company.

Note 2: China Life Insurance (Group) Company directly held 231,141,935 A Shares of the Company, and indirectly held 457,558,691 A Shares of the Company through its subsidiary China Life Insurance Company Limited. As at 30 June 2013, China Life Insurance (Group) Company and its subsidiary held in aggregate 688,700,626 A Shares, representing 6.25% of the total number of Shares.

Note 3: Temasek Holdings (Private) Limited held 87,938,000 H Shares through its controlled corporations Fullerton Management Pte Ltd. and Cairnhill Investments (Mauritius) Pte Ltd.

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

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

Note 6: Citigroup Inc. held the relevant interests and short positions through its controlled corporations, in the capacities of, including a custodian corporation/an approved lending agent and person having security interests in shares.

Note 7: The NSSF and Temasek Holdings (Private) Limited were non-registered H Shareholders and such Shares were held by HKSCC Nominees Limited on their behalf. As such, the Company is not able to ascertain their respective shareholdings as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, no other interest or short position was recorded in the equity interest information disclosed on the HKExnews website of the Hong Kong Stock Exchange or the register maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

Directors, Supervisors, Senior Management and Employees

Shareholdings of Directors, Supervisors and Senior Management

During the reporting period, there was no change in the shareholdings of the Directors, Supervisors and Senior Management.

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

During the reporting period, there was no change in the Directors, Supervisors and Senior Management.

Staff Headcount, Remuneration and Training

As at 30 June 2013, the Group had a total of 10,157 employees (including brokers), 4,603 (including brokers) of which are with the Company.

Please refer to the Note 8 to the Financial Statements of this report for details of the remuneration of the Company's employees during the reporting period. In addition, there were no changes in the remuneration policy and training programs of the Company, and they were in line with the disclosure made in the 2012 annual report (please refer to the 2012 annual report for details).

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

As at 30 June 2013, the following persons had interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* of Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows:

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

Pursuant to the Securities and Futures Ordinance, none of the Senior Management (except the president of the Company) was required to disclose his/her interests to the Hong Kong Stock Exchange. In addition, as at 30 June 2013, no other Directors, Supervisors and Senior Management or any of their spouses or children under 18 years of age were granted equity securities or warrants of the Company.

Corporate Governance

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

Training of Directors

For the purpose of improving the performance of their duties, the Company’s directors attached great importance to updating their relevant knowledge and skills. The Board also arranged appropriate trainings with a view to constantly improving the corporate governance standards for the Company.

In order to strengthen the management of inside information compliance and prevent the risks of insider dealing, the Company held an insider dealing prevention and control training in Beijing on 9 May 2013, during which perennial legal counsels at home and abroad were invited to expound from the perspectives of the laws of the Mainland and Hong Kong on the definition and legal liabilities of insider dealing with specific case illustrations, and emphasize the importance of insider dealing prevention and control. The training was attended, either in person or by telephone, by 78 persons, including the Directors, Supervisors, Senior Management and employees in key positions across all the departments. This training strengthened their understanding of insider dealing behaviors and their acknowledgement of the importance of insider dealing prevention and control. The Company will continue to maintain effective management of personnel with access to inside information, strengthen employees’ professional integrity and comprehensively prevent and control insider dealing behaviors.

Dealings in Securities by Directors, Supervisors and Relevant Employees

According to the domestic regulatory requirements, the 23rd Meeting of the 3rd Session of the Board considered and adopted *the Measures for the Management of the Holding and Changes in the Holding of the Shares of CITIC Securities Company Limited by the Directors, Supervisors and Senior Management* (the “Management Measures”) on 13 March 2008, to regulate the holding and dealing of Shares by Directors, Supervisors and Senior Management. The Management Measures are more stringent than the compulsory provisions set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules (the “Model Code”). After inquiries, all Directors and Supervisors have confirmed that they had strictly complied with the relevant provisions of the Management Measures and the Model Code during the reporting period.

Report on Review of Interim Financial Information



22/F, CITIC Tower
1 TIM Mei Avenue, Central
Hong Kong

To the board of directors of CITIC Securities Company Limited

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of CITIC Securities Company Limited (the Company) and its subsidiaries (the Group) as at 30 June 2013, comprising of the interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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. Consequently, it 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 accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants
Hong Kong
29 August 2013

Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2013
(In RMB thousands, unless otherwise stated)

		Six months ended 30 June	
	Notes	2013	2012
		(Unaudited)	(Unaudited)
Revenue			
— Fee and commission income		3,544,526	3,359,161
— Interest income	6	1,528,160	1,075,152
— Investment income	7	2,308,324	1,875,254
		7,381,010	6,309,567
Other income		(59,278)	123,405
Total revenue and other income		7,321,732	6,432,972
Fee and commission expense	8	410,979	479,529
Finance costs	8	1,110,375	380,978
Staff costs	8	1,854,879	1,828,435
Depreciation		143,357	141,911
Business tax and surcharges		267,261	184,945
Other operating expenses	8	879,155	767,885
Impairment losses	9	196,690	(3,415)
Total operating expenses		4,862,696	3,780,268
Operating profit		2,459,036	2,652,704
Share of profits and losses of:			
Associates		193,459	233,294
Jointly-controlled entities		64,037	18,390
Profit before income tax		2,716,532	2,904,388
Income tax expense	10	605,604	657,029
Profit for the period		2,110,928	2,247,359
Attributable to:			
Owners of the parent		2,109,674	2,248,748
Non-controlling interests		1,254	(1,389)
		2,110,928	2,247,359
Earnings per share attributable to ordinary equity holders of the parent (in RMB yuan)			
— Basic	12	0.19	0.20
— Diluted	12	0.19	0.20

Details of the dividends paid or proposed are disclosed in note 11 to the financial statements.

Unaudited Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Profit for the period	2,110,928	2,247,359
Other comprehensive income		
Available-for-sale financial assets:		
Changes in fair value	(926,914)	(575,258)
Income tax effect on changes in fair value	221,672	143,831
Reclassification adjustments for losses included in the consolidated income statement, net	39,655	476,353
	(665,587)	44,926
Share of other comprehensive income of associates and jointly-controlled entities	14,470	3,555
Exchange differences on translation of foreign operations	(158,994)	18,680
Other comprehensive income for the period, net of tax	(810,111)	67,161
Total comprehensive income for the period	1,300,817	2,314,520
Attributable to:		
Owners of the parent	1,299,560	2,315,842
Non-controlling interests	1,257	(1,322)
	1,300,817	2,314,520

Unaudited Interim Consolidated Statement of Financial Position

30 June 2013

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Non-current assets			
Property, plant and equipment	13	3,187,980	3,319,826
Investment properties		438,893	391,786
Goodwill	14	498,944	500,900
Other intangible assets		146,659	160,950
Investments in associates		9,346,172	9,027,265
Investments in jointly-controlled entities		780,944	768,276
Available-for-sale financial assets	15	12,833,888	11,985,629
Financial assets designated as at fair value through profit or loss	20	—	272,835
Refundable deposits	16	403,818	818,533
Deferred income tax assets	17	837,634	836,688
Other non-current assets		219,225	255,170
Total non-current assets		28,694,157	28,337,858
Current assets			
Fee and commission receivables		69,989	48,387
Margin accounts receivable	18	23,234,860	9,423,188
Available-for-sale financial assets	15	20,791,781	25,892,481
Financial assets held for trading	19	46,476,535	38,325,031
Financial assets designated as at fair value through profit or loss	20	545,375	209,743
Derivative financial assets	21	402,763	423,192
Reverse repurchase agreements	22	4,975,393	793,623
Other current assets	23	7,295,944	5,366,768
Cash held on behalf of customers	24	36,949,484	33,851,517
Cash and bank balances	25	29,649,588	25,835,767
Total current assets		170,391,712	140,169,697
Current liabilities			
Accounts payable	26	37,331,713	34,807,288
Derivative financial liabilities	21	596,963	636,272
Financial liabilities held for trading		371,710	14,303
Financial liabilities designated as at fair value through profit or loss		2,289	4,475
Repurchase agreements	27	25,341,001	22,043,614
Due to banks and other financial institutions		5,580,000	2,900,000
Taxes payable	28	993,303	1,004,471
Loans	29	871,285	790,564
Other current liabilities	30	21,089,576	17,533,863
Total current liabilities		92,177,840	79,734,850
Net current assets		78,213,872	60,434,847
Total assets less current liabilities		106,908,029	88,772,705

Unaudited Interim Consolidated Statement of Financial Position

30 June 2013

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Non-current liabilities			
Bonds payable	31	21,373,663	1,500,000
Deferred income tax liabilities	17	204,931	323,176
Other non-current liabilities		746,141	265,232
Total non-current liabilities		22,324,735	2,088,408
Net assets			
Equity			
Equity attributable to owners of the parent			
Issued share capital	32	11,016,908	11,016,908
Reserves	33	49,337,184	50,228,214
Retained profits		24,024,483	25,219,882
		84,378,575	86,465,004
Non-controlling interests		204,719	219,293
Total equity		84,583,294	86,684,297

WANG Dongming

Chairman

CHENG Boming

Executive Director and President

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013
(In RMB thousands, unless otherwise stated)

	Attributable to owners of the parent										
	Issued share capital	Reserves					Foreign currency translation reserve	Retained profits	Total	Non- controlling interests	Total equity
		Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve						
At 1 January 2013	11,016,908	34,524,094	5,885,189	10,424,685	(132,572)	(473,182)	25,219,882	86,465,004	219,293	86,684,297	
Profit for the period	–	–	–	–	–	–	2,109,674	2,109,674	1,254	2,110,928	
Other comprehensive income for the period	–	14,470	–	–	(665,590)	(158,994)	–	(810,114)	3	(810,111)	
Total comprehensive income for the period	–	14,470	–	–	(665,590)	(158,994)	2,109,674	1,299,560	1,257	1,300,817	
Dividend – 2012	–	–	–	–	–	–	(3,305,073)	(3,305,073)	–	(3,305,073)	
Appropriation to general reserve	–	–	–	–	–	–	–	–	–	–	
Capital increase/(decrease) by shareholders											
– Capital contribution by shareholders	–	–	–	–	–	–	–	–	100,114	100,114	
– Others	–	(80,916)	–	–	–	–	–	(80,916)	(115,945)	(196,861)	
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	
At 30 June 2013 (Unaudited)	11,016,908	34,457,648	5,885,189	10,424,685	(798,162)	(632,176)	24,024,483	84,378,575	204,719	84,583,294	

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

(In RMB thousands, unless otherwise stated)

	Attributable to owners of the parent										
	Reserves							Retained profits	Total	Non-controlling interests	Total equity
	Issued share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve					
At 1 January 2012	11,016,908	34,527,836	5,464,621	9,718,593	(542,468)	(444,600)	26,846,395	86,587,285	402,918	86,990,203	
Profit for the period	—	—	—	—	—	—	2,248,748	2,248,748	(1,389)	2,247,359	
Other comprehensive income for the period	—	(85)	—	—	48,499	18,680	—	67,094	67	67,161	
Total comprehensive income for the period	—	(85)	—	—	48,499	18,680	2,248,748	2,315,842	(1,322)	2,314,520	
Dividend — 2011	—	—	—	—	—	—	(4,737,271)	(4,737,271)	—	(4,737,271)	
Appropriation to general reserve	—	—	—	—	—	—	—	—	—	—	
Capital increase/(decrease) by shareholders											
— Capital decrease by shareholders	—	—	—	—	—	—	—	—	(17,817)	(17,817)	
— Others	—	(9,159)	—	—	—	—	—	(9,159)	(12,921)	(22,080)	
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	(20,511)	(20,511)	
At 30 June 2012											
(Unaudited)	11,016,908	34,518,592	5,464,621	9,718,593	(493,969)	(425,920)	24,357,872	84,156,697	350,347	84,507,044	

Unaudited Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2013
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	2,716,532	2,904,388
Adjustments for:		
Finance costs	397,189	31,875
Share of profits and losses of associates and jointly-controlled entities	(257,496)	(251,684)
Dividend income and interest income from available-for-sale financial assets	(414,287)	(448,116)
Net gains on disposal of available-for-sale financial assets	(257,407)	(416,416)
Net (gains)/losses on disposal of property, plant and equipment and other assets	(325)	1,614
Fair value losses/(gains) on financial instruments at fair value through profit or loss	346,353	(259,336)
Depreciation	149,768	147,340
Amortisation	72,072	63,206
Impairment on available-for-sale financial assets	196,540	—
Impairment/(Reversal of impairment) on other assets	150	(3,415)
	2,949,089	1,769,456
Net decrease/(increase) in operating assets		
Financial assets held for trading	(9,625,479)	(6,154,422)
Cash held on behalf of customers	(3,097,966)	885,803
Other assets	(20,784,153)	(3,118,516)
	(33,507,598)	(8,387,135)
Net increase/(decrease) in operating liabilities		
Accounts payable	2,530,487	(734,382)
Repurchase agreements	3,297,388	(1,789,376)
Other liabilities	3,459,585	4,440,529
	9,287,460	1,916,771
Net cash outflow from operating activities before tax	(21,271,049)	(4,700,908)
Income tax paid	(440,858)	(1,735,084)
Net cash outflow from operating activities	(21,711,907)	(6,435,992)

Unaudited Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
Cash flows from investing activities			
Dividend income and interest income received from available-for-sale financial assets		414,287	448,116
Net cash flows from purchases, leases and sales of items of property, plant and equipment and other assets		(79,286)	(239,341)
Net cash flows from investments in associates and jointly-controlled entities		(2,517)	101,324
Net cash flows from disposal or purchase of available-for-sale financial assets		4,742,947	1,083,021
Other net cash flows from investing activities		—	256,677
Net cash inflow from investing activities		5,075,431	1,649,797
Cash flows from financing activities			
Cash inflows from financing activities		21,082,450	54,236
Payment of debts		(100,000)	—
Dividends and interest expense		(341,114)	(80,661)
Other cash outflows from financing activities		(4,808)	(18,403)
Net cash outflow from financing activities		20,636,528	(44,828)
Net increase/(decrease) in cash and cash equivalents		4,000,052	(4,831,023)
Cash and cash equivalents at the beginning of the period		25,835,767	33,444,451
Effect of exchange rate changes on cash and bank balances		(186,231)	67,163
Cash and cash equivalents at the end of the period	34	29,649,588	28,680,591
Cash and bank balances	25	29,649,588	28,680,591
Less: Restricted funds	25	—	—
Cash and cash equivalents		29,649,588	28,680,591

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

1. CORPORATE INFORMATION

CITIC Securities Company Limited (the Company) was established in Beijing, the People's Republic of China (the "PRC" or "Mainland China", which excludes for the purpose of 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 Zhong Xin 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 completed its initial public offering of overseas-listed foreign shares ("H shares") in September and October 2011. Under this offering, the Company totally offered 1,071,207,000 H shares (including over-allotment of 75,907,000 H shares) with a nominal value of RMB1.00 per share. As at 31 December 2011, the total share capital of the Company increased to RMB11,016,908,400. The capital increase has been verified by Ernst & Young Hua Ming according to the capital verification report of Ernst & Young Hua Ming Yan Zi (2011) 60469435_A09.

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

- securities and futures brokerage
- securities investment fund distribution and introducing brokerage for futures companies
- agency sale of financial products
- securities underwriting and sponsorship
- provision of investment advisory and consultancy services
- proprietary securities investment
- asset management and fund management
- margin financing and securities lending services

On 22 October 2012, with the approval of the CSRC, CITIC Limited obtained the qualification for holding over 5% of the shares of the Company, and the CSRC had no objection on the transfer of 2,236,890,620 shares of the Company (accounting for 20.30% of the total shares) to CITIC Limited. On 25 February 2013, the procedures for the transfer of shareholding were completed and the largest shareholder of the Company was changed from CITIC Group Corporation (formerly CITIC Group) to CITIC Limited.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do 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 31 December 2012.

2.2 Significant Accounting Policies

Except as described below, the principal accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2012.

Standards, amendments and interpretations effective in 2013

On 1 January 2013, the Group adopted the following new standards, amendments and interpretations.

IAS 1 Amendments	Presentation of Financial Statements — Other Comprehensive Income
IAS 19 Amendments	Employee Benefits
IFRS 7 Amendments	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27 (Revised)	Separate Financial Statements
IAS 28 (Revised)	Investment in Associates and Joint Ventures
IFRS 13	Fair Value Measurement
IFRS 10, IFRS 11 and IFRS 12 Amendments	Transition Guidance
Annual Improvements 2009–2011 cycle (issued in May 2012)	

The adoption of the above standards, amendments and interpretations has insignificant impact on the operating results, financial position and comprehensive income of the Group.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Significant Accounting Policies (Continued)

Standard, amendments and interpretation that are not yet effective and have not been early adopted by the Group in 2013

		Effective for annual periods beginning on or after
IAS 32 Amendments	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 Amendments	Impairment of Assets — Recoverable Amount Disclosures for Non — Financial Assets	1 January 2014
IAS 39 Amendments	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuing of Hedge Accounting	1 January 2014
IFRS 9, IFRS 9 Amendments and IFRS 7 Amendment	Financial Instruments and Financial Instruments: Disclosures	1 January 2015
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Investment Entities	1 January 2014

The Group is considering the impact of these standards and amendments on the consolidated financial statements.

The Group has not adopted any other standard, interpretation or amendment that was issued but is not yet effective.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require an adjustment to the carrying amounts of the assets or liabilities affected.

Designation of held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments when the Group has the positive intention and ability to hold the investments to maturity. Accordingly, in evaluating whether a financial asset shall be classified as a held-to-maturity investment, significant management judgement is required. If the Group fails to correctly assess its intention and ability to hold the investments to maturity and the Group sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity, the Group is required to reclassify any remaining held-to-maturity investments as available-for-sale financial assets and cannot classify any financial assets as held to maturity during the current and two subsequent financial years.

Impairment losses of available-for-sale financial assets and held-to-maturity investments

In determining whether there is any objective evidence that impairment losses have occurred on available-for-sale financial assets and held-to-maturity investments, the Group assesses periodically whether there has been a significant or prolonged decline in the fair value of the investments below its cost, or whether other objective evidence of impairment exists based on the investee's financial conditions and business prospects, including industry environment, price volatility as well as operating and financing cash flows. This requires a significant level of management judgement which would affect the amount of impairment losses.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Income tax

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant estimation of the tax treatments of certain transactions and also significant assessment of the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Fair value of financial instruments

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes the maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

4. TAXATION

According to the relevant tax policies of the PRC, the major types of taxes currently applicable to the Company are:

(1) Income tax

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

(2) Business tax

The Company's computation and payment of business taxes are governed by the Implementing Rules for the Interim Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) (Ministry of Finance Order [2011] No. 65), the Notice of the Ministry of Finance and the State Administration of Taxation on the Business Tax Policies for the Capital Markets (《財政部、國家稅務總局關於資本市場有關營業稅政策的通知》) (Cai Shui [2004] No. 203) and other relevant policies. The business tax is calculated and paid at the tax rate of 5% of taxable business income.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Business Tax of the Securities Investor Protection Fund (《財政部、國家稅務總局關於證券投資者保護基金有關營業稅問題的通知》) (Cai Shui [2006] No. 172), securities companies are allowed to deduct their investor protection fund contributions from their taxable business income.

- (3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.
- (4) Urban maintenance and construction taxes, education surcharges and local education surcharges are paid at 7%, 3% and 2% of the payable payment of turnover taxes, respectively.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

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 business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from the other business segments. A summary of the business segments is as follows:

- (a) the investment banking segment engages in placing and underwriting services, and financial advisory services;
- (b) the brokerage segment engages in securities and futures dealing and broking, agency sale of financial products;
- (c) the trading segment engages in trading and market-making of equities, fixed income products and derivatives, margin financing and securities lending activities, and alternative investment business;
- (d) the asset management segment engages in asset management services, including the provision of management services to PE funds, pension funds, annuity plans and other asset management accounts; and
- (e) the others segment primarily engages in private equity investment, principal investment and other businesses.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of the Group's business units separately for the purpose of resource allocation and making other operating decisions. Segment performance is measured consistently with operating profit or loss in the consolidated financial statements.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

5. OPERATING SEGMENT INFORMATION (Continued)

However, income taxes are managed on the Company basis and are not allocated to operating segments.

Six months ended 30 June 2013 (Unaudited)	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income	674,141	2,784,578	3,151,927	347,746	363,340	7,321,732
— Fee and commission income	674,014	2,297,341	278,649	279,501	15,021	3,544,526
— Interest income	121	455,436	1,063,394	5,838	3,371	1,528,160
— Investment income	—	(20)	1,950,358	61,826	296,160	2,308,324
— Other income	6	31,821	(140,474)	581	48,788	(59,278)
Operating expenses	581,704	1,699,361	2,134,820	207,280	239,531	4,862,696
Including: Finance costs	—	61,490	991,176	1,924	55,785	1,110,375
Impairment losses	—	60	196,540	—	90	196,690
Operating profit	92,437	1,085,217	1,017,107	140,466	123,809	2,459,036
Share of profits and losses of associates and jointly-controlled entities	—	—	—	—	257,496	257,496
Profit before income tax	92,437	1,085,217	1,017,107	140,466	381,305	2,716,532
Income tax expense	—	—	—	—	—	605,604
Profit for the period	92,437	1,085,217	1,017,107	140,466	381,305	2,110,928
Other segment information:						
Depreciation and amortisation	12,849	95,639	7,858	3,021	102,473	221,840
Capital expenditure	18,487	28,276	6,563	2,988	24,253	80,567

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

5. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2012 (Unaudited)	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income	1,118,665	2,490,824	2,155,270	170,536	497,677	6,432,972
– Fee and commission income	1,118,531	1,970,622	95,992	169,207	4,809	3,359,161
– Interest income	184	477,250	595,420	1,329	969	1,075,152
– Investment income	–	108	1,463,879	–	411,267	1,875,254
– Other income	(50)	42,844	(21)	–	80,632	123,405
Operating expenses	729,765	1,796,294	1,011,094	122,678	120,437	3,780,268
Including: Finance costs	–	88,919	291,173	–	886	380,978
Impairment losses	–	(3,475)	–	–	60	(3,415)
Operating profit	388,900	694,530	1,144,176	47,858	377,240	2,652,704
Share of profits and losses of associates and jointly-controlled entities	–	–	–	–	251,684	251,684
Profit before income tax	388,900	694,530	1,144,176	47,858	628,924	2,904,388
Income tax expense	–	–	–	–	–	657,029
Profit for the period	388,900	694,530	1,144,176	47,858	628,924	2,247,359
Other segment information:						
Depreciation and amortisation	13,772	100,931	6,316	2,801	86,726	210,546
Capital expenditure	73,048	70,750	19,693	10,783	67,019	241,293

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

6. INTEREST INCOME

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Bank interest income	734,730	899,395
Interest income on margin and other financing	793,344	174,272
Others	86	1,485
Total	1,528,160	1,075,152

7. INVESTMENT INCOME

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Net gains from disposal of available-for-sale financial assets	257,407	416,416
Dividend income and interest income from available-for-sale financial assets	414,287	448,116
Net gains from financial assets held for trading	280,056	1,045,668
Net gains from financial instruments designated as at fair value through profit or loss	30,790	6,847
Net (losses)/gains from financial liabilities held for trading	(3,246)	228
Others ^①	1,329,030	(42,021)
Total	2,308,324	1,875,254

^① Others mainly include the profit from dealing with stock index futures earned by the Company.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

8. OPERATING EXPENSES

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Fee and commission expense:		
— Commission expense	407,454	477,441
— Others	3,525	2,088
Total	410,979	479,529

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Finance costs:		
— Accounts payable to clients	61,490	88,919
— Due to banks and other financial institutions	639,644	258,881
— Bonds issued	385,753	31,875
— Others	23,488	1,303
Total	1,110,375	380,978

An analysis of loans is as follows:

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Finance costs on loans		
— wholly repayable within five years	15,543	886

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

8. OPERATING EXPENSES (Continued)

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Staff costs (including directors' and supervisors' remuneration):		
— Salaries and bonuses	1,564,313	1,551,954
— Staff benefits	190,878	182,961
— Contributions to defined contribution schemes ⁽¹⁾	99,688	93,520
Total	1,854,879	1,828,435

(1) Retirement benefits are included, and the nature is shown as below:

The full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these retirement plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

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

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Other operating expenses:		
— Consulting fees	193,766	107,454
— Minimum lease payments under operating leases in respect of land and buildings	135,758	126,827
— Miscellaneous office expenses	63,505	60,162
— Business travel expenses	62,829	62,544
— Business entertainment expenses	51,411	45,909
— Postal and communication expenses	51,352	49,805
— Long-term prepaid expenses amortisation	48,646	44,715
— Electronic device operating costs	48,267	36,695
— Securities investor protection fund	30,138	53,456
— Auditors' remuneration	5,286	4,923
— Others	188,197	175,395
Total	879,155	767,885

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

9. IMPAIRMENT LOSSES

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Impairment losses on other receivables	150	(3,415)
Impairment losses on available-for-sale financial assets	196,540	—
Total	196,690	(3,415)

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Current income tax expense	516,342	62,675
— Mainland China	510,360	61,009
— Hong Kong	5,982	1,666
Deferred income tax expense	89,262	594,354
Total	605,604	657,029

11. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Dividends on ordinary shares proposed but not paid	3,305,073	4,737,271
Dividends on ordinary shares paid	—	—

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent	2,109,674	2,248,748
Shares:		
Weighted average number of ordinary shares in issue (thousand)	11,016,908	11,016,908
Basic and diluted earnings per share (RMB yuan)	0.19	0.20

Earnings per share was calculated based on the calculation method prescribed in the announcement of the CSRC (2010) No. 2 — Rules on the preparation and submission of information disclosed by companies that offer securities to the public (No. 9): Calculation and disclosure of return on equity and earnings per share (2010 Revision) and IAS 33 *Earnings per Share*.

Basic earnings per share was calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue.

There were no dilutive events during the six months ended 30 June 2013 (Six months ended 30 June 2012: None).

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT

	Properties and buildings	Communication equipment	Office equipment	Motor vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
30 June 2013 (Unaudited)										
Cost										
At 31 December 2012 and 1 January 2013 (Audited)	2,324,753	5,502	155,016	58,666	5,382	839,362	46,673	3,435,354	768,675	4,204,029
Additions	–	36	12,289	745	27	25,503	145	38,745	32,024	70,769
Decreases	55,792	–	943	5,238	12	5,796	594	68,375	4,153	72,528
At 30 June 2013 (Unaudited)	2,268,961	5,538	166,362	54,173	5,397	859,069	46,224	3,405,724	796,546	4,202,270
Accumulated depreciation										
At 31 December 2012 and 1 January 2013 (Audited)	181,902	2,725	83,751	38,424	3,505	539,771	34,125	884,203	–	884,203
Additions	30,895	409	21,054	4,465	425	83,701	2,405	143,354	–	143,354
Decreases	2,540	–	702	4,304	11	5,226	484	13,267	–	13,267
At 30 June 2013 (Unaudited)	210,257	3,134	104,103	38,585	3,919	618,246	36,046	1,014,290	–	1,014,290
Net carrying amount										
At 30 June 2013 (Unaudited)	2,058,704	2,404	62,259	15,588	1,478	240,823	10,178	2,391,434	796,546	3,187,980
At 31 December 2012 (Audited)	2,142,851	2,777	71,265	20,242	1,877	299,591	12,548	2,551,151	768,675	3,319,826

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Properties and buildings	Communication equipment	Office equipment	Motor vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
31 December 2012										
(Audited)										
Cost										
At 31 December 2011										
and 1 January 2012	2,276,176	4,510	141,363	71,633	5,281	756,782	36,589	3,292,334	691,921	3,984,255
Additions	137,641	1,170	14,834	3,720	184	114,156	10,084	281,789	230,677	512,466
Decreases	89,064	178	1,181	16,687	83	31,576	—	138,769	153,923	292,692
At 31 December 2012	2,324,753	5,502	155,016	58,666	5,382	839,362	46,673	3,435,354	768,675	4,204,029
Accumulated depreciation										
At 31 December 2011										
and 1 January 2012	124,108	2,144	45,765	36,482	2,705	405,277	29,327	645,808	—	645,808
Additions	59,016	753	38,811	10,934	876	164,989	4,806	280,185	—	280,185
Decreases	1,222	172	825	8,992	76	30,495	8	41,790	—	41,790
At 31 December 2012	181,902	2,725	83,751	38,424	3,505	539,771	34,125	884,203	—	884,203
Net carrying amount										
At 31 December 2012	2,142,851	2,777	71,265	20,242	1,877	299,591	12,548	2,551,151	768,675	3,319,826
At 31 December 2011	2,152,068	2,366	95,598	35,151	2,576	351,505	7,262	2,646,526	691,921	3,338,447

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14. GOODWILL

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Carrying amount at the beginning of the period/year:		
Cost	500,900	500,880
Accumulated impairment	—	—
Net carrying amount	500,900	500,880
Movement during the period/year:		
Net carrying amount at the beginning of the period/year	500,900	500,880
Changes in shareholders' equity in subsidiaries and effect of exchange rate changes	(1,956)	20
Impairment	—	—
Net carrying amount at the end of the period/year	498,944	500,900
Carrying amount at the end of the period/year:		
Cost	498,944	500,900
Accumulated impairment	—	—
Net carrying amount	498,944	500,900

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15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
At fair value:		
Equity investments	2,689,035	3,299,264
At cost:		
Equity investments	10,311,184	8,852,696
	13,000,219	12,151,960
Less: Allowance for impairment losses	166,331	166,331
Total	12,833,888	11,985,629
Analysed into:		
Listed	2,689,035	3,299,264
Unlisted	10,311,184	8,852,696
	13,000,219	12,151,960

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15. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Current

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
At fair value:		
Debt securities	7,047,848	12,556,957
Equity investments ^①	7,832,499	9,803,086
Others	6,187,852	3,632,801
	21,068,199	25,992,844
Less: Allowance for impairment losses	276,418	100,363
Total	20,791,781	25,892,481
Analysed into:		
Listed	14,615,772	21,472,658
Unlisted	6,452,427	4,520,186
	21,068,199	25,992,844

^① Includes RMB55 million securities lent out under securities lending arrangements as at 30 June 2013 (31 December 2012: RMB115 million).

16. REFUNDABLE DEPOSITS

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Margin trading	291,467	693,696
Performance bonds	497	40
Credit deposits	111,854	124,797
Total	403,818	818,533

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17. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets (Unaudited)	Change in fair value of financial assets held for trading	Change in fair value of available- for-sale financial assets	Allowance for impairment losses on available- for-sale financial assets	Change in fair value of derivatives	Accrued but not paid staff costs	Others	Total
At 1 January 2013 (Audited)	—	127,224	7,985	262,359	432,289	6,831	836,688
Credited/(debited) to the income statement	95,058	—	22,668	(262,359)	(165,187)	4,288	(305,532)
Credited to other comprehensive income	—	306,478	—	—	—	—	306,478
At 30 June 2013 (Unaudited)	95,058	433,702	30,653	—	267,102	11,119	837,634

Deferred income tax assets (Audited)	Change in fair value of financial assets held for trading	Change in fair value of available- for-sale financial assets	Allowance for impairment losses on available- for-sale financial assets	Change in fair value of derivatives	Accrued but not paid staff costs	Others	Total
At 1 January 2012	54,781	271,876	377,659	52	632,976	7,023	1,344,367
Credited/(debited) to the income statement	(54,781)	—	(369,674)	262,307	(200,687)	(192)	(363,027)
Debited to other comprehensive income	—	(144,652)	—	—	—	—	(144,652)
At 31 December 2012	—	127,224	7,985	262,359	432,289	6,831	836,688

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17. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax liabilities (Unaudited)	Change in fair value of financial assets held for trading	Change in fair value of available-for-sale financial assets	Change in fair value of derivatives	Others	Total
At 1 January 2013 (Audited)	245,271	76,393	694	818	323,176
Debited/(credited) to the income statement	(245,271)	—	29,052	(51)	(216,270)
Debited to other comprehensive income	—	98,025	—	—	98,025
At 30 June 2013 (Unaudited)	—	174,418	29,746	767	204,931

Deferred income tax liabilities (Audited)	Change in fair value of financial assets held for trading	Change in fair value of available-for-sale financial assets	Change in fair value of derivatives	Others	Total
At 1 January 2012	—	104,478	—	—	104,478
Debited to the income statement	245,271	—	694	818	246,783
Credited to other comprehensive income	—	(28,085)	—	—	(28,085)
At 31 December 2012	245,271	76,393	694	818	323,176

18. MARGIN ACCOUNTS RECEIVABLE

Margin accounts receivable are secured by adequate collateral and are neither overdue nor impaired as at 30 June 2013 and 31 December 2012.

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19. FINANCIAL ASSETS HELD FOR TRADING

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Debt securities	39,329,546	24,572,542
Equity investments ^①	6,816,857	13,567,693
Others	330,132	184,796
Total	46,476,535	38,325,031
Analysed into:		
Listed	43,357,450	34,421,284
Unlisted	3,119,085	3,903,747
	46,476,535	38,325,031

^① Includes RMB261 million securities lent out under securities lending arrangements as at 30 June 2013 (31 December 2012: RMB136 million).

20. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Non-current		
Equity investments	—	272,835
Analysed into:		
Listed	—	272,835
Unlisted	—	—
	—	272,835
Current		
Equity investments	545,375	209,743
Analysed into:		
Listed	397,375	91,435
Unlisted	148,000	118,308
	545,375	209,743

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21. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2013		31 December 2012	
	Assets (Unaudited)	Liabilities (Unaudited)	Assets (Audited)	Liabilities (Audited)
Swaps business	351,803	524,332	289,309	524,825
Forward transactions	40,187	45,024	128,352	102,479
Others	10,773	27,607	5,531	8,968
Total	402,763	596,963	423,192	636,272

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures were settled daily and the corresponding payments or receipts were included in "cash and bank balances" as at 30 June 2013. Accordingly, the amount of mark-to-market gain or loss of unexpired stock index futures contracts under above arrangements included in derivative financial instruments above was nil.

22. REVERSE REPURCHASE AGREEMENTS

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Analysed by collateral:		
Securities	4,975,393	793,623
Analysed by counterparty:		
Banks	—	103,193
Other financial institutions	723,800	—
Others	4,251,593	690,430
Total	4,975,393	793,623

As part of the reverse repurchase agreements, the Group has received collateral that is allowed to be repledged in the absence of default by their owners. If the collateral received declines in value, the Group may require additional collateral. The Group has an obligation to return the collateral to its counterparties at the maturity of the contracts. As at 30 June 2013, the Group did not hold any securities as collateral based on the aforesaid terms (31 December 2012: the Group had received securities as collateral with a fair value of approximately RMB100.93 million, and such securities have been repledged based on the aforesaid terms).

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23. OTHER CURRENT ASSETS

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Interest receivable	1,500,109	705,315
Deferred expenses	45,185	51,589
Guarantee deposits placed with clearing house	20,159	20,166
Other receivables	1,594,594	923,665
Investment prepaid	4,140,469	3,670,454
Less: Impairment losses	4,572	4,421
Total	7,295,944	5,366,768

24. CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified their clients' monies as cash held on behalf of customers under the current assets section of the statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that they are liable for any loss or misappropriation of their clients' monies. In the PRC, cash held on behalf of customers for clients' transaction and settlement funds is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

25. CASH AND BANK BALANCES

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash on hand	277	313
Deposits in banks	29,649,311	25,835,454
Total	29,649,588	25,835,767

As at 30 June 2013, the Group had no restricted funds (31 December 2012: Nil).

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(In RMB thousands, unless otherwise stated)

26. ACCOUNTS PAYABLE

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Accounts payable	37,331,713	34,807,288

Accounts payable represents the amount received from and repayable to clients arising from the ordinary course of the Group's securities brokerage business. For more details, please refer to note 24 "cash held on behalf of customers".

27. REPURCHASE AGREEMENTS

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Analysed by collateral:		
Securities	24,708,001	20,846,684
Others	633,000	1,196,930
Total	25,341,001	22,043,614
Analysed by counterparty:		
Banks	7,731,325	10,663,889
Other financial institutions	7,740,004	5,754,959
Others	9,869,672	5,624,766
Total	25,341,001	22,043,614

28. TAXES PAYABLE

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Income tax	480,941	405,927
Business tax	80,340	59,874
Others	432,022	538,670
Total	993,303	1,004,471

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29. LOANS

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Analysed by nature:		
Credit loans	390,165	406,766
Collateralised loans	481,120	383,798
Total	871,285	790,564
Analysed by term:		
Maturity within one year	871,285	790,564

30. OTHER CURRENT LIABILITIES

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Salaries, bonuses and allowances payables	1,540,021	2,313,600
Funds payable to securities holders	190,839	191,224
Funds payable to securities issuers	181,286	175,297
Interest payable	196,002	143,094
Accrued liabilities	4,944	4,944
Commercial papers	14,000,000	13,000,000
Dividends payables	3,306,705	2,041
Other payables	1,669,779	1,703,663
Total	21,089,576	17,533,863

31. BONDS PAYABLE

Bonds issued by the Group are as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Analysed by maturity:		
Maturity within five years	7,876,838	—
Maturity over five years	13,496,825	1,500,000
	21,373,663	1,500,000

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31. BONDS PAYABLE (Continued)

Pursuant to approval by the CSRC, the Company issued a 15-year bond with a face value of RMB1.5 billion from 25 May to 2 June 2006 which was guaranteed by CITIC Group Corporation. The relevant information on the bond issued is set out below:

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation date	Issue amount
06 CITICS Bond	5/29/2006	RMB100	4.25%	5/31/2006	5/31/2021	8/18/2006	1,500,000

CITIC Securities Finance 2013 Co., Ltd issued a 5-year bond with a face value of USD0.8 billion (RMB4.94 billion) from 25 April to 3 May 2013 which was guaranteed by Bank of China (Macau Branch). The Company provides a counter-guarantee to Bank of China within the scope of guaranty. The relevant information on the bond issued is set out below:

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation date	Issue amount
CITIC SEC B1805	5/03/2013	USD99.753	2.50%	5/3/2013	5/3/2018	5/6/2013	4,930,543

Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB3 billion from 7 June to 14 June 2013. The relevant information on the bond issued is set out below:

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation date	Issue amount
13 CITICS 01	6/7/2013	RMB100	4.65%	6/7/2013	6/7/2018	6/28/2013	3,000,000

Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12 billion from 7 June to 14 June 2013. The relevant information on the bond issued is set out below:

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation date	Issue amount
13 CITICS 02	6/7/2013	RMB100	5.05%	6/7/2013	6/7/2023	6/28/2013	12,000,000

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32. ISSUED SHARE CAPITAL

Share capital of the Group is as follows:

	30 June 2013		31 December 2012	
	Number of shares (Thousand) (Unaudited)	Nominal Value (Unaudited)	Number of shares (Thousand) (Audited)	Nominal Value (Audited)
Registered, issued and fully paid:				
A shares of RMB1 each	9,838,580	9,838,580	9,838,580	9,838,580
H shares of RMB1 each	1,178,328	1,178,328	1,178,328	1,178,328
	11,016,908	11,016,908	11,016,908	11,016,908

33. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, expand the production and operation, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve and other non-discretionary surplus reserves, the Company may also appropriate its after-tax profit for the year as determined under PRC GAAP to its discretionary surplus reserve upon approval by the shareholders in a general meeting. Subject to the shareholders' approval, the discretionary surplus reserve may be used to offset accumulated losses, expand production and operations, if any, and may be converted into capital of the Company.

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33. RESERVES (Continued)

(c) General reserve

Pursuant to the requirements of regulatory authorities such as the CSRC, the Company is required to appropriate 10% of its after-tax profit for the year for the general risk reserve and 10% for the transaction risk reserve. These reserves are used to offset accumulated losses of securities trading and shall not be converted into dividends or issued share capital.

(d) Investment revaluation reserve

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

(e) Foreign currency translation reserve

The foreign currency translation reserve is the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China.

(f) Distributable profits

The Company's distributable profits are based on the retained profits of the Company as determined under PRC GAAP and IFRSs, whichever is lower.

34. CASH AND CASH EQUIVALENTS

	30 June 2013 (Unaudited)	30 June 2012 (Unaudited)
Cash on hand	277	259
Deposits in banks	29,649,311	28,680,332
Total	29,649,588	28,680,591

35. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Contracted, but not provided for	61,716	30,880

The above-mentioned capital commitments are mainly in respect of the construction of properties, purchase of equipments and decoration of properties of the Group.

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35. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(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, and the total future minimum lease payments of the Group under irrevocable operating lease arrangements are as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within one year	238,759	250,248
After one year but not more than two years	189,653	213,375
After two years but not more than three years	121,516	156,822
After three years	307,978	372,123
Total	857,906	992,568

(ii) Operating lease commitments as a lessor

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

(c) Legal proceedings

From time to time in the ordinary course of business, the Group is subject to claims and is party to legal and regulatory proceedings. As at 30 June 2013, the Group was not involved in any material legal, arbitration or administrative proceedings that if adversely determined, the Group expects would materially adversely affect its financial position or results of operations.

36. RELATED PARTY DISCLOSURES

(1) Largest shareholder of the Company

Name of the shareholder	Relationship	Enterprise type	Place of registration and operations	Legal representative	Principal activities	Registered share capital	Percentage of equity interest	Voting rights	Organisational code
CITIC Limited	Largest shareholder	State-controlled	Beijing	Zhenming Chang	Financial, industrial and other services	RMB128 billion	20.30%	20.30%	71783170-9

On 25 February 2013, the procedures for the transfer of 2,236,890,620 shares of the Company (accounting for 20.30% of the total shares) were completed, and the largest shareholder of the Company was changed from CITIC Group Corporation to CITIC Limited, as a result, the comparative information have been adjusted accordingly.

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36. RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions

(a) Largest shareholder of the Company – CITIC Limited

Transactions during the period

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Interest expense	38	—

(b) Subsidiaries

Transactions during the period

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Interest income	67,838	20,167
Investment income	22,787	76,400
Interest expense	18,143	49,353
Lease fees received	6,262	6,527
Expense from receiving services	3,344	2,184
Income from providing services	1,163	776
Total	119,537	155,407

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36. RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(b) Subsidiaries (Continued)

Balances at the end of the period/year

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Deposits for investments — Stock index futures	1,934,507	2,576,793
Due from banks and other financial institutions	1,080,000	—
Available-for-sale financial assets	2,132,817	1,864,955
Refundable deposits	337,957	1,312,714
Derivative financial assets	46,162	18,109
Other current assets	1,476,084	33,008
Due to banks and other financial institutions	380,000	200,000
Repurchase agreements	612,507	180,000
Accounts payable	21,588	68,010
Derivative financial liabilities	2,204	327
Other current liabilities	7,361	1,542
Total	8,031,187	6,255,458

Significant balances and transactions between subsidiaries set out above have been eliminated in the consolidated financial statements.

(c) Subsidiaries and jointly-controlled entities of the largest shareholder of the Company

Transactions during the period

	Six months ended 30 June 2013 (Unaudited)	2012 (Unaudited)
Lease fees received	12,278	13,638
Lease expenses paid	16,920	14,176
Interest income	220,273	241,938
Interest expense	2,901	3,542
Income from providing services	21,014	31,135
Expense from receiving services	41,434	38,145
Total	314,820	342,574

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36. RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(c) Subsidiaries and jointly-controlled entities of the largest shareholder of the Company (Continued)

Balances at the end of the period/year

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Other receivables	754	642
Other payables	4,062	3,355
Cash held on behalf of customers (i)	2,955,620	5,124,615
Cash and bank balances (i)	13,366,642	8,264,703
Total	16,327,078	13,393,315

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

(d) Parent company and its subsidiaries of the largest shareholder of the Company

Transactions during the period

	Six months ended 30 June 2013 (Unaudited)	2012 (Unaudited)
Income from providing services	27,395	109,897
Expense from receiving services	1,006	994
Total	28,401	110,891

Balances at the end of the period/year

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Other payables	186	333

Guarantees between related parties

During the period from 25 May 2006 to 2 June 2006, the Company issued a 15-year bond with an aggregate face value of RMB1.5 billion. The bond was guaranteed by CITIC Group Corporation. As at 30 June 2013, the total guarantees provided by CITIC Group Corporation amounted to RMB1.5 billion (2012: RMB1.5 billion).

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36. RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(e) Associates

Transactions during the period

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Lease fees received	1,666	—
Income from providing services	603	595
Total	2,269	595

Balances at the end of the period/year

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
	Other payables	833
Available-for-sale financial assets transfer	—	50,350
Total	833	50,350

- (f) As at 30 June 2013, the collective asset management plans managed by the Company which were held by the Company and its subsidiaries amounted to RMB236 million (31 December 2012: RMB250 million).

37. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts receivable, due from banks and other financial institutions, accounts payable, repurchase agreements, loans and due to banks and other financial institutions approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of listed investments are based on quoted market prices.

The fair values of unlisted available-for-sale equity investments have been estimated using valuation techniques.

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37. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

The Group enters into derivative financial instruments with various counterparties. For plain vanilla derivative financial instruments, fair values are principally determined by valuation models that are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible. The fair value of exotic structure derivatives mainly comes from counterparty quotes.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

(a) Financial instruments recorded at fair value

30 June 2013 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading	20,324,239	25,906,075	246,221	46,476,535
— Debt securities	14,184,191	25,145,355	—	39,329,546
— Equity investments	6,089,286	481,350	246,221	6,816,857
— Others	50,762	279,370	—	330,132
Financial assets designated as at fair value through profit or loss	87,771	311,893	145,711	545,375
Derivative financial assets	2,849	399,914	—	402,763
Available-for-sale financial assets	7,319,379	12,512,928	3,924,927	23,757,234
— Debt securities	722,772	6,325,076	—	7,047,848
— Equity investments	6,596,607	—	3,924,927	10,521,534
— Others	—	6,187,852	—	6,187,852
Total	27,734,238	39,130,810	4,316,859	71,181,907
Financial liabilities:				
Financial liabilities held for trading	371,710	—	—	371,710
Financial liabilities designated as at fair value through profit or loss	2,289	—	—	2,289
Derivative financial liabilities	17,898	579,065	—	596,963
Total	391,897	579,065	—	970,962

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37. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

(a) Financial instruments recorded at fair value (Continued)

31 December 2012 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading	23,328,086	14,924,758	72,187	38,325,031
— Debt securities	10,361,955	14,210,587	—	24,572,542
— Equity investments	12,966,131	529,375	72,187	13,567,693
— Others	—	184,796	—	184,796
Financial assets designated as at fair value through profit or loss	95,910	272,835	113,833	482,578
Derivative financial assets	1,356	421,836	—	423,192
Available-for-sale financial assets	10,536,708	14,943,747	3,811,653	29,292,108
— Debt securities	1,248,991	11,307,966	—	12,556,957
— Equity investments	9,287,717	2,980	3,811,653	13,102,350
— Others	—	3,632,801	—	3,632,801
Total	33,962,060	30,563,176	3,997,673	68,522,909
Financial liabilities:				
Financial liabilities held for trading	14,303	—	—	14,303
Financial liabilities designated as at fair value through profit or loss	4,475	—	—	4,475
Derivative financial liabilities	4,900	631,372	—	636,272
Total	23,678	631,372	—	655,050

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37. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

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

The following table shows a reconciliation of the opening and closing balances of level 3 financial assets and liabilities which are recorded at fair value:

(Unaudited)	As at 1 January 2013	Total gains recorded in profit or loss	Total gains recorded in other comprehensive income	Additions	Transfers to level 3 from level 2	Decreases	As at 30 June 2013
Financial assets:							
Financial assets held							
for trading	72,187	15,264	—	163,985	47	5,262	246,221
— Equity investments	72,187	15,264	—	163,985	47	5,262	246,221
Financial assets designated as at fair value through profit or loss	113,833	—	—	92,349	—	60,471	145,711
Available-for-sale financial assets	3,811,653	1,300	109,444	105,280	—	102,750	3,924,927
— Equity investments	3,811,653	1,300	109,444	105,280	—	102,750	3,924,927

(Audited)	As at 1 January 2012	Total gains recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Decreases	Transfers to level 1 from level 3	Transfers to level 2 from level 3	As at 31 December 2012
Financial assets:								
Financial assets held								
for trading	32,088	607	—	71,580	—	32,088	—	72,187
— Equity investments	32,088	607	—	71,580	—	32,088	—	72,187
Financial assets designated as at fair value through profit or loss	298,885	154,452	—	31,502	6,737	91,434	272,835	113,833
Available-for-sale financial assets	785,926	307,893	(336,109)	3,638,912	222,147	362,822	—	3,811,653
— Equity investments	785,926	307,893	(336,109)	3,638,912	222,147	362,822	—	3,811,653

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37. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

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

Gains on level 3 financial instruments included in the profit or loss for the period/year comprise:

	Six months ended 30 June 2013			2012		
	(Unaudited)			(Audited)		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains in the profit or loss for the period/year	1,911	14,653	16,564	314,709	148,243	462,952

(c) Transfers between Level 1 and Level 2

During the six months ended 30 June 2013 and the year ended 31 December 2012, there were no transfers of fair value measurement between level 1 and level 2.

(d) Financial instruments not measured at fair value

At the end of the reporting period, the fair value of the Group's financial assets and liabilities not measured at fair value are not significantly different from their carrying amounts.

38. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Overview

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

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

Structure of Risk Management

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

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

Level 1: Board of Directors

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

Level 2: Management

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

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

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and Executive Committee of the Company, and is responsible for monitoring and managing the daily risk of the Company within its designated authority, and to decide and approve material matters related to risk management and relevant system. There is a sub-working group under the Risk Management Committee, which mainly comprises transaction heads of the major business lines and heads of functional departments. The subworking group is the main body responsible for daily monitoring and management of the financial risks over the securities investment business. It directly reports to the Risk Management Committee and facilitates executing decisions made by the Risk Management Committee. Under the sub-working group, there is a credit risk management sub-working team, which mainly comprises key members of business lines and is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management.

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

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

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

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

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

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

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

Major financial risks faced by the Company in the ordinary course of business include credit risk, liquidity risk and market risk. The Company has developed policies and procedures to identify and analyse these risks and set appropriate risk limits and internal control processes to monitor various risks continuously through reliable management and information system.

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk

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

The credit risk of the Company mostly arises from four aspects: firstly, in respect of the securities and futures brokerage business, if the Company does not require the clients to pay sufficient margin deposits in advance according to the laws, the Company 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 margin businesses including margin financing and securities lending, stock repo and equity swap business, refers to the Company's exposure to loss caused by clients' failure to perform the contracts; thirdly, default risk from trust product investment, which refers to the risk of asset and revenue losses by reason of non-payment of principal and interest due by the financers, which in turn results in the non-payment of trust companies in a timely basis; and fourthly, default risk from bonds investment, which refers to the risk of asset losses and change in yield by reason of default by the issuer or the counterparty of the bonds invested, or refusal to pay principal and interest due.

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

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

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

For trust product investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through daily marked-to-market monitoring, risk reminders to clients, mandatory liquidation and judicial recovery.

For credit risk associated with bonds investment, the Company has established the counterparty credit approval policy and the blacklist policy, and developed certain investment restrictions based on the ratings of credit products.

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(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 set out below:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Available-for-sale financial assets	8,398,225	14,952,000
Refundable deposits	403,818	818,533
Financial assets held for trading	39,474,816	24,732,339
Derivative financial assets	402,763	423,192
Reverse repurchase agreements	4,975,393	793,623
Cash held on behalf of customers	36,949,484	33,851,517
Bank balances	29,649,311	25,835,454
Others	30,477,398	14,626,361
Total maximum credit risk exposure	150,731,208	116,033,019

(ii) Risk concentrations

The following tables set out the breakdown of the Group's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical area:

	By geographical area		
	Mainland China	Outside Mainland China	Total
30 June 2013 (Unaudited)			
Available-for-sale financial assets	8,378,225	20,000	8,398,225
Refundable deposits	388,830	14,988	403,818
Financial assets held for trading	37,100,386	2,374,430	39,474,816
Derivative financial assets	266,011	136,752	402,763
Reverse repurchase agreements	4,975,393	—	4,975,393
Cash held on behalf of customers	35,617,819	1,331,665	36,949,484
Bank balances	19,916,872	9,732,439	29,649,311
Others	25,835,950	4,641,448	30,477,398
Total maximum credit risk exposure	132,479,486	18,251,722	150,731,208

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Risk concentrations (Continued)

31 December 2012 (Audited)	By geographical area		Total
	Mainland China	Outside Mainland China	
Available-for-sale financial assets	14,841,700	110,300	14,952,000
Refundable deposits	815,095	3,438	818,533
Financial assets held for trading	23,039,784	1,692,555	24,732,339
Derivative financial assets	340,646	82,546	423,192
Reverse repurchase agreements	793,623	—	793,623
Cash held on behalf of customers	32,432,456	1,419,061	33,851,517
Bank balances	19,660,212	6,175,242	25,835,454
Others	11,171,466	3,454,895	14,626,361
Total maximum credit risk exposure	103,094,982	12,938,037	116,033,019

(b) Liquidity risk

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

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

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 2013 (Unaudited)						Undated	Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years			
Non-derivative financial liabilities:								
Accounts payable	37,331,713	—	—	—	—	—	37,331,713	
Financial liabilities held for trading	—	—	—	—	—	371,710	371,710	
Financial liabilities designated as at fair value through profit or loss	—	—	—	—	—	2,289	2,289	
Repurchase agreements	—	24,758,070	653,471	—	—	—	25,411,541	
Due to banks and other financial institutions	—	5,591,257	—	—	—	—	5,591,257	
Loans	—	483,558	417,160	—	—	—	900,718	
Bonds payable	—	31,146	901,673	11,654,053	16,721,250	—	29,308,122	
Others	372,125	14,132,012	—	—	—	—	14,504,137	
Total	37,703,838	44,996,043	1,972,304	11,654,053	16,721,250	373,999	113,421,487	
Cash flows from derivative financial liabilities settled on net basis	—	147,029	237,466	203,789	420	2,753	591,457	
Gross settled derivative financial liabilities:								
Contractual amounts receivable	—	(3,831,336)	—	—	—	—	(3,831,336)	
Contractual amounts payable	—	3,853,003	—	—	—	—	3,853,003	
	—	21,667	—	—	—	—	21,667	

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

	31 December 2012 (Audited)						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
Non-derivative financial liabilities:							
Accounts payable	34,807,288	—	—	—	—	—	34,807,288
Financial liabilities held for trading	—	—	—	—	—	14,303	14,303
Financial liabilities designated as at fair value through profit or loss	—	—	—	—	—	4,475	4,475
Repurchase agreements	—	20,393,342	1,760,329	—	—	—	22,153,671
Due to banks and other financial institutions	—	2,904,765	—	—	—	—	2,904,765
Loans	—	490,597	323,000	—	—	—	813,597
Bonds payable	—	—	63,750	255,000	1,755,000	—	2,073,750
Others	366,521	13,134,331	—	—	—	—	13,500,852
Total	35,173,809	36,923,035	2,147,079	255,000	1,755,000	18,778	76,272,701
Cash flows from derivative financial liabilities settled on net basis							
	—	23,722	222,041	325,999	—	—	571,762
Gross settled derivative financial liabilities:							
Contractual amounts receivable	—	(18,524,538)	—	—	—	—	(18,524,538)
Contractual amounts payable	—	18,612,266	—	—	—	—	18,612,266
	—	87,728	—	—	—	—	87,728

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk

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

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

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

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

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

The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion the Company.

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company upon occurrence of a single or multiple scenarios. These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an integral part of the market risk management. Through stress tests, the Company could focus on the possible losses to the Company, analyse its risk return and compare its risk resistant capacities, and evaluates whether the overall market risk portfolio of the Company is within its expected limits.

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

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

(i) VaR

The Company adopts Value at Risk ("VaR") as the risk evaluation tool for measuring the market risk of the entire securities investment portfolio which comprises various financial instruments. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

The calculation of VaR is based on the historical data of the Company (confidence level of 95% and a holding period of one trading day). Although the VaR analysis is an important tool for measurement of market risk, it mainly relies on relevant historical data, so there are certain limitations, and it may not accurately predict future changes in risk factors, making it especially difficult to reflect the market risk in the most extreme situations.

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) VaR (Continued)

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

Company

(Unaudited)	As at 30 June 2013	Six months ended 30 June 2013		
		Average	Highest	Lowest
Price-sensitive financial instruments	261,433	217,453	301,786	144,514
Interest rate-sensitive financial instruments	66,181	23,224	71,737	8,281
Currency rate-sensitive financial instruments	10,478	6,720	12,472	5,091
Total portfolio VaR	306,138	220,598	328,807	147,101

(Unaudited)	As at 30 June 2012	Six months ended 30 June 2012		
		Average	Highest	Lowest
Price-sensitive financial instruments	197,032	304,163	536,178	182,595
Interest rate-sensitive financial instruments	34,704	33,231	63,021	14,186
Currency rate-sensitive financial instruments	12,420	3,815	12,420	543
Total portfolio VaR	192,401	305,521	551,729	175,228

(ii) Interest rate risk

The Company'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 Company's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Company which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

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38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

The Company 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 Company'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 Company is as follows:

Company

Change in basis points	Sensitivity of revenue	
	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
+25 basis points	(224,876)	(122,485)
-25 basis points	227,981	124,890

Change in basis points	Sensitivity of equity	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
	+25 basis points	(20,686)
-25 basis points	20,921	41,614

(iii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities (whose settlements and payments are denominated in foreign currencies different from the Group's functional currency) and its net investment in foreign subsidiaries.

The foreign assets of the Group accounted for approximately 12% of the overall assets. In terms of the Group's revenue structure, a majority of the business transactions are denominated in RMB. In respect of overseas assets, in order to ensure the availability of fund required for overseas business expansion, the Company implemented centralised management toward its exchange risk. The Company keeps track of the risk by closely monitoring the value of the assets in the account daily. It monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test, and to manage exchange risk exposure through method such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2013

(In RMB thousands, unless otherwise stated)

39. EVENTS AFTER THE REPORTING PERIOD

1. *Completion of Acquisition of 100% Equity Interest in CLSA by CITIC Securities International*

In accordance with the resolutions adopted at the 2nd and the 6th meetings of the 5th Session of the Board, following the completion of the acquisition of 19.9% equity interest in CLSA on 20 July 2012, the Company's wholly-owned subsidiary, CITIC Securities International, completed the acquisition of the remaining 80.1% equity interest in CLSA on 31 July 2013, and CLSA has become a wholly-owned subsidiary of CITIC Securities International. Due to certain regulatory restrictions, the acquisition did not include the Taiwan business of CLSA. On 31 July 2013, the parties to the 80.1% Share Sale and Purchase Agreement entered into a supplemental agreement to adjust the consideration for the acquisition of the 80.1% equity interest in CLSA from USD941.68 million to a net consideration of USD841.68 million payable to CASA BV (the adjusted consideration is subject to post-completion adjustments according to the 80.1% Share Sale and Purchase Agreement). On the same date, CITIC Securities International, CA-CIB, CASA BV and CLSA Hong Kong entered into the Taiwan Share Sale and Option Agreement to make alternative arrangements for the Taiwan business of CLSA. Pursuant to the aforesaid agreement, on 3 August 2013, CLSA Hong Kong sold the Taiwan Newco to CASA BV for a purchase price of USD23,854,598 (the Taiwan Newco Sale was completed before the Taiwan Newco Long Stop Date), and CASA BV had paid USD23,854,598 to CLSA and USD76,145,402 to CITIC Securities International through the escrow account.

2. *Acquisition of 10% Equity Interest in China AMC*

On 21 May 2013, the 14th meeting of the 5th Session of the Board considered and approved the *Resolution on Acquiring a 10% Equity Interest in China Asset Management Co., Ltd.* resolving to acquire the 10% equity interest held by Wuxi Guolian Development (Group) Company Limited in China AMC for not more than RMB2 billion (inclusive of RMB2 billion). On 31 May 2013, the Company entered into an equity transfer contract with Wuxi Guolian Development (Group) Company Limited to acquire the stake at the listed price of RMB1.6 billion. This equity transfer has already been approved by the CSRC (*Reply Letter in relation to the Approval of Equity Transfer of China AMC* (Zheng Jian Xu Ke [2013] No. 1089)) in August 2013. Upon completion of the transfer and the relevant procedures for shareholding changes, the financial statements of China AMC will be consolidated into that of the Company.

3. *Issuance of commercial papers*

From July to August 2013, in accordance with the *Notice of People's Bank of China on the Issuance of Commercial Papers by CITIC Securities Company Limited* (Yin Fa [2012] No. 197), the resolution passed by the 2011 General Meeting of Shareholders, and the resolution passed by the 1st meeting of the 5th Session of the Board and relevant authorization, the Company completed the issuance of RMB5 billion in the seventh tranche of commercial papers and RMB4 billion in the eighth tranche of commercial papers in 2013, with coupon rates of 4.7% and 4.59% respectively. The term of both tranches is 91 days.

4. *Issuance of the second tranche of corporate bonds in 2013*

From 5 August 2013 to 7 August 2013, with the *Approval of CITIC Securities Company's Public Issuance of Corporate Bonds* (Zheng Jian Xu Ke [2013] No.706), the Company completed the issuance of 3-year unguaranteed bonds with a face value of RMB5 billion and a coupon rate of 5%, which were listed on Shanghai Stock Exchange on 23 August 2013.

40. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 August 2013.

Documents Available for Inspection

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

- (1) Financial statements with the signatures and seals of the Chairman of the Board, financial officer and financial department manager;
- (2) The original copy of the audit report with signatures and seals of the accounting firm and CPAs;
- (3) The original copies of the documents and announcements of the Company published during the reporting period at the website designated by the CSRC;
- (4) Interim report posted on other stock exchanges;
- (5) The Articles of Associations.

Appendix 1: Index of Information Disclosure

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

No.	Date of Publication	Subject Matter
1	2013-1-5	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2012
2	2013-1-10	Announcement on the Financial Data for December 2012
3	2013-1-17	Announcement of the Results of Issuance of Tranche 1 of Commercial Papers in 2013
4	2013-1-22	Announcement of Resolutions Passed at the 9th Meeting of the 5th Session of the Board
5	2013-1-24	Preliminary Financial Data for the Year 2012
6	2013-1-26	Notice of the 2013 First Extraordinary General Meeting, Documents of the 2013 First EGM
7	2013-2-5	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2013
8	2013-2-7	Announcement on the Financial Data for January 2013
9	2013-2-22	Announcement of the Results of Issuance of Tranche 2 of Commercial Papers in 2013; Second Notice of the 2013 First Extraordinary General Meeting
10	2013-2-27	Announcement of Change of the Largest Shareholder
11	2013-3-1	Announcement of Resolutions Passed at the 10th Meeting of the 5th Session of the Board; Announcement of Having Obtained the Approval for the Establishment of Three Securities Branches
12	2013-3-2	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2013
13	2013-3-7	Announcement on the Financial Data for February 2013; Reminder Notice of the 2013 First Extraordinary General Meeting
14	2013-3-14	Announcement of Resolutions Passed at the 2013 First Extraordinary General Meeting; Legal Opinion of the 2013 First Extraordinary General Meeting; Announcement of the Results of Issuance of Tranche 3 of Commercial Papers in 2013
15	2013-3-16	H Share Announcement — Notice of Board Meeting
16	2013-3-28	2012 Annual Report and its Summary; Announcement of Resolutions Passed at the 11th Meeting of the 5th Session of the Board; Announcement of Resolutions Passed at the 4th Meeting of the 5th Session of the Supervisory Committee; Related Party/ Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2013; 2012 Work Reports of the Independent Non-Executive Directors; Internal Control System Report; 2012 CSR Report; 2012 Annual Internal Control Self-evaluation Report; Audit Report on Internal Control; Special Statement Regarding the Occupation of Funds by the Largest Shareholder and Other Related Parties
17	2013-4-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2013
18	2013-4-10	Announcement on the Financial Data for March 2013

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No.	Date of Publication	Subject Matter
19	2013-4-12	Announcement of the Results of Issuance of Tranche 4 of Commercial Papers in 2013
20	2013-4-16	H Share Announcement — Notice of Board Meeting
21	2013-4-19	Announcement of Resolutions Passed at the 12th Meeting of the 5th Session of the Board; Announcement on Provision of Counter Guarantee for Guarantor Regarding the First Tranche of Offshore Bonds Issuance by Indirect Wholly-Owned Subsidiary. H Share Announcement — Proposed Corporate Bond Issuance and Proposed Counter Guarantee
22	2013-4-26	Q1 2013 Report; Announcement of Resolutions Passed at the 13th Meeting of the 5th Session of the Board; Notice of the 2012 Annual General Meeting; Documents of the 2012 AGM
23	2013-5-2	H Share Announcement — Issuance of USD800,000,000 2.50% Bonds Due 2018
24	2013-5-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2013
25	2013-5-7	H Share Announcement — Notice of Listing of USD Bonds on the Stock Exchange of Hong Kong Limited
26	2013-5-8	Announcement on the Financial Data for April 2013
27	2013-5-10	Announcement of the Results of Issuance of Tranche 5 of Commercial Papers in 2013
28	2013-5-11	Announcement of the CSRC Public Offering Review Committee's Approval of the Company's Application for Bond Issuance
29	2013-5-22	Announcement of Resolutions Passed at the 14th Meeting of the 5th Session of the Board; Announcement of the Split of the Company's Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.; Announcement of the Proposed Acquisition of 10% Equity Interest in China Asset Management Co., Ltd.
30	2013-6-1	Announcement on the Progress in the Company's Acquisition of 10% Equity Interest in China Asset Management Co., Ltd.; Announcement on CSRC's Approval of the Company's Application for Bond Issuance
31	2013-6-4	Second Notice of the 2012 Annual General Meeting, H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2013
32	2013-6-5	Announcement of the Issuance of Corporate Bonds (Tranche 1) in 2013; Prospectus for the Issuance of Corporate Bonds (Tranche 1) in 2013; Summary of the Prospectus for the Issuance of Corporate Bonds (Tranche 1) in 2013; Credit Rating Report of the Issuance of Corporate Bonds (Tranche 1) in 2013
33	2013-6-7	Announcement on the Financial Data for May 2013; Announcement of the Coupon Rate of Corporate Bonds (Tranche 1) in 2013
34	2013-6-8	Announcement of the Results of Issuance of Tranche 6 of Commercial Papers in 2013
35	2013-6-15	H Share Announcement — Proposed Distribution of the 2012 Final Dividend; Book Closure Period
36	2013-6-17	Announcement of the Results of the Issuance of Corporate Bonds (Tranche 1) in 2013
37	2013-6-21	Resolutions Passed at the 2012 Annual General Meeting; Legal Opinion of the 2012 Annual General Meeting

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No.	Date of Publication	Subject Matter
38	2013-6-27	Announcement on the Listing of Corporate Bonds (Tranche 1) in 2013; Announcement on Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters
39	2013-6-29	Announcement on the Milestone Progress of the Company's Acquisition of an Equity Interest in CLSA

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 the website of Shanghai Stock Exchange. Each of these announcements was published at the Hong Kong Stock Exchange 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	2013-1-4	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2012
2	2013-1-9	Announcement on the Financial Data for December 2012
3	2013-1-16	Overseas Regulatory Announcement — Announcement of the Results of Issuance of the First Tranche 1 of Commercial Papers in 2013
4	2013-1-21	Announcement — (1) Proposed Issuances of Onshore and Offshore Corporate Debt Financing Instruments; (2) Potential Connected/related transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments; and (3) Proposed Establishment of Wholly-owned Offshore Subsidiaries. Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 9th Meeting of the 5th Session of the Board
5	2013-1-23	Preliminary Financial Data for the Year 2012
6	2013-1-25	Circular, Notice of the 2013 First Extraordinary General Meeting, Reply Slip and Proxy Form Regarding the 2013 First Extraordinary General Meeting
7	2013-2-4	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2013
8	2013-2-6	Announcement on the Financial Data for January 2013
9	2013-2-21	Second Notice of the 2013 First Extraordinary General Meeting; Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 2 of Commercial Papers in 2013
10	2013-2-26	Voluntary Announcement — Change of the Largest Shareholder
11	2013-2-28	Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 10th Meeting of the 5th Session of the Board; Announcement of Having Obtained the Approval of the Establishment of Three Securities Branches
12	2013-3-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2013

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No.	Date of Publication	Subject Matter
13	2013-3-6	Announcement on the Financial Data for February 2013; Overseas Regulatory Announcement — Reminder Notice of the 2013 First Extraordinary General Meeting
14	2013-3-13	Poll Results of the 2013 First Extraordinary General Meeting; Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 3 of Commercial Papers in 2013
15	2013-3-15	Notification of Board Meeting
16	2013-3-27	2012 Annual Results Announcement; Proposed Amendments to the Articles of Association; Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 11th Meeting of the 5th Session of the Board; Announcement of Resolutions Passed at the 4th Meeting of the 5th Session of the Supervisory Committee; Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2013; 2012 Work Reports of the Independent Non-Executive Directors; Internal Control System; 2012 CSR Report; 2012 Annual Internal Control Self-evaluation Report; Audit Report on Internal Control; Special Statement Regarding the Occupation of Funds by the Largest Shareholder and Other Related Parties
17	2013-4-2	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2013
18	2013-4-9	Announcement on the Financial Data for March 2013
19	2013-4-11	Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 4 of Commercial Papers in 2013
20	2013-4-15	Notification of Board Meeting
21	2013-4-18	Voluntary Announcement — Proposed Counter Guarantee; Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 12th Meeting of the 5th Session of the Board; Proposed Bond Issuance; Announcement on Provision of Counter Guarantee for Guarantor Regarding the First Tranche of Offshore Bonds Issuance by Indirect Wholly-owned Subsidiary
22	2013-4-25	2012 Annual Report; First Quarterly Results of 2013; Circular, Notice of 2012 Annual General Meeting, Reply Slip and Proxy Form Regarding the 2012 Annual General Meeting; Overseas Regulatory Announcement — Announcement of the Resolutions Passed at the 13th Meeting of the 5th Session of the Board
23	2013-4-26	Issuance of USD800,000,000 2.50% Bonds Due 2018
24	2013-5-2	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2013
25	2013-5-6	Notice of Listing of USD Bonds on the Stock Exchange of Hong Kong Limited
26	2013-5-7	Announcement on the Financial Data for April 2013
27	2013-5-9	Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 5 of Commercial Papers in 2013

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No.	Date of Publication	Subject Matter
28	2013-5-10	Obtaining the Approval of the Company's Application for the Bond Issuance From the Public Offering Review Committee of the CSRC
29	2013-5-21	Announcements — (1) Proposed Acquisition of a 10% Shareholding Interest in China AMC; (2) Proposed Restructuring and Spin-off of Wholly-owned Subsidiary CITIC Securities (Zhejiang); Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 14th Meeting of the 5th Session of the Board; the Split of the Company's Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.; Announcement of the Proposed Acquisition of 10% Equity Interest in China Asset Management Co., Ltd.
30	2013-5-31	Announcement — Obtaining the Approval of CSRC in relation to the RMB Bond Issuance of the Company; Discloseable Transaction — Acquisition of a 10% Equity Interest in China AMC
31	2013-6-3	Second Notice of 2012 Annual General Meeting; Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2013
32	2013-6-4	Overseas Regulatory Announcement — Announcement of the Issuance of Corporate Bond (Tranche 1) in 2013; Prospectus for the Issuance of Corporate Bond (Tranche 1) in 2013; Summary of the Prospectus for the Issuance of Corporate Bond (Tranche 1) in 2013; Credit Rating Report of the Issuance of Corporate Bond (Tranche 1) in 2013
33	2013-6-6	Announcement on the Financial Data for May 2013; Overseas Regulatory Announcement — Announcement of the Coupon Rate of Corporate Bonds (Tranche 1) in 2013
34	2013-6-7	Overseas Regulatory Announcement — Announcement of the Results of the Issuance of Tranche 6 of Commercial Papers in 2013
35	2013-6-14	Proposed Distribution of the 2012 Final Dividend; Book Closure Period
36	2013-6-17	Overseas Regulatory Announcement — Announcement of the Results of the Issuance of Corporate Bond (Tranche 1) in 2013
37	2013-6-20	Poll Results of the 2012 AGM; and Distribution of the 2012 Final Dividend
38	2013-6-26	Overseas Regulatory Announcement — Announcement on the Listing of Corporate Bonds (Tranche 1) in 2013; Announcement on the Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters
39	2013-6-28	Discloseable Transaction — Extension of the Long Stop Date for Completion of the Acquisition of the Remaining 80.1% Equity Interest in CLSA

Appendix 2: Administrative Consents and Approvals Obtained During the Reporting Period

No.	Date of Approval	Title and Number of Approval
1	2013-1-10	Approval of the Qualifications of WU Xiaohui as the Head of a Securities Company's Branch (Jing Zheng Jian Xu Ke [2013] No. 3)
2	2013-1-17	Approval of Qualifications of XU Peng as the Head of a Securities Company's Branch (Jing Zheng Jian Xu Ke [2013] No. 12)
3	2013-1-23	Approval of Qualifications of WANG Zonghao as the Head of a Securities Company's Branch (Jing Zheng Jian Xu Ke [2013] No. 16)
4	2013-2-20	Approval by Shenzhen Securities Regulatory Bureau of the Establishment of Three Securities Branches in Hubei and other places by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2013] No. 20)
5	2013-4-11	Approval by Hubei Securities Regulatory Bureau of Qualifications of CHEN Hui as the Head of a Securities Company's Branch (E Zheng Jian Ji Gou Zi [2013] No. 24)
6	2012-4-12	Approval of Qualifications of SONG Hao as the Head of a Securities Company's Branch (Guang Dong Zheng Jian Xu Ke [2013] No. 29)
7	2013-4-18	Approval by Shenzhen Securities Regulatory Bureau of Qualifications of ZHANG Guoming as a Senior Executive of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 45)
8	2013-4-23	Approval of Qualifications of WANG Xiaomeng as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2013] No. 146)
9	2013-5-30	Approval of CITIC Securities Company Limited's Public Issuance of Corporate Bonds (Zheng Jian Xu Ke [2013] No. 706)
10	2013-6-17	Approval by Shenzhen Securities Regulatory Bureau of Qualifications of YIN Ke as a Senior Executive of a Securities Company (Shen Zheng Ju Xu Ke Zi [2013] No. 73)



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