



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 2014



IMPORTANT NOTICE

The Board, the Supervisory Committee of the Company and the Directors, Supervisors and Senior Management warrant the truthfulness, accuracy and completeness of this interim 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 26th Meeting of the 5th Session of the Board, and the 11th Meeting of the 5th Session of the Supervisory Committee of the Company. All Directors and Supervisors of the Company attended the meetings, and no Director or Supervisor raised any objection to this interim report.

The interim financial information 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 information set out in this interim report is true, accurate and complete.

There was no appropriation of funds of the Company by related/connected 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)
“Board”	the board of directors of the Company
“CAM”	collective asset management
“China AMC”	China Asset Management Company Limited
“CITIC Corporation Limited”	CITIC Corporation Limited (formerly known as CITIC Limited)
“CITIC Futures”	CITIC Futures Company Limited
“CITIC Global Trade”	CITIC Global Trade (Shanghai) Company Limited
“CITIC Group”	CITIC Group Corporation (formerly known as China International Trust and Investment Corporation and CITIC Group)
“CITIC Industrial Investment”	CITIC Industrial Investment Group Corp., Ltd.
“CITIC Newedge”	CITIC Newedge Futures Company Limited
“CITIC Pacific”	CITIC Pacific Limited (renamed as CITIC Limited)
“CITIC PE Fund”	CITIC Private Equity Funds Management Company Limited
“CITIC Securities” and “Company”	CITIC Securities Company Limited
“CITIC Securities Investment”	CITIC Securities Investment Limited
“CITIC Securities (Shandong)”	CITIC Securities (Shandong) Company Limited (formerly known as CITIC Wantong Securities Company Ltd.)
“CITIC Securities (Zhejiang)”	CITIC Securities (Zhejiang) Company Limited
“CITIC Trust”	CITIC Trust Company Limited
“CLSA”	CLSA BV, a wholly-owned subsidiary of CSI
“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
“Ernst & Young Hua Ming”	Ernst & Young Hua Ming LLP
“GoldStone Fund”	CITIC GoldStone Fund Management Company Limited
“GoldStone Haorui”	Qingdao GoldStone Haorui Investment Company Limited
“GoldStone Investment”	GoldStone Investment Company Limited
“GoldStone Zexin”	GoldStone Zexin Investment Management Company Limited
“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 nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (stock code: 6030)
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong SFC”	the Securities and Futures Commission of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“NSSF”	the National Social Security Fund
“PBOC”	the People’s Bank of China
“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
“SAM”	specified asset management

DEFINITIONS

“Securities Law”	the Securities Law of the People’s Republic of China
“S&P/CITIC”	S&P/CITIC Index Information Services (Beijing) Co., Ltd.
“Shanghai Listing Rules”	Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Shenzhen Bureau of the CSRC”	the Shenzhen Securities Regulatory Bureau of the CSRC
“TAM”	targeted asset management
“Tianjin Jingzheng”	Tianjin Jingzheng Property Services Limited
“Tianjin Shenzheng”	Tianjin Shenzheng Property Services Limited
“Wind Info”	Wind Information Company Limited

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) (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 the building registered with the Shenzhen Real Estate Ownership Registration Center.) 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:	0086-755-2383 5888, 0086-10-6083 8888
Facsimile:	0086-755-2383 5525, 0086-10-6083 6031
Brokerage Customer Service Hotline:	0086-95548, 0086-40088 95548
Asset Management Customer Service Hotline:	0086-10-6083 6688
Investor Relations Hotline:	0086-755-2383 5383, 0086-10-6083 6030

COMPANY INFORMATION

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, GAN Ruiping
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, Wan Chai, 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 in the Company information, disclosure method or places where the regular reports are available.

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

FINANCIAL SUMMARY

Key Accounting Data and Financial Indicators

In RMB millions

Items	30 June 2014	31 December 2013	Variance in comparison with the end of last year (%)
Total assets	339,744	271,354	25.20
Total liabilities	248,305	181,952	36.47
Equity attributable to owners of the parent	89,731	87,688	2.33
Issued share capital	11,017	11,017	—
Net assets per share attributable to owners of the parent (RMB yuan)	8.14	7.96	2.26
Gearing ratio (%)	67.61	60.47	Increased by 7.14 percentage points

Items	Six months ended 30 June 2014	Six months ended 30 June 2013	Variance in comparison with the corresponding period of last year (%)
Total revenue and other income	16,330	7,322	123.03
Operating profit	5,799	2,459	135.83
Profit before income tax	5,824	2,717	114.35
Net profit attributable to owners of the parent	4,076	2,110	93.18
Net cash inflow/(outflow) from operating activities	-9,491	-21,712	N/A
Basic earnings per share (RMB yuan)	0.37	0.19	94.74
Diluted earnings per share (RMB yuan)	0.37	0.19	94.74
Return on weighted average equity (%)	4.56	2.42	Increased by 2.14 percentage points

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

FINANCIAL SUMMARY

Net capital and relevant risk control indices of the parent company

As at 30 June 2014, the net capital of the parent company was RMB41,867 million, representing an increase of 20.32% as compared with that of RMB34,796 million as at 31 December 2013. The increase was mainly due to the borrowing of long-term subordinated debt by the Company and the increase in the net profits.

Items	30 June 2014	31 December 2013
Net capital (RMB million)	41,867	34,796
Net assets (RMB million)	73,286	71,691
Net capital/total risk capital reserves (%)	750.12	849.74
Net capital/net assets (%)	57.13	48.54
Net capital/total liabilities (%)	27.96	33.15
Net assets/total liabilities (%)	48.94	68.29
Value of equity securities and derivatives held/net capital (%)	86.32	76.11
Value of fixed income securities held/net capital (%)	215.43	176.88

Note: The risk control indices for various businesses of the parent company comply with the relevant requirements of the *Measures on the Risk Control Indices for Securities Companies* 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 broking of securities and futures, and distribution of financial products.

The trading business of the Group is primarily engaged in trading and market-making of equity products, fixed income products and derivatives, margin financing and securities lending business, alternative investment and block trading business.

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

The investment businesses 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 2014, attributed to the re-opening of A-share IPOs and the rapid increase in the scale of follow-on offerings, the scale of equity financing in the A-share market marked a year-on-year increase of 39.59%. In particular, funds raised by IPOs amounted to RMB39,027 million. Among follow-on offerings, funds raised by non-public issuances were RMB278,266 million (of which, funds raised by non-public issuances in cash category were RMB198,886 million), representing a year-on-year increase of 35.60%, which remains the principal method of follow-on offerings. Funds raised by rights issue remained at a similar level as compared to the corresponding period of 2013 and funds raised by convertible bonds decreased by 76.09% year-on-year to RMB4,859 million.

In the first half of 2014, the market share of the top ten securities firms in terms of A-share underwriting amount totaled 66.24%, representing an increase as compared to 58.27% in the corresponding period of 2013, marking increased market concentration.

MANAGEMENT DISCUSSION AND ANALYSIS

Actions and Achievements

In the first half of 2014, the key focuses of the A-share market reform were to strengthen regulation, facilitate innovation and drive the process of market-orientation, with a gradual reform of the new shares issuance vetting regime from an approval-based to a registration-based process. Innovative financial instruments were successively launched. In response to the trends toward economic transition and gradual expansion of the clients of investment banking business to micro, small and medium enterprises, the Company had timely adjusted its business strategies. On the one hand, the Company adjusted the structure of its investment banking business by increasing the client coverage in emerging industries such as information media, consumer and medical as well as key regional clients as well as by enhancing the execution of equity-based business. On the other hand, the Company continued to implement the business strategy of “full product coverage”, strengthened its efforts in developing innovative businesses, endeavored to enhance its overall competitive edge, and explored the establishment of a new diversified profitability model.

In the first half of 2014, the Company completed 11 equity lead underwriting projects, with an aggregate lead underwriting amount of RMB38,254 million, accounting for a market share of 11.43%, and ranked first in the market. Among which, two were lead underwriting IPO projects, with an aggregate lead underwriting amount of RMB5,169 million; nine were lead underwriting follow-on offering projects, with a total lead underwriting amount of RMB33,085 million.

Projects	The first half of 2014		The first half of 2013	
	Lead Underwriting Amount (RMB million)	Number of Issues	Lead Underwriting Amount (RMB million)	Number of Issues
IPOs	5,169	2	—	—
Follow-on offerings	33,085	9	27,483	8
Total	38,254	11	27,483	8

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

In respect of the international business and in the first half of 2014, the Company completed six IPOs (including one B-to-H-share conversion), ten follow-on offerings, two cross-border mergers and acquisitions and 15 offshore RMB-denominated bond issues and USD-denominated bond issues in the Hong Kong and overseas markets.

Outlook for the second half of 2014

In the second half of 2014, with regard to the equity financing business, the Company will continue to optimize its business structure in the traditional industry sectors and new economic sectors, continue to identify active market participants, deepen its understanding of customers' needs, and create more added value to customers to achieve mutual growth. While continuing to optimize its allocation of internal resources, with the traditional IPO business as its basic client service, the Company will focus on follow-on offering business, further develop innovative equity business and promote the diversification of its profit models. Meanwhile, the Company will establish a multi-tier risk management system to strengthen the risk control on sponsorship projects and innovative businesses with a view to upgrading the project quality and constantly enhancing its market influence.

Debt and Structured Financing

Market Conditions

In the first half of 2014, the bond market in China generally remained steady, with a steady increase in total issuance size and a sharp fall in yields of all types of bond products. Influenced by the consecutive operations by the PBOC beyond market expectations and loose liquidity, the level of confidence in the bond market had been remarkably restored. In general, the fall in short term yield of all types of bonds exceeded that of medium and long yield, with a flattening yield curve, while credit products out-performed interest rate products but there was not much difference in the rate of decline in yields of long to medium term products of different credit rates.

Actions and Achievements

In the first half of 2014, the Company completed a total of 94 transactions, including lead underwriting for enterprise bonds, corporate bonds, financial bonds, medium-term notes, commercial papers and asset-backed securities, with a lead underwriting amount of RMB106,992 million, representing 3.69% of market share. The Company ranked first in the industry in terms of both the number of issues and the underwriting amount.

Projects	The first half of 2014		The first half of 2013	
	Lead Underwriting Amount (RMB million)	Number of Issues	Lead Underwriting Amount (RMB million)	Number of Issues
Enterprise bonds	11,567	6	8,667	6
Corporate bonds	1,799	10	17,900	17
Financial bonds	48,850	20	36,875	15
Medium-term notes	20,615	24	13,550	19
Commercial papers	4,750	9	11,050	11
Asset-backed securities	19,411	25	1,796	3
Total	106,992	94	89,838	71

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

MANAGEMENT DISCUSSION AND ANALYSIS

While maintaining its leading position in the conventional bond underwriting business, the Company continued to probe actively and constructively into the business of structured financing. The steady progress and development of the structured financing business will gradually become an effective complement to the traditional bond underwriting business.

Outlook for the second half of 2014

In the second half of 2014, the Company will continue to focus on the deepening of its compliance operation, strengthening the establishment of its internal control system, prominently monitoring liquidity and credit risks, and reinforcing the sustained supervision in project implementation. By building upon client diversification and product diversification, the Company will turn product and channel diversifications into a driving force to speed up its business transformation. The Company will deepen and widen its customers' demands from all perspectives, further strengthen its efforts in innovative research and development, enrich the structure of transactions and continuously transform into a transaction-based investment bank. While maintaining its leading position and influence in the market, the Company will at the same time strive to secure further breakthroughs.

Financial Advisory Services

Market Conditions

According to the statistics prepared by Bloomberg, the total value of global merger and acquisition transactions announced in the first half of 2014 was USD1,600 billion; 14,689 transactions were announced. In terms of geographical locations, most of the transaction value was generated in the North America, which accounted for approximately 53.69% of the total value of global merger and acquisition transactions. On a sector basis, transaction value was mainly generated from the non-cyclical consumer, finance and communications sectors, which accounted for approximately 60% of the total value of global merger and acquisition transactions.

In the first half of 2014, the total value of merger and acquisition transactions in which Chinese enterprises participated amounted to USD137,460 million. 1,245 transactions were announced. The value of merger and acquisition transactions in China accounted for 40.56% of that in the Asia Pacific region. Most of the transaction value was generated from the finance, cyclical consumer and non-cyclical consumer sectors, accounting for approximately 62.85% of the total value of mergers and acquisitions in which Chinese enterprises participated.

Actions and Achievements

The Company strived to develop itself into a leading brand name in the domestic and international merger and acquisition markets, and to form a new driver for profit growth by developing innovative financial advisory services as well as investment and financing services for mergers and acquisitions. In the first half of 2014, according to the rankings as compiled by Bloomberg in terms of mergers and acquisitions in which Chinese companies participated, the Company ranked second among financial advisors around the world and first among Chinese investment banks, with an aggregate transaction value amounting to USD22,454 million (approximately RMB139,553 million) and 11 completed transactions.

In the first half of 2014, based on its strengthened and consolidated position in the domestic market, the Company deepened its all-rounded cooperations with CLSA and other overseas strategic partners, thereby further developing and expanding its overseas business networks to cover key regions such as Europe, North America, Asia and Australia, and gradually extending its presence in emerging regions such as Africa, South America and Middle East, and building up a worldwide network for merger and acquisition business.

Outlook for the second half of 2014

In the second half of 2014, in respect of the domestic merger and acquisition market, the Company will continue to strengthen its client network of domestic mergers and acquisitions by undertaking in-depth studies of customer demands, and will capitalize on business trends of market-based mergers and acquisitions, industry consolidation and flotation of sizable enterprises to further strengthen its leading position and provide innovative products.

In respect of the cross-border merger and acquisition market, through sustained development and continuous enhancement of the overseas networks and more extensive and deeper participation in cross-border merger and acquisition activities, the Company aims to build up its brand name in the cross-border merger and acquisition market involving Chinese enterprises.

While maintaining its traditional edge in financial advisory services, the Company will make use of its accumulated experience and client resources to proactively develop buy-side business through its market position and influence on sell-side business, provide flow-based services for merger and acquisition transactions, and vigorously explore investment and financing business opportunities in domestic and overseas merger and acquisition transactions.

Brokerage

Market Conditions

In the first half of 2014, the secondary market continued at low levels. The average daily turnover of the stocks and funds in the A-share market of China was RMB185,100 million, representing a year-on-year decrease of 3.1%. Having stabilized for a short while in 2013, the average commission rate of the industry further declined to 0.728%, representing a decrease of 8% as compared to the end of 2013. As at 30 June 2014, the value of securities in custody in the whole market was RMB24.41 trillion, up by 2.11% over the end of last year. The value of client deposit guarantee was RMB608,300 million, up by 15.56% over the end of last year.

Actions and Achievements

In the first half of 2014, by seizing the market trend of “institution-orientation and product development” for brokerage business, the Group vigorously developed institutional clients and provided clients with different types of business platforms. In the first half of 2014, the Group recorded a total trading turnover of RMB2.84 trillion of stocks and funds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, representing a market share of 6.45% and an increase of 0.28 percentage points as compared to the corresponding period of 2013, ranking second in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company has long emphasized on the importance of building up its clientele. As at the end of June 2014, the value of entrusted client assets of the Group (including the assets from holders of shares which are still subject to trading moratorium) amounted to RMB2 trillion in total. The number of high-net-worth individual clients with an entrusted asset value of RMB5 million or more increased by 29.7% as compared to the end of 2013, of which the percentage of high-end retail clients increased by six percentage points as compared to 2013. In respect of institutional clients, the Company set up 63 new seats in the stock exchanges; and increased the number of QFII clients to 129.

The Company insisted on providing services for the real economy and actively capturing the opportunities arising from the national industrial restructuring to vigorously develop its financial services for SMEs. By targeting best quality and high end positioning, and by way of team building, organizing trainings, building up rules and procedures, risk controlling and business promotion, the Company refined its systems of financial services for SMEs. In the first half of 2014, the Company sponsored the listing of six enterprises on the SME share transfer system (the new OTC market), and underwrote 14 tranches of SME private placement bonds, with proceeds of approximately RMB2,100 million.

The Company proactively deepened the transformation of its brokerage business by facilitating the functional change of its branches into comprehensive sales outlets and service centers for all businesses of the Company. In the first half of 2014, the Company, CITIC Securities (Zhejiang) and CITIC Securities (Shandong) distributed a total of RMB25,545 million of financial products.

Outlook for the second half of 2014

With the lifting of control over branch opening, commission rate and securities licenses, as well as the emergence of internet finance, competition in the securities sector will become even more intense. Meanwhile, innovation remains the mainstream for the development of the industry. Innovative businesses such as individual stock options may bring new opportunities for business growth.

In the second half of 2014, the Company will accelerate its transformation to wealth management, focus on the development of institutional clients, corporate clients and high-net-worth clients, expand the consolidation of internal and external resources, continuously optimize the team structure, and increase the level of institutional services. The Company will focus on the high-end development of clients and the team structure, vigorously promote business innovation, build up the comprehensive service system for SMEs and actively promote internet retail brokerage business. As one of the first batches of securities companies which obtained the qualification to engage in the internet securities pilot business, the Company will speed up the establishment of internet wealth management platform and create “one-stop” comprehensive management account to enhance the operational convenience for clients, supporting the promotion of wealth management.

Trading

Market Conditions

In the first half of 2014, the A-share market showed a continuing downward trend. As at 30 June 2014, the SSE Composite Index was 3.20% lower than the end of last year. Given the domestic economy was under strain and was showing a downward trend at the beginning of 2014, the market continued with the downward trend at a certain stage. As at the end of the second quarter, with the continuous introduction of a variety of economic micro-stimulations and directed stimulation in the PRC, market confidence on new and normal economic growth was gradually recovered. Particularly, affected by measures such as the targeted loosening of liquidity implemented by the PBOC, the A-share market showed trends of stabilising.

Generally, in the first half of 2014, the A-share market mainly experienced sideways fluctuations, and investment opportunities existed in structurally directed business. The SME board and ChiNext board showed relatively better market conditions, among which industries such as computer, new energy, electronics and high-end equipment performed relatively well.

Actions and Achievements

Flow-based Business

For the equity flow-based business, the Company provided its clients with equity management services such as stock repo, stock-pledged repo and market cap management and launched the OTC derivatives businesses such as structured products, total return swaps and OTC options to institutional clients. In the first half of 2014, the Company continued to make great efforts to develop its market-making business, continued to expand its market-making services of ETF and actively prepared for the market-making business of exchange traded options (including index options, individual stock options and ETF options) and the stock market-making business of the new OTC market. During the reporting period, these businesses experienced a rapid growth. The scale of businesses such as stock repo, stock-pledged repo, OTC derivatives businesses and ETF market-making experienced a rapid growth with leading market positions.

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 promoting innovative products such as quotation-based repo; continuing to promote self-branded wealth management products; enhancing its capabilities in product design and sales; continuing to strengthen its investment advisory services for wealth management of commercial banks and small- and medium-sized financial institutions; engaging in the market-making business to meet the demands of its clients for risk management, investment and financing.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the commodities business, the Company obtained the qualification for engaging in agency services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts, and commenced the precious metal trading business on the Shanghai Gold Exchange; the Company also commenced the freight index trading business on the Shanghai Clearing House and the carbon emissions trading business in Beijing and other areas as well as explored the CCER (China Certified Emission Reduction) business opportunities. In order to strengthen the portfolios of the Company's business and to better serve the real economy, and as appraised and approved by the appraisal team of the Securities Association of China, the Company amended the implementation plan of the return swap business by including spot commodity contracts as a linked target to provide customers with means for managing price fluctuations of commodities, thereby strengthening the Company's financial services in the commodity market.

In respect of the prime services, the Company insisted on the principle of "equal priority to margin financing business and securities lending business", explored clients' demands, optimized the structure of its clients and strictly controlled its business risks. As at 30 June 2014, the aggregate market share of the margin financing and securities lending business of the Company, CITIC Securities (Zhejiang) and CITIC Securities (Shandong) was 9.25% and continued to rank first in the market, among which the balance of the margin financing business and securities lending business was RMB37,454 million and RMB109 million, respectively.

Item	Company	30 June 2014	31 December 2013
Balance of margin financing and securities lending accounts (RMB million)	CITIC Securities	25,873	22,502
	CITIC Securities (Zhejiang)	8,092	7,310
	CITIC Securities (Shandong)	3,598	3,608
	Total	37,563	33,420

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

Proprietary Trading

In the first half of 2014, the Company continued to actively pursue strategic transformation of equity proprietary trading, and proactively managed risks. The Company received relatively stable gains through means such as hedging, arbitrage and quantitative investment by leveraging on the inefficiency across the domestic and overseas markets. The Company further diversified equity proprietary trading and introduced new trading strategies to gain from effective risk management. The alternative investment business of the Company applied various financial instruments and derivatives to conduct hedging and arbitrage in the domestic and overseas markets, and also selected to invest in outstanding hedging funds in order to realize stable investment yields with low risk and low market correlation. Businesses or strategies already commenced by the Company include, among others, investment in the domestic and overseas fund of hedge funds, stock index future spot arbitrage, statistical arbitrage, fundamental quantitative investment, convertible debt arbitrage and special situations strategy, among which, the percentage of revenue generated from the foreign hedging investment business has increased significantly, which has effectively spread the proprietary investment risk.

Outlook for the second half of 2014

In the second half of 2014, the Company will continue to make great efforts to develop the equity flow-based business and continue to diversify the structure and types of products in order to better meet its clients' demands for investment, financing and risk management; and it will expand the construction of infrastructure such as trading system to improve client experience. The Company will further research and develop new trading strategies and proactively capture the investment opportunities offered by the multiple-market environment, multiple-asset categories and multiple-investment tools domestically and internationally in order to diversify sources of revenue and steadily increase investment yields.

In the second half of 2014, it is expected that the market scale of margin financing and securities lending in the A-share market will show a steady growth trend. The Company will seize favourable opportunities in order to focus on developing institutional clients and improve the prime services system. The Company is committed to maintaining its leading position in the margin financing business while enlarging the scale of securities lending business and promoting the business development through product innovation at the same time.

Asset Management

Market Conditions

Since 2014, the scale of AUM of securities companies has continued to increase, and coupled with the growth in scale, the industry chain has continuously extended. The coverage of the asset management business of securities companies is extending from the traditional securities market to the OTC market, which will promote securities companies to provide "full-business" services of the broad financial market. Meanwhile, under the increasingly fierce mix-industry competition in the financial sector and against the backdrop of developing multi-level capital market and interest rate liberalization, the traditional business is facing serious homogeneous competition, which resulted in further narrowing of profit margins and presented serious challenges to the development of the asset management business of securities companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Actions and Achievements

Asset Management Business of the Company

As at 30 June 2014, the Company's total AUM amounted to RMB648,292 million, comprising CAM, TAM (including enterprise annuity and NSSF) and SAM of RMB40,851 million, RMB599,380 million and RMB8,061 million, respectively.

In RMB millions

Type	AUM		Management fees	
	30 June 2014	31 December 2013	From January to June 2014	From January to June 2013
CAM	40,851	33,064	66.57	102.85
TAM	599,380	468,965	165.08	95.71
SAM	8,061	2,829	1.58	0.50
Total	648,292	504,858	233.23	199.06

Source: the Company's internal statistical data

In the first half of 2014, the Company continued to make great efforts to expand its TAM business targeting banks and insurance companies as the major clientele. Without taking into account enterprise annuity and NSSF, the size of its TAM business increased by approximately RMB132,225 million. In respect of the enterprise annuity business, the Company actively provided its clients with value-added enterprise annuity investment management services and configured assets with stable income for its clients; in respect of the NSSF business, the Company, as the domestic investment manager of NSSF, continued to maintain relatively stable results performance with increase in AUM of both bond portfolio and stock portfolio.

In the first half of 2014, the Company continued to expand the development of and enhanced the innovation for CAM business, by establishing 30 new CAM plans which raised a total of RMB5,196 million during their first issuance, and increasing the size of the CAM plans by approximately RMB7,787 million as compared to the end of 2013. The Company proactively participated in and promoted various innovations advocated by the regulatory authorities, stock exchanges and industry associations, constantly enhanced team building in terms of investment research, market product and backoffice operation, and continuously improved the product line of CAM plans through innovation and launch of new products, as well as optimization and upgrading of the existing products. The Company successfully issued the first QDII CAM Plan in the first half of 2014.

China AMC

During the reporting period, faced with fierce competition and complicated market environment, China AMC retained a steady growth in all businesses, remaining in the forefront of the industry in terms of AUM. As at 30 June 2014, the AUM of China AMC was RMB432,374 million, representing an increase of RMB99,000 million or 29.70% as compared to the end of 2013, of which the AUM of its mutual funds was RMB331,627 million, representing an increase of 35.52% as compared to the end of 2013 and taking up a market share of 9.18%. The AUM of institutional business (excluding Asian bond, institutional investment in mutual funds, investment and consultation) reached RMB100,747 million, up by 13.64% over that of the end of 2013.

Outlook for the Second Half of 2014

In the second half of 2014, the Company's asset management business will continue to provide all-around (investment and financing) and full-product wealth management services for different clients. While constantly enhancing the level of investment management of various accounts and maintaining satisfactory investment performance, the Company will energetically explore business transformation and create differentiated competitive edges under the mix-industry competition background in the pan-asset management era, by including but not limited to: continuing to vigorously expand the TAM business by targeting major clients such as banks, insurance companies, enterprise annuities, NSSF and other sizable institutional clients; focusing on product innovation to roll out from time to time appropriate CAM plans that fit the high-net-worth investors' demands and providing appropriate financing service and flow-based business for clients; and continuously exploring into QDII overseas investment business.

In the second half of 2014, China AMC will adhere to its people-oriented policy to strengthen the building up of its talent pool; improve the management system of the key departments and key positions such as investment and research and development, and standardize operation and conduct sound business; satisfy the clients' demands in all respects driven by the products; strengthen investment capability and enhance investment performance; endeavour to develop its direct sales business to ensure the AUM of its mutual funds in the forefront among peers; steadily develop institutional business and continue to develop the boutique service pattern; and strengthen the system development to constantly enhance the supporting capability of its middle and back offices for innovative business.

Investment

Private Equity Investment

Market Conditions

In the first half of 2014, the private equity investment fund market in China witnessed an evident overall downward trend. The number of newly launched funds and the amount of funds raised decreased significantly year-on-year. According to the statistics of Zero2IPO, a total of 85 private equity investment funds were disclosed to have completed their subscriptions in the PRC private equity investment fund market in the first half of 2014. Of the 79 investment funds which disclosed their subscription amounts, a total of USD7,802 million was raised.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2014, the investment scale and number of projects in the private equity investment industry continued its bounding back trend since the second half of 2013. According to the statistics of Zero2IPO, 231 private equity investments occurred in the first half of 2014, fewer than 312 investments and 348 investments in the first and second half of 2013 respectively. Of the 194 transactions which disclosed investment amount, the aggregate investment amount was USD19,792 million, with a sharp increase in the investment amount per transaction. The transactions were dominated by investments in emerging strategic industries such as telecommunication and value-added business, internet, biological technology and medical health, and the manifest decline in investments in real estate had stabilized at a rational level.

In the first half of 2014, due to the re-opening of the A-share IPOs, there was a sharp rebound in divestment activities in the private equity investment and IPO exit regained its position as the major exit method. According to the statistics of Zero2IPO, a total of 103 exit cases occurred in the private equity investment market in the PRC in the first half of 2014, of which 75 divestment cases were effected through IPO, accounting for 72%.

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 and the project resources of its investment team, GoldStone Investment kept its strategic focus on the opportunities arising from medium-to-large scale equity investments in China.

GoldStone Haorui, a wholly-owned subsidiary of GoldStone Investment, is the Company's investment business platform for its proprietary capital. Its business, funds, personnel and management are independent from the third-party asset management business of GoldStone Investment, and it is committed to realizing the preservation and appreciation of the Company's proprietary funds. In the first half of 2014, GoldStone Haorui completed eight direct equity investment projects with a total investment of RMB413 million, covering various fields such as information technology, medical services and high-end manufacturing. It is also engaged in the equity investments in enterprises intending to apply for listing on the new OTC market.

GoldStone Zexin, a wholly-owned subsidiary of GoldStone Investment, is GoldStone Investment's core platform for equity investment, investment fund management business and other innovative financial businesses in Shenzhen and the Pearl River Delta Region. GoldStone Zexin specializes in various equity investment businesses such as equity investment fund management as well as the promotion, establishment and entrusted management of equity investment funds.

As at 30 June 2014, Qingdao GoldStone Hongxin Investment Centre (Limited Partnership), a direct investment fund established by GoldStone Investment, invested in three projects with a total investment amount of RMB697 million. The CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership), a buyout fund established by GoldStone Investment, has entered into contracts with a total of 18 investors with a total investment amount of more than RMB1.3 billion. Its investment strategy focuses on three areas, including acquisition of controlling interests, industry consolidation and mezzanine investment, with a current investment focus mainly on the agriculture, environmental protection, tourism, internet, and finance industries.

CITIC Qihang Securities Investment Private Fund, for which GoldStone Fund acts as the fund manager, was formally established on 25 April 2014 with a total size of RMB5,188 million for investments in Grade-A office properties in Beijing and Shenzhen. Designed and based on the concepts of REITs in developed overseas markets, the underlying assets of this fund are the Company's quality self-owned properties and the fund is the Company's important innovative practice in the PRC real estate financing sector. It has great demonstrative value for the start-up of the market for securitization of real estates in the PRC.

Outlook for the second half of 2014

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 fulfill the Company's market strategy of achieving economies of scale and brand recognition.

GoldStone Investment will proactively continue with the follow-on fund raising of its direct investment fund and buyout fund, and will strive to foster a matrix network of investor relations that will facilitate interaction, enhance communication and strengthen cooperation between the Company and institutional fund investors. Meanwhile, GoldStone Investment will actively explore diversified investment strategies and innovative investment directions to develop all-rounded and multi-level capabilities for equity investment.

Strategic Principal Investments

CITIC PE Fund manages two funds, namely CITIC Mianyang Private Equity Fund and Beijing CITIC Investment Center (Limited Partnership). In the first half of 2014, the two funds increased their investments by investing in two projects with a total investment amount of approximately RMB487 million.

In the second half of 2014, CITIC PE Fund will continue to adhere to the dual investment strategies of "buyout investment and growth investment", whereby it will principally focus on the key sectors which are determined by the Company's strategic plan and for which the Company has the industry experience and requisite resources, and will continue to make sustainable investments.

CITIC PE Fund will continue to build up the Company's project reserves by utilizing the Group's business network and the matrix project exploitation system accumulated from the in-depth industry research by its own investment team. It will also fully leverage on the network system developed by the LPs of its funds, shareholders of management companies, and domestic and overseas professional investment institutions and intermediary institutions to strengthen its project reserves.

In addition, CITIC PE Fund will continue to carry out tailor-made post-investment management by conducting classified management over invested companies according to project characteristics and by concentrating on advantageous resources to ensure key projects are followed up with priority. CITIC PE Fund will manage different enterprises from the perspectives of operational improvement, strategic transformation, and buyout and capital structure optimization, so as to assist in the simultaneous improvement in the results and corporate values of the invested companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Research Business

In the first half of 2014, the Company accelerated the transformation of its research business. In addition to maintaining the leading position of its traditional industry research, the Company made further efforts to exploit the potential for thematic research and, combining market hot topics, successfully organized distinctively thematic forums, such as forums on medical industry, O2O, energy revolution and growth and reform. Meanwhile, the research business made substantial progress on internationalisation. In the first half of this year, the Company and CLSA jointly organized the Singapore Medical Care Forum and released a joint report entitled “Chinese Dream – Challenges along the Road to Reform” during the CLSA China Forum, which was well received by overseas institutional investors.

Currently, the research business of the Company has already established a team renowned for their macro, strategy, financial product and quantitative studies, and is composed of nearly 100 industry research analysts covering almost a thousand A share companies, more than 70 A+H share companies and more than 180 overseas Chinese concept companies, constantly providing both domestic and foreign institutional investors and high-net-worth clients with timely, comprehensive and profound research reports and investment recommendations.

In addition, the comprehensive advantages of the research business of the Company are also shown in the offering of 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. The Company’s research business has helped providing its global investors with a high-end communication platform between investors and relevant government authorities, scientific and research institutions, industry associations and listed companies.

Meanwhile, the research department is constantly improving the collaboration with other departments of the Company to facilitate cross-disciplinary and cross-industry research synergies. Benefiting from its first-hand market information and swift response, the Company’s research department continues to provide governmental authorities, conglomerates and academic institutions, etc. with special reports on latest market development and policy recommendations, with a view to becoming a reputable non-governmental economic think tank, and offering intelligent support to comprehensive in-depth reforms under the changing circumstances.

Furthermore, CLSA Limited was rated by Institutional Investors as one of the leading Asian equity research institutions, and well-reputed for its independent thematic research, economic analysis and equity investment strategy. As at 30 June 2014, CLSA Limited had more than 140 analysts, covering around 1,300 listed companies in 18 industry sectors, with proficiency in five research categories including economics, quantitative analysis, country and industry, strategy and technical analysis.

Financial Statement Analysis

Analysis on the profitability of the Company during the reporting period

In the first half of 2014, due to the re-opening of the A-share IPOs, the increase in the number of consolidated entities, the continuous and stable growth in the scale of various businesses and the rebound in the price of financial assets held, the Group recognized total revenue and other income of RMB16,330 million, representing a year-on-year increase of 123.03%. Among that, revenue from brokerage business amounted to RMB4,485 million, representing a year-on-year growth of 61.04%; revenue from asset management business amounted to RMB2,283 million, representing a year-on-year growth of 556.03%; revenue from trading business amounted to RMB5,721 million, representing a year-on-year growth of 81.50%; and revenue from investment banking business amounted to RMB922 million, representing a year-on-year growth of 36.80%.

The operating expenses increased in line with the growth in total revenue and other income. The operating expenses of the Group in the first half of 2014 was RMB10,531 million, representing a year-on-year growth of 116.55%.

In the first half of 2014, designated innovative financial business recorded revenue from appreciation of fixed assets. Net profit attributable to owners of the parent amounted to RMB4,076 million, representing a year-on-year increase of 93.18%. Basic earnings per share was RMB0.37, representing a year-on-year increase of 94.74%. Return on weighted average equity was 4.56%, representing a year-on-year increase of 2.14 percentage points.

Assets Structure and Assets Quality

As at 30 June 2014, the equity attributable to owners of the parent amounted to RMB89,731 million, representing an increase of RMB2,043 million, or 2.33% as compared to the end of 2013, mainly due to the increase in the net profit of the Group and its proposed distribution of the 2013 final dividend.

The Group maintained a stable assets structure, with good assets quality and liquidity. As at 30 June 2014, excluding customer brokerage deposits, the Group's total assets amounted to RMB282,289 million, representing an increase of RMB56,131 million or 24.82% as compared with RMB226,158 million as at the end of 2013, among which, cash and bank balances accounted for 9.06% of the total assets; investments, which consisted primarily of high-liquidity financial assets including investments in associates/joint ventures and financial assets, represented 56.46% of the total assets; margin accounts represented 13.72% of the total assets; and fixed assets, constructions in progress, intangible assets and investment properties in aggregate represented 1.05% of the total assets.

MANAGEMENT DISCUSSION AND ANALYSIS

The gearing ratio of the Group increased. As at 30 June 2014, excluding customer brokerage deposits, the liabilities of the Group were RMB190,850 million, representing an increase of RMB54,094 million or 39.56% as compared with RMB136,756 million as at the end of 2013. 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 ratio. Based on the assets and liabilities with customer brokerage deposits excluded, the Group's gearing ratio was 67.61% as at 30 June 2014, representing an increase of 7.14 percentage points as compared to 60.47% as at the end of 2013.

Cash Flow Status

In the first half of 2014, excluding the changes in customer brokerage deposits, the net increase in the Group's cash and cash equivalents amounted to RMB-2,398 million, as compared to RMB4,000 million in the same period of 2013.

In respect of the structure, net cash outflow generated from operating activities in the first half of 2014 was RMB9,491 million, as compared to RMB21,712 million in the same period of 2013, which was mainly due to the increase in cash inflow resulting from the expanding of the Group's due to banks and other financial institutions and repurchase business, the increase in net fee and commission income, and the relevantly insignificant cash outflow from operating activities. Net cash outflow generated from investment activities in the first half of 2014 was RMB4,907 million, as compared to the net cash inflow of RMB5,075 million in the same period of 2013, which was mainly due to the fact that the increase in cash outflow from investment activities exceeded the cash inflow recovered therefrom resulting from the increase in the Group's available-for-sale financial assets. Net cash inflow from financing activities in the first half of 2014 was RMB12,000 million, as compared to RMB20,637 million in the same period of 2013, which was mainly due to the lower level of financing by the Company in the reporting period than the same period of 2013, and the year-on-year increase in the interest paid for the financing.

In view of the above, during the reporting period, the Company has increased financing channels, expanded the scale of financing, continued to increase the financial leverage ratio and support the development of its flow-based business, which improved the matching between assets and liabilities and the liquidity management.

Explanation of Changes in the Scope of Financial Statements Consolidation

During the reporting period, the Company disposed of equity interest in two wholly-owned subsidiaries, namely Tianjin Jingzheng and Tianjin Shenzheng. The number of primary subsidiaries that are consolidated into the financial statements of the Company decreased from fourteen to twelve.

Changes in Significant Accounting Policies and Estimates

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

Analysis of Core Competitiveness

The Company continuously deepens its business transformation to adapt itself to changes in internal and external environments. By further improving its ability to manage customer relationship, product pricing and sales ability, transaction and investment ability and the ability to manage liabilities and liquidity, the Company has accelerated the development of a business model featured by customer-orientation, differentiated competition and diversification. Also, the Company has made great efforts to conduct innovation focusing on the flow-based business, so as to consolidate and strengthen the Company's comprehensive competitive strengths.

Innovation and transformation has been the key to the development of the Company's core competitiveness. During the reporting period, the Company received approvals to engage in the agent services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts; and it successfully launched the first domestic private REITs product that could be traded on the exchange's commodity trading platform in the PRC. The Company's traditional fee-based business is transforming through innovation. In particular, the brokerage business is actively developing its internet-based financial services for the OTC market, the Internet wealth management platform and comprehensive finance accounts. The investment banking business has strengthened its ability to serve emerging economic sectors and industries and is developing new business growth points, including preference shares, mergers and acquisitions and cross-border business. The asset management business has focused on the enhancement of its investment capability and is actively transforming towards proactive management.

The scale advantages of the Company's flow-based business have begun to emerge. The Company has further expanded its financing channels and continued to enlarge its financing scale through the issuance of subordinated bonds and commercial papers, conducting total return swap and refinancing business and other methods. As at 30 June 2014, the Company's financial leverage ratio increased to 3.1 times from 2.5 times at the beginning of 2014, thereby providing strong support to the development of the flow-based business, thus the Company's fixed income, margin financing and securities lending, equity-pledged financing, stock repo and equity swap businesses have received top ranking positions in terms of scale in the industry.

The Company has always attached great importance to risk management. As the Company's business model continues to upgrade, it continued to strengthen the development of its risk management capability with an aim to aligning risk management with innovative development. During the reporting period, the Company comprehensively improved its management capability for credit, market, compliance and operational risks, further enhanced the management of liabilities and liquidity risks and steadily boosted the development of its innovative businesses to ensure that its risks are detectable, manageable and tolerable.

MANAGEMENT DISCUSSION AND ANALYSIS

Equity Interest Investment

In the first half of 2014, the Company's equity interest investment amounted to RMB764 million, which mainly includes:

a contribution of capital amount of RMB589 million to acquire 3.2% equity interest in China AMC;

an injection of RMB10 million to CITIC Securities Information and Quantitative Service (Shenzhen) Limited Liability Company, one of its wholly-owned subsidiaries;

a contribution of RMB12 million to invest in the equity of Qingdao Lanhai Equity Exchange; and

an additional investment of USD25 million (equivalent to approximately RMB153 million) in CITICS Global Absolute Return Fund.

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 and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's General Meeting of Shareholders, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association. By strengthening the relevant internal control arrangements and improving the Company's control environment and internal control structures, the Board has now made internal control and risk management as 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, business lines responsible for internal control and business. The relatively comprehensive three-level risk management system enables a network of collective decision making among the respective committees, and close cooperation between internal control functions and business departments, business lines, and manages risks through review, decision, execution and supervision.

Level 1: Board of Directors

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

Level 2: Executive Committee (Operation Management)

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and Executive Committee of the Company, the committee makes decision and review on major issues and related systems involving application of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimizes assets allocation and improves the efficiency of the capital application via a scientific, standardized and prudent approach under strict control and management over risk exposures.

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

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and Executive Committee of the Company, and is responsible for monitoring and managing the daily risks of the Company within its designated authority, and to decide and approve material matters related to risk management and relevant system. The Risk Management Committee has established a risk management sub-working group, which is the main body responsible for the daily monitoring and management of the financial risks over the buy-side business and facilitating the execution of the decisions made by the Risk Management Committee. The risk management sub-working group comprises a credit risk management sub-working group, which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management; and a liquidity risk management sub-working group, which is responsible for monitoring and managing the Company's liquidity risks, promoting the development of the Company's liquidity risk assessment methodology and management system, coordinating the implementation of specific assessment and management measures, and providing relevant decision-making support.

The Company has established the Product Committee. Within the authority delegated by the Board and Executive Committee of the Company, the committee is responsible for the planning, coordination, decision-making and review on major new product matters, such as design, sales and related systems, of the Company, with a view to driving 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 group to test the legality and regulatory compliance of financial products sold by the Company as agent, examine potential fraud and reveal the financial risks of such products. The sales assessment group under the committee is responsible for reviewing the marketability of such products.

MANAGEMENT DISCUSSION AND ANALYSIS

Level 3: Division/Business Lines

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

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

The Audit Department has been set up to take the overall responsibility for internal audit, organising comprehensive audit of all departments/business lines of the Company and main subsidiaries, 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 and consultancy 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.

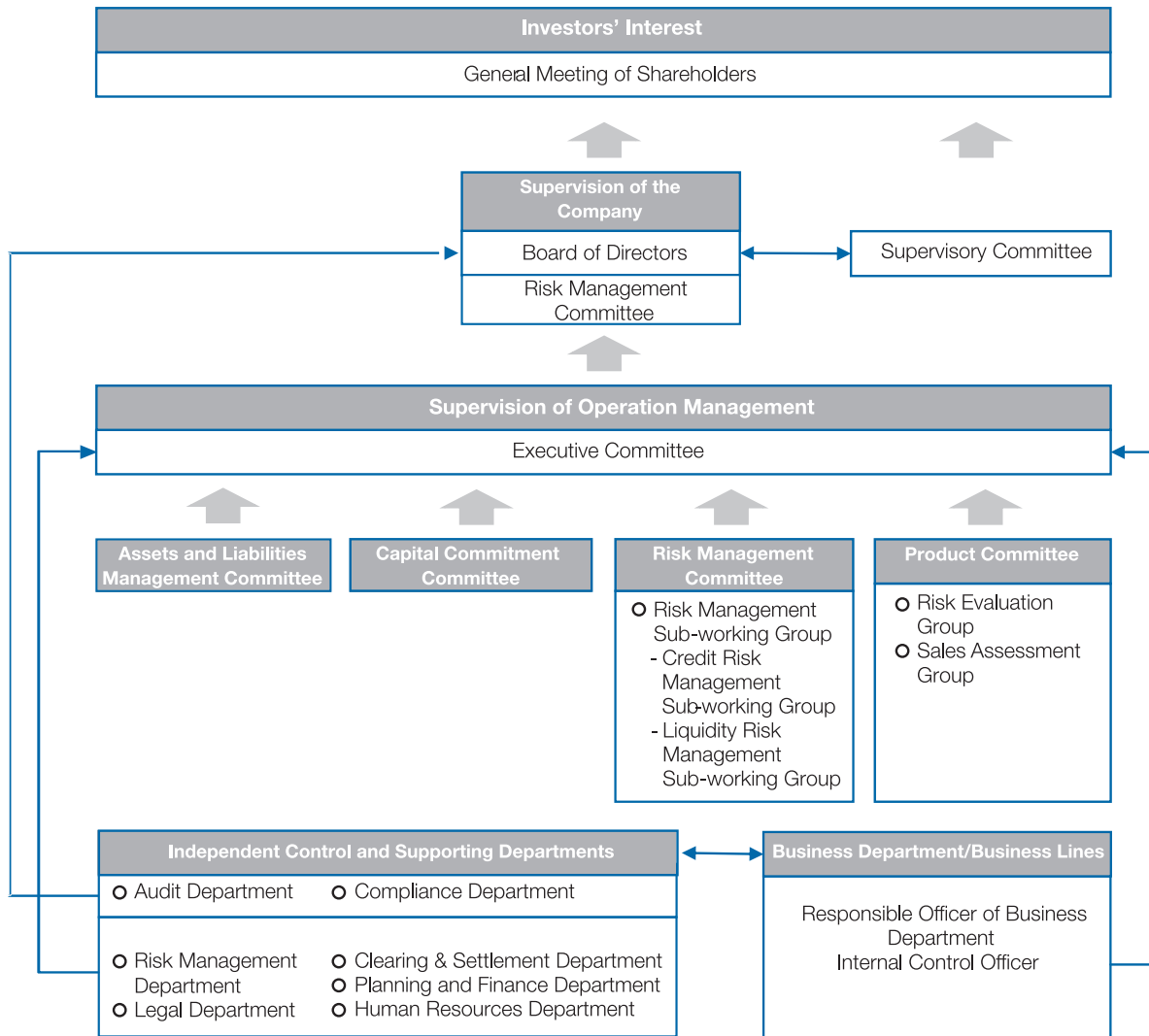


Chart: Structure of the Risk Management

MANAGEMENT DISCUSSION AND ANALYSIS

Market Risk

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

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

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

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

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

VaR represents the potential losses of investment portfolios held due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses 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/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn the relevant management officers in advance, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the exposures to the risk limits, or may apply for a temporary or permanent upgrade in the limits, subject to approval by the relevant committees.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overall VaR at the end of the period

in RMB millions

	30 June 2014		30 June 2013	
	The Group	The Company	The Group	The Company
Equity price risk	117	90	314	262
Interest rate risk	22	21	75	66
Exchange rate risk	14	7	14	10
Effect of diversification	-29	-18	-41	-32
Overall VaR	124	100	362	306

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 fluctuations in the values of different assets.

As at 30 June 2014, VaR of the Group decreased by RMB238 million year-on-year, and VaR of the Company decreased by RMB206 million year-on-year. Such changes were mainly attributable to a decrease in equity asset position and decline of the price volatility level of equity assets and interest rate assets.

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 Group mostly arises from four aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of customers, if the Group does not require the clients to pay sufficient margin deposits in advance according to the laws, the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or face financing gaps due to other factors on the settlement date, and accordingly resulting in losses; secondly, credit risk arising from the flow-based businesses including margin financing and securities lending, stock repo, stock-pledged repo and equity swap, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts are mature.

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.

Securities brokerage business transactions in Mainland China are all required to be settled in full by security deposit, as a result of which the settlement risk associated with brokerage business has been largely controlled.

Credit risk arising from the flow-based business primarily includes clients' provision of false information, failure to make full repayment on time, contractual breach of portfolio limits and compositions, violation of regulatory requirements, and provision of collateral encumbered with legal disputes. Credit risk arising from this type of businesses is mainly managed through 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 credit products investment, in respect of trust investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recovery, and in respect of fixed income investments, the Company has established the counterparty credit approval policy, and developed certain investment restrictions based on the credit ratings.

The counterparties in OTC derivative transactions are mainly financial institutions and other professional investors, and the main risks are their failure to make payments on time and discrepancy between amounts calculated by the parties. The Group has a number of mechanisms including valuation, counterparty credit evaluation and transaction size control to manage such risks.

Due to the lack of comparability between credit rating results granted by domestic credit rating agencies and by foreign credit rating agencies, the credit risk exposure is stated separately as follows:

Credit risk exposure of bonds investment (by domestic credit rating agencies)

In RMB millions

Investment rating	30 June 2014	30 June 2013
China's Sovereign Credit Rating	13,253	6,558
AAA	10,584	10,300
AA	32,264	21,368
A	436	323
A-1	13,229	2,239
Others	4,574	1,544
Total exposure	74,340	42,332

Note: AAA~A represents rating for debts with maturity over one year, of which AAA represents the highest rating; A-1 represents the highest rating for debts with maturity within one year. AA includes products with AA+, AA and AA- actual ratings. A includes products with A+, A and A- actual ratings.

MANAGEMENT DISCUSSION AND ANALYSIS

Credit risk exposure of bonds investment (by foreign credit rating agencies)

In RMB millions

Investment rating	30 June 2014	30 June 2013
A	27	100
B	271	124
C	1,549	466
D	19	6
NR	4,143	1,037
Total exposure	6,009	1,733

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

As at the end of the reporting period, the default amount of the Group's margin financing and securities lending business was RMB70,149.60. Except for the above, the minimum margin ratio was 129.92% for the Group's clients of margin financing and securities lending business, 134.33% for the Group's clients in stock repo business, 152.20% for the Group's clients in stock-pledged repo business and 112% for the Group's debtor clients in stock returns swap business.

Liquidity Risk

Liquidity risk is the risk 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 set up a liquidity risk management sub-working group responsible for continuously strengthening 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 borrowing and repurchases, which enable the Company to maintain its overall liquidity at a relatively secured level.

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

To strengthen liquidity risk management, during the reporting period, the Company set up a liquidity risk management sub-working group under its Risk Management Sub-working Group as a management platform of the Company's liquidity risks, which keeps the Company's liquidity risks within a stable and controllable range through monitoring management and decision-making support.

Operational Risk

The operational risk 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 the Compliance Department are co-leading departments for managing operational risk, while business departments/business lines, internal control 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 continued to strengthen and refine the management of 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, and improved the risk management procedures of innovative business, ensuring 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 investment banking, brokerage, trading, assets management, investment and other related financial services. The operation of the businesses of the Group is set out in “Analysis of Principal Businesses” of this interim report.

Implementation of the 2013 Profit Distribution Plan

On 18 June 2014, the 2013 profit distribution plan, namely the payment of a cash dividend of RMB1.50 (tax inclusive) for every ten shares, was reviewed and approved at the 2013 Annual General Meeting of the Company. The cash dividend was denominated and declared in RMB and payable in RMB to the A Shareholders and in HKD to the H Shareholders. The actual payable amount of the cash dividend in HKD, calculated on the basis of the average benchmark RMB/HKD exchange rate published by the PBOC for the five working days prior to the convening of the 2013 Annual General Meeting of the Company, namely RMB0.793622:HKD1.00, was HKD0.18901 per share (tax inclusive). On 29 April 2014 and 18 June 2014 respectively, the Company published the announcements on the record date and book closure period for registration for the H share dividend payment, as well as distribution of the 2013 final dividend on the HKExnews website of HKEx.

On 8 August 2014, the Company published the *Announcement on the Implementation of 2013 A-share Dividend Distribution of CITIC Securities Company Limited* on the website of the Shanghai Stock Exchange, as well as in *China Securities Journal*, *Shanghai Securities News* and *Securities Times* on the same date. The A-share and H-share cash dividend distribution was completed on 15 August 2014.

Use of Proceeds

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 2014, the Company utilized an aggregate of RMB11,052 million of the net proceeds, of which RMB7,166 million was spent on the acquisition of overseas platforms and the expansion of overseas business, RMB2,300 million was spent on investments in overseas fixed income products, RMB1,581 million was spent on the development of cross-border businesses, and RMB3.6769 million was used for the payment of expenses incurred overseas relating to the overseas platforms. Unutilized proceeds amounted to RMB219 million.

During the reporting period, the Company issued one tranche of subordinated bonds and raised a total of RMB6 billion, which was fully used for replenishing the operating capital of the Company and developing flow-based business and innovative businesses to meet the Company’s increasing capital needs. The Company issued six tranches of commercial papers to replenish the liquidity of the Company.

As at 30 June 2014, the outstanding balance of corporate bonds issued by the Company was RMB21,500 million; the outstanding balance of subordinated bonds was RMB6,000 million; the outstanding balance of USD-denominated bonds was USD800 million (equivalent to approximately RMB4,943 million); the outstanding balance of commercial papers was RMB12 billion. The total outstanding amount of all kinds of bonds was RMB44,443 million.

The above uses of proceeds were in line with the disclosure in the prospectus/offering documents. In 2014, the Company will continue to use the proceeds according to the operation and development strategies of the Company with reference to the capital market conditions.

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

Major Investments Apart from Proceeds

During the reporting period, there were no investment projects exceeding 10% of the audited net assets of the Company for 2013 involving the use of non-publicly raised funds.

During the reporting period, according to the resolution passed at the 22nd Meeting of the 5th Session of the Board, the Company together with GoldStone Zexin as the joint bidder paid to Urban Planning Land and Resources Commission of Shenzhen Municipality the initial premium for the land use rights of a parcel of land No.T207-0049 in an amount of RMB1,774.5 million, of which, RMB1,064.7 million and RMB709.8 million was contributed by the Company and GoldStone Zexin, respectively, in a 6:4 ratio.

SIGNIFICANT EVENTS

Material Litigation and Arbitration

During the reporting period, the Company was not involved in any material litigation or arbitration cases. Material litigation cases of subsidiaries of the Company are as follows:

The small and medium enterprise private debt/asset management plan managed by China AMC, a subsidiary controlled by the Company, subscribed for the private bonds (the bonds are referred to as “13 Stda 01”, for a term of two years at a coupon rate of 10.2% p.a.) issued by Xiamen Stdawee Fashion Co., Ltd. (“Stdawee”) in the amount of RMB25 million on 7 June 2013. On 11 June 2014, Stdawee published the *Announcement relating to the Inability to Make Timely Payment for the First Stage Interest Payment of the 2013 Small and Medium Enterprise Private Bonds of Xiamen Stdawee Fashion Co., Ltd.* in which it stated that due to insufficient funds, it could not make the first stage interest payment for “13 Stda 01” bonds due on 13 June 2014. To safeguard the legitimate interests of the asset management plan and the principals, China AMC filed a lawsuit on 30 June 2014 against Sino-capital Guaranty Trust Co., Ltd. (中海信達擔保有限公司), the guarantor of the “13 Stda 01” private bonds, requesting Sino-capital Guaranty Trust Co., Ltd. to assume its joint and several guarantee liabilities to settle the claim for damages of approximately RMB30.40 million. On 1 July 2014, the People’s Court of Chaoyang District, Beijing, issued to China AMC a filing acceptance notice. Currently, the People’s Court of Chaoyang District, Beijing has not heard the case.

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

Major Acquisition and Disposal of Assets

CITIC Futures acquired 58% equity interest in CITIC Newedge

On 29 April 2014, the 24th Meeting of the 5th Session of the Board considered and approved the *Resolution on the acquisition of 58% equity interest in CITIC Newedge Futures Co., Ltd. by CITIC Futures Co., Ltd., a wholly-owned subsidiary of the Company, by capital increase through placement*, pursuant to which it was agreed that CITIC Industrial Investment would subscribe for the increase in registered capital in CITIC Futures, a wholly-owned subsidiary of the Company (the Company waived the preemptive right to subscribe for the increased registered capital of CITIC Futures), the consideration for which would be satisfied by the transfer of the 58% equity interest held by CITIC Industrial Investment in CITIC Newedge to CITIC Futures. It was expected that the amount of this transaction would not exceed RMB300 million. The actual amount of capital increase, the proportion of capital increase and the transaction amount would be subject to the asset valuation results as approved by/filed with the State-owned assets administration authority. Currently, the transaction is going through the approval process with the regulatory authorities.

The counterparty of this transaction, CITIC Industrial Investment, is a wholly-owned subsidiary of CITIC Corporation Limited, the largest shareholder of the Company. Therefore, the transaction is a related party/connected transaction. Since the transaction amount represented 0.34% of the 2013 audited net assets value of RMB87.7 billion of the Company, and the highest of the applicable size test percentage ratios in relation thereto under the Hong Kong Listing Rules was less than 5%, this related party/connected transaction was only required to be considered and approved by the Board. During the course of consideration by the Board, the related/connected director Mr. JU Weimin had abstained from voting. This transaction had passed the preliminary review by the Related Party Transactions Control Committee of the 5th Session of the Board, and independent directors of the Company had given consent in their independent opinions on this transaction.

Transfer of 100% equity interest in the wholly-owned subsidiaries Tianjin Jingzheng and Tianjin Shenzheng

On 29 November 2013, the 2013 Third Extraordinary General Meeting of the Company considered and approved the *Resolution relating to the Transfer of Equity Interest in Subsidiaries for the Launching of Designated Innovative Financial Business*, and pursuant to the resolution the Company transferred the entire equity interest in the wholly-owned subsidiaries, Tianjin Jingzheng and Tianjin Shenzheng, to CITIC Qihang Securities Investment Private Fund established by GoldStone Fund on 28 April 2014, at a total transfer price of RMB5,014,330,000 (for details of the transaction, please refer to the announcement published by the Company on 26 September 2013).

Besides, the Company had no other material asset acquisition or disposal during the reporting period.

SIGNIFICANT EVENTS

Significant Restructuring Events

To achieve integration of internal resources and strengthen the competitiveness of the Group in the relevant regional markets, the 14th Meeting of the 5th Session of the Board held on 21 May 2013 considered and approved the *Resolution on the Proposed Reorganization and Split of CITIC Securities (Zhejiang)*. The intention was to achieve optimized allocation of resources by rationalizing the assets of CITIC Securities (Zhejiang) by way of split, integrating the rationalized quality assets of CITIC Securities (Zhejiang) into the Company by way of merger by absorption, and transferring the remaining assets through the market. On 7 July 2014, the CSRC approved the splitting of CITIC Securities (Zhejiang) into CITIC Securities (Zhejiang) Co., Ltd. and Kington Securities Limited Liability Company (Kington Securities) (for details, please refer to the announcement published by the Company on the HKExnews website of HKEx on 11 July 2014). Currently, the formalities for the change of registration for CITIC Securities (Zhejiang) Co., Ltd. and the formalities for the incorporation registration for Kington Securities with relevant industry and commerce authorities are completed (for details, please refer to the announcement published by the Company on 28 August 2014). The Company will formulate the concrete implementation plan on restructuring and submit to the Board and general meeting of the Company for review and approval soon.

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 2014 which was considered* and approved at the 2013 Annual General Meeting of the Company, the implementation of which is set out in the table below:

In RMB millions

Related parties/ connected counterparties	Subject matter	Estimated transaction amount in 2014	Actual transaction amount for the period from January to June 2014	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	196.52	1.96	196.52
CITIC Group and its associates	Expense: Securities and financial products services ^{Note1}	1,000	13.67	0.38	-13.67
CITIC Group and its associates	Income: Lease of properties ^{Note1}	33	9.08	5.28	9.08
CITIC Group and its associates	Expense: Lease of properties ^{Note1}	40	17.10	0.28	-17.10
CITIC Group and its associates	Income: Miscellaneous services ^{Note1}	4	—	—	—
CITIC Group and its associates	Expense: Miscellaneous services ^{Note1}	100	22.15	0.36	-22.15
CITIC PE Fund	Fee income	30.30	—	—	—
CITIC PE Fund	Equity investment	2,500	—	—	—
CITIC PE Fund	Subscribed capital contribution to fund	HKD200,000,000	—	—	—
Qianhai Equity Exchange	Fee income	3	—	—	—
Qianhai Equity Exchange	Income: Lease of properties	4.50	2.16	1.25	2.16
Qianhai Equity Exchange	Operating and administrative expenses	1	—	—	—
Qingdao Lanhai Equity Exchange	Fee income	3	—	—	—
Qingdao Lanhai Equity Exchange	Operating and administrative expenses	1	0.10	—	-0.10
Xiamen Cross-strait Equity Exchange	Fee income	3	—	—	—
Xiamen Cross-strait Equity Exchange	Operating and administrative expenses	1	—	—	—
China Life Asset Management Company Limited	Fee income	42.10	—	—	—
China Life Investment Holding Company Limited	Subscribed equity investment fund	1,000	—	—	—
Industrial Securities Company Limited	Fee income	0.50	—	—	—

SIGNIFICANT EVENTS

Related parties/ connected counterparties	Subject matter	Estimated transaction amount in 2014	Actual transaction amount for the period from January to June 2014	Percentage to total amount of similar transactions (%)	Impact on profit of the Company
Changjiang Securities Company Limited	Fee income	0.50	—	—	—
Zhejiang Mintai Commercial Bank Co., Ltd.	Fee income	10	—	—	—
Nanjing Gaoke Co., Ltd.	Fee income	0.002	—	—	—
Nanjing Gaoke Co., Ltd.	Fee expense	0.001	—	—	—
S&P/CITIC Index Information Services (Beijing) Co., Ltd.	Fee income	0.10	—	—	—

Note: The Company and CITIC Group entered into the related party/connected transactions framework agreements in December 2013, including the Securities and Financial Products Transactions and Services Framework Agreement, Supplemental Agreement I to the Property Leasing Framework Agreement and the Miscellaneous Services Framework Agreement, and set the annual caps for the related party/connected transactions from 2014 to 2016 under each of the framework agreements respectively. In particular, the 2014 annual caps for the three types of transactions are set out under “Estimated transaction amount in 2014” in the above table.

In respect of the securities and financial products transactions between the Company and its related/connected parties, in view of the difficulty in estimating the volume of transactions due to the unpredictability of the securities market, the volume of the relevant transactions was approved at the 2013 Annual General Meeting of the Company to be calculated based on the actual amount incurred. In particular, a waiver was granted by the Hong Kong Stock Exchange waiving the Group from setting the annual caps for the securities and financial products transactions between the Company and CITIC Group and its associates. During the reporting period, the volume of securities and financial products transactions between the Company and CITIC Group and its associates was approximately RMB3,762 million; the volume of securities and financial products transactions with Industrial Securities Co., Ltd. was approximately RMB405 million.

In addition, the Company had the following new related party/connected transactions during the reporting period up to the date of *2014 Interim Results Announcement*.

CITIC Futures acquired a 58% equity interest in CITIC Newedge

For details, please refer to “Major Acquisition and Disposal of Assets”.

CSI adjusted the shareholding structure of the relevant subsidiaries

To facilitate the development of the asset management business, CSI adjusted the shareholding structure of the subsidiaries with the relevant business licences, which involved the following two related party/connected transactions:

CITIC Securities International Fund Management Limited (abbreviated hereinafter as “CSIFM”) is a 55%-owned subsidiary of CSI and its wholly-owned subsidiary, CITIC Securities International Investment Management (Hong Kong) Limited, has been licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities by Hong Kong SFC. CSI acquired the remaining 45% equity interest in CSIFM through its wholly-owned subsidiary CSIAMF (CL) Limited to realize 100% ownership of CSIFM at a purchase price of HKD10 million. According to the Shanghai Listing Rules and the Hong Kong Listing Rules, the holder of the remaining 45% equity interest in CSIFM, China Alpha Fund Management Limited, constituted a related/connected party of the Company, and the transaction constituted a related party/connected transaction. Currently, the transfer of equity interest has been completed, and the shareholding in CSIFM held by CSI has increased from 55% to 100%.

CSI Capital Advisors, Limited is a wholly-owned subsidiary of CSI and has been licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities by Hong Kong SFC. In order to develop asset management business with CITIC Trust to achieve mutual benefits, CSI proposed to transfer 51% equity interest in CSI Capital Advisors, Limited to CITIC Trust at a consideration of HKD200,000. Upon completion of the transaction, CSI will hold the remaining 49% equity interest in CSI Capital Advisors, Limited. On 3 April 2014, CSI Capital Advisors, Limited changed its name to CTI Capital Management Limited, and registered its Chinese name as “中信信惠國際資本有限公司”. Currently, the equity transfer is in the process of being approved by the regulatory authority.

Since the amounts of the above transactions were all less than 0.5% of the 2013 audited net assets value of the Company, and the highest of the applicable size test percentage ratios under the Hong Kong Listing Rules did not exceed 0.1%, the above transactions can be conducted with the consent of more than half of the independent non-executive directors of the Company. On 10 February 2014, the independent non-executive directors of the Company conducted a special voting on the above matters, which were considered and approved unanimously. The relevant resolutions have been filed with the Shanghai Stock Exchange for record.

SIGNIFICANT EVENTS

Bareboat charter

CITIC Global Trade, a wholly-owned subsidiary of CITIC Securities Investment, the Company's wholly-owned subsidiary, entered into a bareboat charter contract with Jiangyin Lidian Coal Transportation & Marketing Co., Ltd. ("Jiangyin Lidian"), under which the former leased a new 51,000-ton dry bulk bareboat to the latter for a period of one year effective from the date of delivery of the bareboat to Jiangyin Lidian. The total rent under the contract was approximately RMB14.40 million.

Jiangyin Lidian is a wholly-owned subsidiary of Jiangsu Lidian Energy Group, in which CITIC Pacific Limited indirectly owns an 82.52% equity interest, thus making Jiangyin Lidian a related/connected party and the transaction a related party/connected transaction. As the transaction amount did not reach 0.5% of the 2013 audited net assets value of the Company and the highest of the applicable size test percentage ratios under the Hong Kong Listing Rules did not exceed 0.1%, the transaction can be conducted with the consent of more than half of the independent non-executive directors of the Company. On 30 May 2014, the independent non-executive directors of the Company conducted a special voting on this matter, which was considered and approved unanimously. The relevant resolution has been filed with the Shanghai Stock Exchange for record.

The Company received related research services provided by Changjiang Securities Company Limited

The Company renewed the Changjiang Securities Consulting Platform Information Service Agreement with Changjiang Securities Company Limited ("Changjiang Securities") to receive its research reports and related services for the Company's securities investment business and related research for a term of one year at a contract value of RMB200,000.

As Mr. HE Dexu, a supervisor of the Company, has been serving as an independent director of Changjiang Securities since 23 December 2013, Changjiang Securities constituted a related party and the transaction constituted a related party transaction under the Shanghai Listing Rules, but did not constitute a connected transaction under the Hong Kong Listing Rules. As the transaction amount did not reach 0.5% of the 2013 audited net assets value of the Company, the transaction can be conducted with the consent of more than half of the independent non-executive directors of the Company. On 21 July 2014, the independent non-executive directors of the Company conducted a special voting on this matter, which was considered and approved unanimously. The relevant resolution has been filed with the Shanghai Stock Exchange for record.

The Company received relevant research services from Industrial Securities Co., Ltd.

The Company signed a Research Services Agreement with Industrial Securities Co., Ltd. (hereinafter the “Industrial Securities”) for the provision of research reports and relevant services by Industrial Securities for use in the Company’s securities investment business and relevant research for a term of one year at an agreed service fee of RMB200,000.

As Mr. WU Xiaoqiu, an independent non-executive Director of the Company, also serves as the director of Industrial Securities, and therefore Industrial Securities constituted a related party of the Company under the Shanghai Listing Rules, and this transaction constituted a related party transaction under the Shanghai Listing Rules but not a connected transaction under the Hong Kong Listing Rules. As the transaction amount is less than 0.5% of the 2013 audited net assets value of the Company, this transaction can be conducted with the consent of more than half of the independent non-executive directors of the Company. On 26 August 2014, the independent non-executive directors of the Company conducted a special voting on this matter, which was considered and approved unanimously. The relevant resolution has been filed with the Shanghai Stock Exchange for record.

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

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

SIGNIFICANT EVENTS

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

Guarantees provided to the Company by its related/connected parties

In 2006, the Company issued RMB-denominated corporate bonds in an amount of RMB1.5 billion for a term of 15 years guaranteed by CITIC Group. As at 30 June 2014, the total amount of guarantee provided by CITIC Group to the Company amounted to RMB1.5 billion (31 December 2013: RMB1.5 billion).

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

In RMB Yuan

Related/connected party	Capacity	Amount due from related/ connected parties		Amount due to related/ connected parties	
		Actual amount	Balance	Actual amount	Balance
China CITIC Bank Corporation Limited ^①	Subsidiary of the largest shareholder of the Company	—	112,062.00	—	—
China CITIC Bank Corporation Limited ^②	Subsidiary of the largest shareholder of the Company	—	50,000.00	—	—
China CITIC Bank Corporation Limited ^③	Subsidiary of the largest shareholder of the Company	250.00	592,046.75	—	—
CITIC Pacific Limited ^④	Subsidiary of the largest shareholder of the Company	111,702.83	111,702.83	—	—
CITIC Industrial Investment Group Corp., Ltd. ^④	Subsidiary of the largest shareholder of the Company	115,659.39	115,659.39	—	—
CITIC Trust Co., Limited ^⑤	Subsidiary of the largest shareholder of the Company	—	—	—	150,000.00
China CITIC Bank Corporation Limited ^⑤	Subsidiary of the largest shareholder of the Company	—	—	-3,204,579.00	322,200.00
CITIC Bohai Aluminum Industries Holding Company Limited ^⑥	Subsidiary of the largest shareholder of the Company	—	—	—	68,000.00
Qianhai Equity Exchange (Shenzhen) Co., Ltd. ^⑥	Associate of the Company	—	—	-242,600.00	590,342.84

As at 30 June 2014, there was no misappropriation of the Company's capital by its related/connected parties.

Reasons for debts and liabilities due from/owed to related/connected parties:

- ① Property deposits payable by CITIC Futures;
- ② Rental deposits payable by CITIC Securities (Shandong);
- ③ Deposits payable by the Company;
- ④ Rental deposits payable by the Company;
- ⑤ Rental deposits receivable by the Company;
- ⑥ Unpaid amount of renovation fees payable by the Company.

The above debts and liabilities due from/owed to related/connected parties did not have any adverse effect on the financial position or operating results of the Company.

Material Contracts and their Performance

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

Material Guarantees

Guarantees Provided by the Company

In 2014, according to the resolution of the 12th Meeting of the 5th Session of the Board, the Company provided 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 in respect of the first tranche of offshore bonds issuance by CITIC Securities Finance 2013 Co., Ltd., the Company's subsidiary, with the amount of the counter guarantee of USD902 million, covering the principal, interest and related fees of the first tranche of offshore bonds. The guarantee is a joint liability guarantee, which will expire at the end of six months from the expiration date of the standby letter of credit.

SIGNIFICANT EVENTS

Guarantees Provided by Controlling Subsidiaries

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

No.	Guarantors	Parties being guaranteed	Amount of guarantee	Nature
1	CSI	CSI Capital Management Limited	USD80 million	Loan guarantee
2	CSI	CITIC Securities Brokerage (HK) Co., Ltd.	HKD200 million	Loan guarantee
3	CSI	CLSA and its wholly-owned subsidiaries	USD365 million	Loan guarantee
4	CSI	CSI Capital Management Limited	Not applicable	Guarantee for the ISDA agreements and GMSL agreements entered into between the guaranteed party and the counterparty
5	CSI	CITIC Securities International USA, LLC	USD3.588 million	Guarantee for property leasing ^{Note 2}
6	CLSA	Subsidiaries of CLSA	HKD2.5 billion USD429 million SD4.5 million	Loan guarantee and other business-related guarantees

Note 1: The guaranteed parties from No.1 to No.5 are all wholly-owned subsidiaries of CSI.

Note 2: In addition to rental payments, the guarantee also applies to ensure the lessee complies with the leases and undertakes due obligations. The rental amount listed above is the rental amount of the remaining term of years agreed in the property leasing contract.

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

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

In its A-share IPO in December 2002, the Company made this commitment: “Completing the ownership change formalities and transfer of the following properties to ensure that the shareholders’ interests will not be harmed because of such properties: 1. 10 units in Times Building at 390 Panyu Road, Shanghai (floor area of 1,300 sq. m.); 2. the 23rd Floor of Nanjing Huaqiao Plaza (floor area of 700.14 sq. m.); 3. the 6th and 7th Floors of Beijing Guanghua Building (now changed to the name as Caiyin Building located at Heping West Street in Beijing) (floor area of 3,000 sq. m.); and 4. 26 units in CITIC Haiwen Garden, Shenzhen (floor area of 2,992.61 sq. m.).”

Of the abovementioned properties, the ownership change formalities for the properties of Times Building at 390 Panyu Road in Shanghai and CITIC Haiwen Garden in Shenzhen have been completed. However, the Company has encountered a lot of difficulties when handling the formalities for the ownership change of the properties on the 23rd Floor of Nanjing Huaqiao Plaza and the 6th and 7th Floors of Caiyin Building located at Heping West Street in Beijing and cannot provide a specific time of completion of the formalities. As these two properties have a relatively low book value (with the total book value of RMB10.302 million as at 31 December 2013), accounting for only 0.0038% of the Company’s 2013 audited total assets of RMB271.4 billion and 0.0118% of the Company’s 2013 audited net assets of RMB87.7 billion, the incomplete fulfilment of the commitment will not have a major negative impact on the Company’s normal operation.

On 18 June 2014, the 2013 Annual General Meeting of the Company agreed to waive the requirement for the Company to perform as soon as possible the completion of the ownership change formalities of the two properties, i.e. the 23rd Floor of Nanjing Huaqiao Plaza and the 6th and 7th Floors of Caiyin Building located at Heping West Street in Beijing. Therefore, with the exemption granted by the general meeting, the Company has duly completed the aforesaid commitment.

SIGNIFICANT EVENTS

Undertakings of the Company's Shareholders and Related/Connected 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 our business, CITIC Group has undertaken that our Company can make adequate disclosure of such business and that it will not misuse its shareholder position to act to the detriment of our interests and other Shareholders.”

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

The long-term commitment is still valid and duly performed and will continue to be 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 “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 the 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 a 12-month period and not exceed 10% within a 24-month period”.

The long-term commitment is still valid and currently succeeded by CITIC Corporation Limited. It is duly performed and will continue to be observed.

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

Appointment of Accounting Firms

With the approval at the 2013 Annual General Meeting of the Company, the Company re-appointed Ernst & Young Hua Ming and Ernst & Young as the Company's external auditors for 2014 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; and appointed Ernst & Young Hua Ming as the audit agency for the Company's internal control for 2014. The related audit remuneration will not exceed RMB4.5 million, and the review service remuneration will not exceed RMB2 million.

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

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 investigated for criminal responsibilities, or had undergone 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 distribute any interim dividends for 2014.

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

The Audit Committee had also reviewed the unaudited interim financial statements and interim report of the Company for the six months ended 30 June 2014, and did not raise any objection to the accounting policy and practices which were adopted by the Company.

SIGNIFICANT EVENTS

Results of Classified Assessment by Regulatory Authorities

In the 2014 classified assessment of securities companies, the Company with its subsidiaries CITIC Securities (Zhejiang) and CITIC Securities (Shandong) were together rated “A” Class at “AA” level.

Other Significant Events and Progress of Events after the Reporting Period

As at 15 March 2012, the 37th Meeting of the 4th Session of the Board of the Company considered and passed *Resolution on the Transfer of Equity Interest in S&P/CITIC Index Information Services (Beijing) Co., Ltd.*, which approved the transfer of the 50% equity interest held by the Company in S&P/CITIC to McGraw-Hill International Enterprises Inc at a consideration of USD500,000. However, this equity transfer was not completed due to restrictions of relevant policies. In this regard, the 26th Meeting of the 5th Session of the Board of the Company on 28 August 2014 considered and approved *Resolution on the Disposal of Equity Interest in S&P/CITIC Index Information Services (Beijing) Co., Ltd.*, which approved the disposal by the Company of the 50% equity interest held by it in S&P/CITIC at a consideration of not less than USD500,000, and the management of the Company was thereby authorised to complete the procedures pertaining to the equity disposal at its absolute discretion. Where the procedures for the disposal of such equity interest fail to be completed within the business period of S&P/CITIC (i.e. before 26 December 2015), S&P/CITIC will be dissolved and liquidated by the management of the Company as authorised by the Board according to relevant laws and regulations.

Pursuant to the Resolution on the Establishment of A Branch in China (Shanghai) Pilot Free Trade Zone passed at the 23rd Meeting of the 5th Session of the Board of the Company, and according to the “*Approval of Shenzhen Bureau of the CSRC on the Establishment of A Branch by CITIC Securities Company Limited*” (Shen Zheng Ju Xu Ke Zi [2014] No. 98) issued by Shenzhen Bureau of the CSRC, the Company was approved to establish a branch in the Shanghai Pilot Free Trade Zone. The branch completed the industrial and commercial registration on 12 August 2014 with its name as CITIC Securities Shanghai Pilot Free Trade Zone Branch, and it will commence operation after obtaining the license for securities business.

Change of Branches for Securities Operation

As at the end of the reporting period, the Group had 188 securities branches (including 13 newly-established ones) and 36 futures branches (including seven newly-established ones) in the mainland and four branches in Hong Kong.

The Company

During the reporting period, the Company had established 12 new securities branches and completed same city relocation of three securities branches. At present, the number of the Company's securities branches has increased from 70 to 82 and seven additional securities branches are under preparation and construction. The details are as follows:

No.	Name of New Securities Branches	Address of New Securities Branches
1	Baoding Dongfengzhong Road Branch	1690 Middle Dongfeng Road, New City Area, Baoding, Hebei
2	Hohhot Ruyihe Street Branch	10th Complex, Jintailiwan, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region
3	Shenzhen Qianhai Branch	Room 1717, Main Tower, Haiyun Center, Linhai Avenue, Nanshan District, Shenzhen, Guangdong
4	Shenzhen Wanghai Road Branch	Building 2, China Merchants Plaza, 1168 Wanghai Road, Shekou, Nanshan District, Shenzhen, Guangdong
5	Fushun Yumin Road Branch	Room 34, Shopfront Unit 77, 8 Yumin Road, Xinfu District, Fushun, Liaoning
6	Anshan Shengli Road Branch	S3 and S4, 148 South Shengli Road, Tiedong District, Anshan, Liaoning
7	Chongqing Honghudong Road Branch	No. 2-8, Building 3, 11 East Honghu Road, Yubei District, Chongqing
8	Nanjing Baota Road Branch	8 North Baota Road, Lishui Economic Development Area, Nanjing, Jiangsu
9	Zhangjiagang Renminzhong Road Branch	Floors 1-2, Tower B, Guotai Times Plaza, West Remin Road, Zhangjiagang, Jiangsu
10	Shanghai Mudanjiang Road Branch	Room 4402-B, 1508 Mudanjiang Road, Baoshan District, Shanghai
11	Shanghai Zhangjiang Hi-tech Park Branch	Units 123 and 124, Division 112, Building 2, 88 Keyuan Road, Zhangjiang Hi-tech Park, Shanghai
12	Shanghai Jiading Branch	Room 908, 3099 Huyi Highway, Jiading District, Shanghai

SIGNIFICANT EVENTS

Name of Securities Branch Before Relocation	Name of Securities Branch After Relocation	Address of Securities Branch After Relocation
Shenzhen Fuhua 1st Road Branch	Shenzhen Headquarters Branch	Floor 12, Excellence Times Plaza II, 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong
Headquarters Branch	Beijing Capital Mansion Branch	2404, Building 1, 6 South Xinyuan Road, Chaoyang District, Beijing
Beijing South Third Ring East Road Branch	Beijing East Third Ring Middle Road Branch	Unit 01, Floor 7, Building 2, Compound 39 Guangqu Road, Chaoyang District, Beijing

CITIC Securities (Zhejiang)

During the reporting period, CITIC Securities (Zhejiang) did not establish any new securities branches and the number of securities branches remained at 59. In addition, one new securities branch, namely, the Hangzhou Jiefang East Road Branch, has been established during the period from the end of the reporting period to the date of *2014 Interim Results Announcement*, and there are eight securities branches under preparation and construction.

Note: According to the split proposal of CITIC Securities (Zhejiang), Cangnan Longgangdadao Branch and Tiantai Xianhouxiang Branch of CITIC Securities (Zhejiang) will be changed to Cangnan Longgangdadao Branch and Tiantai Xianhouxiang Branch of Kington Securities pursuant to relevant rules.

CITIC Securities (Shandong)

During the reporting period, CITIC Securities (Shandong) established one new securities branch, namely: Zibo Yiyuan Jiankanglu Branch, and completed same city relocation of one securities branch. From the end of the reporting period to the date of this *2014 Interim Results Announcement*, seven new securities branches have been established, namely: Zhengzhou Weiwu Road Branch, Jinan Yangguangxinlu Branch, Qingdao Headquarters Branch, Qingdao Yan'erdao Road Branch, Qingdao Dengzhou Road Branch, Weifang Yuanfei Road Branch and Qingdao Zhongshan Road Branch. Currently, CITIC Securities (Shandong) has 54 securities branches and there is one additional securities branch under preparation and construction.

CITICS Futures

During the reporting period, CITICS Futures established seven new futures branches, namely: Chengdu Branch, Nanchang Branch, Xiamen Branch, Shijiazhuang Branch, Taiyuan Branch, Haikou Branch and Lanzhou Branch. In addition, same city relocation of one futures branch has been completed. From the end of the reporting period to the date of *2014 Interim Results Announcement*, two new futures branches have been established, namely: Tianjin Branch and Changsha Branch. Currently, CITICS Futures has 38 futures branches.

CSI

During the reporting period, CSI did not establish any new branches. Currently, CSI has four branches.

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

Share Capital Structure

As at 30 June 2014, the share capital structure of the Company was as follows:

Name of shareholders	Type of the Shares	Number of Shares (shares)	Percentage to the total number of shares (%)
CITIC Group Corporation ^{Note}	A Shares	2,236,890,620	20.30
Public holders of A Shares	A Shares	7,601,690,080	69.00
Public holders of H Shares	H Shares	1,178,327,700	10.70
Total	—	11,016,908,400	100.00

Note: CITIC Group holds such A Shares indirectly through its subsidiary CITIC Corporation Limited.

Changes in Share Capital

During the reporting period, there were no changes in the share capital (including shares subject to trading moratorium) of the Company, details of which are set out as follows:

Unit: shares

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

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 (%)
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 the *Announcement on the Proposals 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, Securities Times and the website of the Shanghai Stock Exchange, dated 7 September 2006).

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

Information on Shareholders

Total Number of Shareholders as at 30 June 2014: 563,464 shareholders, including 563,345 A Shareholders and 119 H Shareholders.

Shareholdings of Top 10 Shareholders of the Company as at 30 June 2014

Name of shareholder	Type of shareholder ^{Note 6}	Number of shares held (shares)	Percentage (%)	Change in the number of shares during the reporting period (shares)	Class of shares (A, B, H shares or others)
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	-10,000	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
Huaxia Life Insurance Co., Limited – Universal Insurance Products	Domestic non-State-owned legal person	186,016,020	1.69	56,107,339	A shares
China Academy of Launch Vehicle Technology	State-owned legal person	106,478,308	0.97	—	A shares
China Securities Finance Corporation Limited	Domestic non-State-owned legal person	93,594,067	0.85	42,146,563	A shares
CSOP Asset Management Limited – CSOP FTSE China A50ETF	Foreign legal person	90,535,984	0.82	18,805,931	A shares
Nanjing Gaoke Company Limited	Domestic non-State-owned legal person	76,586,324	0.70	12,022,690	A shares
CITIC Guoan Group Co., Ltd	Domestic non-State-owned legal person	63,739,930	0.58	—	A shares

Note 1: All shares held by the top 10 shareholders of the Company are shares in circulation not subject to trading moratorium.

Note 2: Among the H shareholders of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited on their behalf.

Note 3: The number of shares held by China Life Insurance Company Limited is the total number 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 of the Company respectively.

Note 4: As at 30 June 2014, none of the shares held by the top 10 shareholders have been pledged or frozen.

Note 5: Among the top 10 shareholders, China Life Insurance Company Limited is a subsidiary of China Life Insurance (Group) Company.

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

Note 7: As the shares of the Company are margin trading underlying securities, the shareholdings of shareholders are calculated by adding together the number of shares in their ordinary securities accounts and credit securities accounts, and their equity interest.

Shareholdings of the Restricted Shareholders as at 30 June 2014

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

Largest Shareholder of the Company

On 6 August 2014, the Company received the notice from CITIC Limited, the largest shareholder of the Company, that it changed its name to CITIC Corporation Limited, and its shareholding remained unchanged at 20.30% upon completion of the change of its name.

On 16 April 2014, CITIC Group and Beijing CITIC Enterprise Management Co., Ltd., the shareholders of CITIC Corporation Limited, entered into a share transfer agreement with CITIC Pacific, pursuant to which they agreed to transfer their 100% equity interest held in CITIC Corporation Limited to CITIC Pacific. The relevant equity transfer was completed on 25 August 2014, and CITIC Pacific has become the sole and direct shareholder of CITIC Corporation Limited, the largest shareholder of the Company. On 27 August 2014, the Company was notified that CITIC Pacific changed its name to CITIC Limited.

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 HKEx as at 30 June 2014. 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 2014.

Name of Shareholders	Capacity	Class of Shares	Number of Shares/Positions	Percentage to the Number of A Shares/ H Shares in the Company as at 30 June 2014 (%)	Percentage to Total Issued Shares of the Company as at 30 June 2014 (%)
CITIC Group Corporation	Interest of controlled corporation ^{Note 1}	A Shares	2,236,890,620/ Long positions	22.74	20.30
China Life Insurance (Group) Company	Beneficial owner and interest of controlled corporation ^{Note 2}	A Shares	688,700,626/ Long positions	7.00	6.25
The NSSF ^{Note 5}	Beneficial owner	H Shares	70,688,700/ Long positions	6.00	0.64
Temasek Holdings (Private) Limited ^{Note 5}	Interest of controlled corporation ^{Note 3}	H Shares	106,142,500/ Long positions	9.01	0.96
BlackRock, Inc.	Interest of controlled corporation ^{Note 4}	H Shares	72,590,465/ Long positions	6.16	0.66
		H Shares	1,100,500/ Short positions	0.09	0.01
		H Shares	Derivative interests of 646,000/ Short positions	0.05	0.006
FIL Limited	Investment manager	H Shares	118,181,185/ Long positions	10.03	1.07
Banco BTG Pactual S.A. ^{Note 5}	Beneficial owner	H Shares	58,625,500/ Long positions	4.98	0.53
Lazard Asset Management LLC	Investment manager	H Shares	82,859,000/ Long positions	7.03	0.75

- Note 1: CITIC Group indirectly held 2,236,890,620 A Shares through its subsidiaries CITIC Pacific Limited and CITIC Corporation Limited. As at 30 June 2014, CITIC Group held 2,236,890,620 A Shares, representing 20.30% of the total number of shares in the Company.
- Note 2: China Life Insurance (Group) Company directly held 231,141,935 A Shares, and indirectly held 457,558,691 A Shares through its subsidiary China Life Insurance Company Limited. As at 30 June 2014, China Life Insurance (Group) Company in aggregate held 592,201,934 A Shares, representing 5.38% of the total number of shares in the Company.
- Note 3: Temasek Holdings (Private) Limited held 106,142,500 H Shares through its controlled corporations Fullerton Management Pte Ltd. and Cairnhill Investments (Mauritius) Pte Ltd.
- Note 4: BlackRock, Inc. held the relevant interests and short positions through its controlled corporations.
- Note 5: The NSSF, Temasek Holdings (Private) Limited and Banco BTG Pactual S.A. were all non-registered shareholders of the H Shares of the Company, such Shares were held by HKSCC Nominees Limited on their behalf, and as such, the Company did not have knowledge of their respective shareholdings as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, there were no other interests or short positions as recorded in the equity interest information disclosed on the HKExnews website of HKEx or the register maintained by the Company pursuant to Section 336 of the SFO.

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 of the Company.

Changes of Directors, Supervisors and Senior Management during the reporting period

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

Number, Remuneration and Training Programmes of Employees

As at 30 June 2014, the Group had a total number of 12,544 employees (including brokers and despatched staff), 4,986 (including brokers and despatched staff) of which were with the Company.

For details of remuneration of employees of the Company during the reporting period, please refer to Note 9 to the financial information of this interim report. In addition, there was no change in the remuneration policy and training programmes of the Company, which are consistent with the disclosure in the 2013 annual report of the Company (please refer to the 2013 annual report of the Company 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 2014, 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 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 2014, 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, Securities Law, Corporate Governance Code and Corporate Governance Report* (the “Code”) as set out in Appendix 14 to the Hong Kong Listing Rules and the Articles of Association of the Company, continued to improve its corporate governance structure and was in full compliance with all the code provisions under the Code. The corporate governance of the Company complied with the requirements of the Company Law, relevant regulations of the CSRC as well as most of the recommended best practices set out in the Code.

According to the domestic regulatory requirements, the 23rd Meeting of the 3rd Session of the Board considered and adopted *the Measures for the Management of the Holding and Changes in the Holding of the Shares of CITIC Securities Company Limited by Directors, Supervisors and Senior Management* (the “Management Measures”) on 13 March 2008, to regulate the holding and dealing of Shares 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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

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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

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying interim financial information set out on pages 68 to 128, which comprises the condensed consolidated statement of financial position of CITIC Securities Company Limited (the Company) and its subsidiaries (the Group) as at 30 June 2014, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

The signature of Ernst & Young is written in a black, cursive script.

Certified Public Accountants
Hong Kong
28 August 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014
(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2014 (Unaudited)	2013 (Unaudited)
Revenue			
– Fee and commission income		6,804,968	3,544,526
– Interest income	6	3,226,696	1,528,160
– Investment income	7	3,963,681	2,308,324
		13,995,345	7,381,010
Other income	8	2,334,950	(59,278)
Total revenue and other income		16,330,295	7,321,732
Fee and commission expense	9	622,649	410,979
Finance costs	9	2,967,013	1,110,375
Staff costs	9	3,988,355	1,854,879
Depreciation		205,245	143,357
Business tax and surcharges		482,259	267,261
Other operating expenses	9	1,986,298	879,155
Impairment losses	10	279,617	196,690
Total operating expenses		10,531,436	4,862,696
Operating profit		5,798,859	2,459,036
Share of profits and losses of:			
– Associates		34,996	193,459
– Joint ventures		(9,864)	64,037
Profit before income tax		5,823,991	2,716,532
Income tax expense	11	1,490,481	605,604
Profit for the period		4,333,510	2,110,928
Attributable to:			
– Owners of the parent		4,075,620	2,109,674
– Non-controlling interests		257,890	1,254
		4,333,510	2,110,928
Earnings per share attributable to ordinary equity holders of the parent (in RMB yuan)			
– Basic	13	0.37	0.19
– Diluted	13	0.37	0.19

Details of the dividends paid or proposed are disclosed in note 12 to the financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Profit for the period	4,333,510	2,110,928
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale financial assets:		
Changes in fair value	424,798	(926,914)
Income tax effect on changes in fair value	(108,700)	221,672
Reclassification adjustments for (losses)/gains included in the consolidated income statement, net	(424,761)	39,655
	(108,663)	(665,587)
Share of other comprehensive income of associates and joint ventures	(3,287)	14,470
Exchange differences on translation of foreign operations	186,196	(158,994)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	—	—
Other comprehensive income for the period, net of tax	74,246	(810,111)
Total comprehensive income for the period	4,407,756	1,300,817
Attributable to:		
Owners of the parent	4,195,739	1,299,560
Non-controlling interests	212,017	1,257
	4,407,756	1,300,817

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Non-current assets			
Property, plant and equipment	14	1,079,126	3,637,404
Investment properties		75,081	432,348
Goodwill	15	10,067,421	10,047,495
Other intangible assets	16	1,803,772	1,915,891
Investments in associates		3,510,438	3,484,220
Investments in joint ventures		42,661	813,487
Available-for-sale financial assets	17	10,569,698	12,887,140
Financial assets designated as at fair value through profit or loss	18	195,000	122,208
Refundable deposits	19	665,871	1,024,683
Deferred income tax assets	20	1,278,955	1,323,254
Other non-current assets		182,796	195,830
Total non-current assets		29,470,819	35,883,960
Current assets			
Fee and commission receivables		473,510	440,259
Margin accounts	21	38,733,844	34,301,932
Available-for-sale financial assets	17	35,597,635	22,817,342
Financial assets held for trading	22	91,786,072	57,861,675
Financial assets designated as at fair value through profit or loss	18	12,002,740	11,914,137
Derivative financial assets	23	5,670,046	6,491,368
Reverse repurchase agreements	24	28,068,525	22,091,992
Other current assets	25	22,548,352	11,741,639
Cash held on behalf of customers	26	49,814,091	40,125,321
Cash and bank balances	27	25,578,174	27,684,624
Total current assets		310,272,989	235,470,289

	Notes	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Current liabilities			
Customer brokerage deposits	28	57,455,440	45,196,159
Derivative financial liabilities	23	1,100,363	1,326,161
Financial liabilities held for trading	29	3,638,898	2,842,095
Financial liabilities designated as at fair value through profit or loss	30	16,228,283	16,441,015
Repurchase agreements	31	83,821,543	55,704,255
Due to banks and other financial institutions		8,010,000	4,710,000
Taxes payable	32	1,764,369	2,203,344
Short-term loans	33	4,883,495	2,525,220
Short-term financing instrument payables	34	11,998,008	11,998,130
Other current liabilities	35	23,827,057	9,761,219
Total current liabilities		212,727,456	152,707,598
Net current assets		97,545,533	82,762,691
Total assets less current liabilities		127,016,352	118,646,651
Non-current liabilities			
Bonds payable	36	32,202,318	26,177,108
Deferred income tax liabilities	20	871,664	872,286
Long-term loans	37	767,000	567,000
Other non-current liabilities	38	1,736,634	1,628,162
Total non-current liabilities		35,577,616	29,244,556
Net assets		91,438,736	89,402,095
Equity			
Equity attributable to owners of the parent			
Issued share capital	39	11,016,908	11,016,908
Reserves	40	50,778,073	51,039,446
Retained profits		27,935,928	25,632,131
		89,730,909	87,688,485
Non-controlling interests		1,707,827	1,713,610
Total equity		91,438,736	89,402,095

WANG Dongming

Chairman

CHENG Boming

Executive Director and President

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014
(In RMB thousands, unless otherwise stated)

	Attributable to owners of the parent										
	Reserves								Total	Non-controlling interests	Total equity
	Issued share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained profits				
At 1 January 2014	11,016,908	34,428,152	6,439,142	11,401,724	(334,040)	(895,532)	25,632,131	87,688,485	1,713,610	89,402,095	
Profit for the period	—	—	—	—	—	—	4,075,620	4,075,620	257,890	4,333,510	
Other comprehensive income for the period	—	—	—	—	(63,765)	183,884	—	120,119	(45,873)	74,246	
Total comprehensive income for the period	—	—	—	—	(63,765)	183,884	4,075,620	4,195,739	212,017	4,407,756	
Dividend – 2013	—	—	—	—	—	—	(1,652,537)	(1,652,537)	—	(1,652,537)	
Appropriation to general reserve	—	—	—	119,286	—	—	(119,286)	—	—	—	
Capital increase/(decrease) by shareholders	—	—	—	—	—	—	—	—	(98,499)	(98,499)	
– Capital contribution by shareholders	—	—	—	—	—	—	—	—	(98,499)	(98,499)	
– Others	—	(500,778)	—	—	—	—	—	(500,778)	(1,792)	(502,570)	
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	(117,509)	(117,509)	
At 30 June 2014 (Unaudited)	11,016,908	33,927,374	6,439,142	11,521,010	(397,805)	(711,648)	27,935,928	89,730,909	1,707,827	91,438,736	

	Attributable to owners of the parent										
	Reserves								Total	Non-controlling interests	Total equity
	Issued share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained Profits				
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	—	—	—	—	—	—	—	—	100,114	100,114	
– Capital decrease 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	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Cash flows from operating activities		
Profit before income tax	5,823,991	2,716,532
Adjustments for:		
Financing interest expense	1,254,600	397,189
Share of profits and losses of associates and joint ventures	(25,132)	(257,496)
Dividend income and interest income from available-for-sale financial assets	(630,122)	(414,287)
Net gains on disposal of available-for-sale financial assets	(668,346)	(257,407)
Net gains on disposal of property, plant and equipment and other assets	(2,178,253)	(325)
Gains on deconsolidation of subsidiaries	(36,771)	—
Fair value losses/(gains) on financial instruments as at fair value through profit or loss	(681,516)	346,353
Depreciation	207,491	149,768
Amortisation	177,567	72,072
Impairment on available-for-sale financial assets	274,358	196,540
Impairment on other assets	5,259	150
	3,523,126	2,949,089
Net increase in operating assets		
Financial assets held for trading	(32,776,422)	(9,625,479)
Cash held on behalf of customers	(9,688,770)	(3,097,966)
Other assets	(21,880,032)	(20,784,153)
	(64,345,224)	(33,507,598)
Net increase in operating liabilities		
Customer brokerage deposits	10,166,080	2,530,487
Repurchase agreements	28,117,288	3,297,388
Other liabilities	14,651,006	3,459,585
	52,934,374	9,287,460
Net cash outflow from operating activities before tax	(7,887,724)	(21,271,049)
Income tax paid	(1,603,355)	(440,858)
Net cash outflow from operating activities	(9,491,079)	(21,711,907)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014
(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2014 (Unaudited)	2013 (Unaudited)
Cash flows from investing activities			
Dividend income and interest income received from available-for-sale financial assets		712,769	414,287
Net cash flows from purchases, leases and sales of items of property, plant and equipment and other assets		(93,275)	(79,286)
Net cash flows from deconsolidation of subsidiaries		4,512,183	—
Net cash flows from investments in associates and joint ventures		4,738	(2,517)
Net cash flows from disposal or purchase of available-for-sale financial assets		(10,043,834)	4,742,947
Net cash inflow/(outflow) from investing activities		(4,907,419)	5,075,431
Cash flows from financing activities			
Cash inflows from capital investment		22,326	20,152
Cash inflows from loans and borrowings		7,729,383	189,408
Cash inflows from issue of bonds		31,965,479	48,872,890
Payment of debts		(26,249,528)	(28,100,000)
Dividends and interest expense		(1,465,971)	(341,114)
Other cash outflows from financing activities		(1,785)	(4,808)
Net cash inflow from financing activities		11,999,904	20,636,528
Net increase/(decrease) in cash and cash equivalents		(2,398,594)	4,000,052
Cash and cash equivalents at the beginning of the period		25,668,912	25,835,767
Effect of exchange rate changes on cash and bank balances		99,412	(186,231)
Cash and cash equivalents at the end of the period	41	23,369,730	29,649,588
Cash and bank balances	27	25,578,174	29,649,588
Less: Restricted funds	27	2,208,444	—
Cash and cash equivalents		23,369,730	29,649,588

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 JUNE 2014
(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
- investment advisory and consultancy services
- proprietary securities investment
- asset management and fund management
- margin financing and securities lending services

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 JUNE 2014

(In RMB thousands, unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013.

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 2013.

Standards, amendments and interpretations effective in 2014

On 1 January 2014, the Group adopted the following new standards, amendments and interpretations.

IAS 32 Amendments	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
IAS 36 Amendments	Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 Amendments	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Investment Entities
IFRIC 21	Levies

The Group adopted the IAS 32 Amendments — Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities in 2014. It provides additional application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. IFRS 7 Amendment — Financial Instruments: Disclosure is also amended to require disclosures to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognized financial assets and recognised financial liabilities, and master netting agreements, etc. on the entity’s financial position.

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

2.2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards, amendments and interpretations effective in 2014 (Continued)

The Group adopted the IAS 36 Amendments — Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets in 2014. It restricts the requirement to disclose the recoverable amount of an asset or cash-generating unit (“CGU”) to periods in which an impairment loss has been recognised or reversed. In addition, the amendments require two additional disclosures when an impairment is recognised or reversed and recoverable amount is based on fair value less costs of disposal: (i) the level of the IFRS13 “fair value hierarchy” within which the fair value measurement of the asset or cash generating unit has been determined; (ii) for fair value measurements at Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used in the measurement of fair value, including the discount rates used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.

The Group adopted the IAS 39 Amendments — Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting in 2014. It provides an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendment covers novations: (i) that arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties; (iii) that did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

The Group adopted the IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments — Investment Entities in 2014. The amendments apply to a particular class of business that qualifies as investment entities. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investments income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 JUNE 2014

(In RMB thousands, unless otherwise stated)

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

2.2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards, amendments and interpretations effective in 2014 (Continued)

The Group adopted the IFRIC 21 — Levies in 2014. The interpretation sets out the accounting for an obligation to pay a levy that is applicable to all levies other than income tax and applies to IAS 37 — Provisions, contingent liabilities and assets. IAS 37 sets out the criteria for recognition of a debt, one of the requirements is that the obligation for past events (called debt event) generated by the entity should be recognised as a liability in the current period. The interpretation clarifies that an entity recognises a debt event for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached.

The adoption of above standards, amendments and interpretations does not have any significant impact on the operating results, financial position and comprehensive income of the Group.

Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2014

		Effective for annual periods beginning on or after
Annual Improvements to IFRSs 2010–2012 cycle and 2011–2013 cycle (issued in December 2013)		1 July 2014
IFRS 9, IFRS 9 Amendments	Financial Instruments	1 January 2018
IFRS 11 Amendments	Joint Arrangements	1 January 2016
IAS 16 Amendment	Property, Plant and Equipment	1 January 2016
IAS 38 Amendment	Intangible Assets	1 January 2016
IAS 19 Amendments	Employee Benefits	1 July 2014
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The essence and assumptions of accounting estimates made by the Group are consistent with those used in the Group's annual financial statements for the year ended 31 December 2013.

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》) became effective for the Company. Income tax computation and payment are governed by the Announcement of the State Administration of Taxation on Printing and Distributing 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 Implementation 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 Announcement of the State Administration of Taxation about Financial Business Tax Problems about Transfer of Goods (《國家稅務總局關於金融商品轉讓有關營業稅問題的公告》) (Guo Shui [2013] No.63), 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.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 JUNE 2014

(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, and commodities trading business;
- (d) the asset management segment engages in asset management services, including asset management businesses in collective asset management, targeted asset management, specified asset management, fund management and other investment accounts management;
- (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.

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

5. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2014 (Unaudited)	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income	922,191	4,484,565	5,721,007	2,282,565	2,919,967	16,330,295
– Fee and commission income	917,763	3,827,470	73,281	1,920,143	66,311	6,804,968
– Interest income	201	619,719	2,458,619	79,569	68,588	3,226,696
– Investment income	—	1,355	3,190,824	263,738	507,764	3,963,681
– Other income	4,227	36,021	(1,717)	19,115	2,277,304	2,334,950
Operating expenses	780,239	2,917,686	4,542,330	1,340,633	950,548	10,531,436
Including: Finance costs	49	83,829	2,665,295	26,212	191,628	2,967,013
Impairment losses	—	10	239,688	—	39,919	279,617
Operating profit	141,952	1,566,879	1,178,677	941,932	1,969,419	5,798,859
Share of profits and losses of associates and joint ventures	—	—	—	—	25,132	25,132
Profit before income tax	141,952	1,566,879	1,178,677	941,932	1,994,551	5,823,991
Income tax expense	—	—	—	—	—	1,490,481
Profit for the period	141,952	1,566,879	1,178,677	941,932	1,994,551	4,333,510
Other segment information:						
Depreciation and amortisation	7,457	86,177	6,627	17,704	267,093	385,058
Capital expenditure	21,455	51,263	9,167	8,207	30,668	120,760

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(In RMB thousands, unless otherwise stated)

5. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2013 (Unaudited)	Investment		Asset			Total
	banking	Brokerage	Trading	management	Others	
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 joint ventures	—	—	—	—	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

6. INTEREST INCOME

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Bank interest income	980,743	734,730
Interest income on margin and other financing	2,219,581	793,344
Others	26,372	86
Total	3,226,696	1,528,160

7. INVESTMENT INCOME

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Net gains from disposal of available-for-sale financial assets	668,346	257,407
Dividend income and interest income from available-for-sale financial assets	630,122	414,287
Net gains from financial assets held for trading	2,750,018	280,056
Net (losses)/gains from financial instruments designated as at fair value through profit or loss	(61,937)	30,790
Net losses from financial liabilities held for trading	(22,753)	(3,246)
Net gains from disposal of subsidiaries	36,771	—
Others	(36,886)	1,329,030
Total	3,963,681	2,308,324

8. OTHER INCOME

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Gains on disposal of property, plant and equipment	2,178,921	327
Others	156,029	(59,605)
Total	2,334,950	(59,278)

The Company developed designated innovative financial business, then realised the capital gains of real estate comprising floor 2-22 of CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing and floor 4-22 of CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen City, Guangdong Province, and the associated land-use rights, which together were recognised as other income of RMB2.18 billion.

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(In RMB thousands, unless otherwise stated)

9. OPERATING EXPENSES

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Fee and commission expense:		
– Commission expense	584,807	407,454
– Others	37,842	3,525
Total	622,649	410,979

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Finance costs:		
– Customer brokerage deposits	83,829	61,490
– Due to banks and other financial institutions	1,599,532	639,644
– Bonds issued	1,039,203	385,753
– Others	244,449	23,488
Total	2,967,013	1,110,375

An analysis of loans is as follows:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Finance costs on loans		
– wholly repayable within five years	215,397	15,543

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Staff costs (including directors' and supervisors' remuneration):		
– Salaries and bonuses	3,565,917	1,564,313
– Staff benefits	239,435	190,878
– Contributions to defined contribution schemes	183,003	99,688
	Note	
Total	3,988,355	1,854,879

Note: Retirement benefits are included, and the nature is shown as below:

9. OPERATING EXPENSES (Continued)

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	
	2014 (Unaudited)	2013 (Unaudited)
Other operating expenses:		
– Minimum lease payments under operating leases in respect of land and buildings	348,909	135,758
– Consulting fees	288,828	193,766
– Electronic device operating costs	204,273	48,267
– Fund distribution and administration expenses	197,419	5,317
– Amortisation of intangible assets	133,249	22,683
– Business travel expenses	132,766	62,829
– Postal and communication expenses	120,476	51,352
– Marketing, advertising and promotion expenses	111,667	7,319
– Business entertainment expenses	77,404	51,411
– Miscellaneous office expenses	63,444	63,505
– Auditors' remuneration	7,188	5,286
– Others	300,675	231,662
Total	1,986,298	879,155

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10. IMPAIRMENT LOSSES

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Impairment losses on bad debt	5,259	150
Impairment losses on available-for-sale financial assets	274,358	196,540
Total	279,617	196,690

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Current income tax expense	1,413,205	516,342
– Mainland China	1,335,427	510,360
– Outside Mainland China	77,778	5,982
Deferred income tax expense	77,276	89,262
Total	1,490,481	605,604

12. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Dividends on ordinary shares proposed but not paid	1,652,537	3,305,073
Dividends on ordinary shares paid	—	—

The distribution of 2013 dividends on ordinary shares was completed on 15 August 2014.

13. 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	
	2014 (Unaudited)	2013 (Unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent	4,075,620	2,109,674
Shares:		
Weighted average number of ordinary shares in issue (thousand)	11,016,908	11,016,908
Basic and diluted earnings per share (RMB yuan)	0.37	0.19

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 2014 (Six months ended 30 June 2013: None).

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(In RMB thousands, unless otherwise stated)

14. PROPERTY, PLANT AND EQUIPMENT

	Properties and buildings	Communication equipment	Office equipment	Motor vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
30 June 2014 (Unaudited)										
Cost										
At 31 December 2013										
and 1 January 2014 (Audited)	2,486,005	65,775	211,289	69,548	5,395	1,869,995	74,727	4,782,734	903,706	5,686,440
Additions	4,853	3,349	5,399	1,799	46	56,422	1,785	73,653	44,341	117,994
Decreases	1,851,556	1,065	546	3,697	—	15,698	2,563	1,875,125	758,885	2,634,010
At 30 June 2014 (Unaudited)	639,302	68,059	216,142	67,650	5,441	1,910,719	73,949	2,981,262	189,162	3,170,424
Accumulated depreciation										
At 31 December 2013										
and 1 January 2014 (Audited)	325,649	20,153	156,297	52,896	4,207	1,425,352	64,482	2,049,036	—	2,049,036
Additions	19,335	5,790	21,670	3,483	290	131,487	3,215	185,270	—	185,270
Decreases	121,453	62	546	3,431	—	14,954	2,562	143,008	—	143,008
At 30 June 2014 (Unaudited)	223,531	25,881	177,421	52,948	4,497	1,541,885	65,135	2,091,298	—	2,091,298
Provisions for assets impairment										
At 31 December 2013										
and 1 January 2014 (Audited)	—	—	—	—	—	—	—	—	—	—
Additions	—	—	—	—	—	—	—	—	—	—
Decreases	—	—	—	—	—	—	—	—	—	—
At 30 June 2014 (Unaudited)	—	—	—	—	—	—	—	—	—	—
Net carrying amount										
At 30 June 2014 (Unaudited)	415,771	42,178	38,721	14,702	944	368,834	8,814	889,964	189,162	1,079,126
At 31 December 2013 (Audited)	2,160,356	45,622	54,992	16,652	1,188	444,643	10,245	2,733,698	903,706	3,637,004

14. 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 2013 (Audited)										
Cost										
At 31 December 2012 and 1 January 2013	2,324,753	5,502	155,016	58,666	5,382	839,362	46,673	3,435,354	768,675	4,204,029
Additions	298,137	68,439	60,582	17,400	83	1,131,991	29,604	1,606,236	185,088	1,791,324
Decreases	136,885	8,166	4,309	6,518	70	101,358	1,550	258,856	50,057	308,913
At 31 December 2013	2,486,005	65,775	211,289	69,548	5,395	1,869,995	74,727	4,782,734	903,706	5,686,440
Accumulated depreciation										
At 31 December 2012 and 1 January 2013	181,902	2,725	83,751	38,424	3,505	539,771	34,125	884,203	—	884,203
Additions	184,072	25,356	76,417	20,010	769	984,895	31,647	1,323,166	—	1,323,166
Decreases	40,325	7,928	3,871	5,538	67	99,314	1,290	158,333	—	158,333
At 31 December 2013	325,649	20,153	156,297	52,896	4,207	1,425,352	64,482	2,049,036	—	2,049,036
Provisions for assets impairment										
At 31 December 2012 and 1 January 2013	—	—	—	—	—	—	—	—	—	—
Additions	—	56	—	—	—	563	—	619	—	619
Decreases	—	56	—	—	—	563	—	619	—	619
At 31 December 2013	—	—	—	—	—	—	—	—	—	—
Net carrying amount										
At 31 December 2013	2,160,356	45,622	54,992	16,652	1,188	444,643	10,245	2,733,698	903,706	3,637,404
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

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15. GOODWILL

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Carrying amount at the beginning of the period/year:		
Cost	10,047,495	500,900
Accumulated impairment	—	—
Net carrying amount	10,047,495	500,900
Movement during the period/year:		
Net carrying amount at the beginning of the period/year	10,047,495	500,900
Changes in shareholders' equity in subsidiaries and effect of exchange rate changes	19,926	9,546,595
Impairment	—	—
Net carrying amount at the end of the period/year	10,067,421	10,047,495
Carrying amount at the end of the period/year:		
Cost	10,067,421	10,047,495
Accumulated impairment	—	—
Net carrying amount	10,067,421	10,047,495

16. OTHER INTANGIBLE ASSETS

	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land- use rights	Total
30 June 2014 (Unaudited)						
Cost						
At 31 December 2013 and 1 January 2014 (Audited)	122,872	876,299	1,030,535	259,158	11,386	2,300,250
Additions	399	11,369	9,857	2,297	—	23,922
Decreases	—	72	—	—	—	72
At 30 June 2014 (Unaudited)	123,271	887,596	1,040,392	261,455	11,386	2,324,100
Accumulated amortisation						
At 31 December 2013 and 1 January 2014 (Audited)	91,686	244,711	42,939	—	3,479	382,815
Additions	737	81,998	53,088	—	168	135,991
Decreases	—	22	—	—	—	22
At 30 June 2014 (Unaudited)	92,423	326,687	96,027	—	3,647	518,784
Provisions for assets impairment						
At 31 December 2013 and 1 January 2014 (Audited)	1,544	—	—	—	—	1,544
Additions	—	—	—	—	—	—
Decreases	—	—	—	—	—	—
At 30 June 2014 (Unaudited)	1,544	—	—	—	—	1,544
Net carrying amount						
At 30 June 2014 (Unaudited)	29,304	560,909	944,365	261,455	7,739	1,803,772
At 31 December 2013 (Audited)	29,642	631,588	987,596	259,158	7,907	1,915,891

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(In RMB thousands, unless otherwise stated)

16. OTHER INTANGIBLE ASSETS (Continued)

	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land- use rights	Total
31 December 2013 (Audited)						
Cost						
At 31 December 2012 and 1 January 2013	86,870	266,803	—	—	11,386	365,059
Additions	37,511	616,955	1,044,285	262,616	—	1,961,367
Decreases	1,509	7,459	13,750	3,458	—	26,176
At 31 December 2013	122,872	876,299	1,030,535	259,158	11,386	2,300,250
Accumulated amortisation						
At 31 December 2012 and 1 January 2013	77,781	121,639	—	—	3,145	202,565
Additions	14,451	123,926	43,057	—	334	181,768
Decreases	546	854	118	—	—	1,518
At 31 December 2013	91,686	244,711	42,939	—	3,479	382,815
Provisions for assets impairment						
At 31 December 2012 and 1 January 2013	1,544	—	—	—	—	1,544
Additions	—	—	—	—	—	—
Decreases	—	—	—	—	—	—
At 31 December 2013	1,544	—	—	—	—	1,544
Net carrying amount						
At 31 December 2013	29,642	631,588	987,596	259,158	7,907	1,915,891
At 31 December 2012	7,545	145,164	—	—	8,241	160,950

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
At fair value:		
Equity investments	268,519	2,533,833
At cost:		
Equity investments	10,497,078	10,514,648
	10,765,597	13,048,481
Less: Allowance for impairment losses	195,899	161,341
Total	10,569,698	12,887,140
Analysed into:		
Listed	268,519	2,533,833
Unlisted	10,301,179	10,353,307
	10,569,698	12,887,140

Current

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
At fair value:		
Debt securities	14,348,766	6,450,844
Equity investments (i)	11,138,936	8,497,677
Others	11,147,144	8,664,685
	36,634,846	23,613,206
Less: Allowance for impairment losses	1,037,211	795,864
Total	35,597,635	22,817,342
Analysed into:		
Listed	23,095,340	13,820,393
Unlisted	12,502,295	8,996,949
	35,597,635	22,817,342

- (i) The Group did not have any securities lent out under securities lending arrangements as at 30 June 2014 (31 December 2013: RMB3 million).

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(In RMB thousands, unless otherwise stated)

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

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Non-current		
Equity investments	195,000	122,208
Analysed into:		
Listed	—	—
Unlisted	195,000	122,208
	195,000	122,208
Current		
Equity investments	7,685,791	7,084,225
Others	4,316,949	4,829,912
	12,002,740	11,914,137
Analysed into:		
Listed	7,578,907	7,102,494
Unlisted	4,423,833	4,811,643
	12,002,740	11,914,137

19. REFUNDABLE DEPOSITS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Margin trading	273,117	262,987
Performance bonds	945	296
Credit deposits	391,809	761,400
Total	665,871	1,024,683

20. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets (Unaudited)	Depreciation allowance	Change in financial assets at fair value through profit or loss	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 staff costs	Others	Total
At 1 January 2014 (Audited)	12,824	112,319	274,822	153,023	80,988	543,215	146,063	1,323,254
Credited/(debited) to the income statement	13,659	(112,319)	—	54,908	91,988	10,382	(12,889)	45,729
Credited/(debited) to other comprehensive income	215	—	(93,407)	—	—	920	2,244	(90,028)
At 30 June 2014 (Unaudited)	26,698	—	181,415	207,931	172,976	554,517	135,418	1,278,955

Deferred income tax assets (Audited)	Depreciation allowance	Change in financial assets at fair value through profit or loss	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 staff costs	Others	Total
At 1 January 2013	—	—	127,224	7,985	262,359	432,289	6,831	836,688
Credited/(debited) to the income statement	(3,800)	112,319	—	60,597	(181,371)	20,431	18,803	26,979
Credited/(debited) to other comprehensive income	72	—	147,598	11	—	(1,014)	(895)	145,772
Other additions	16,552	—	—	84,430	—	91,509	121,324	313,815
At 31 December 2013	12,824	112,319	274,822	153,023	80,988	543,215	146,063	1,323,254

Deferred income tax liabilities (Unaudited)	Amortisation allowance	Change in financial assets at fair value through profit or loss	Change in fair value of available- for-sale financial assets	Change in fair value of derivatives	Change in financial liabilities at fair value through profit or loss	Others	Total
At 1 January 2014 (Audited)	628,263	218	217,822	154	1,697	24,132	872,286
Debited/(credited) to the income statement	(37,731)	161,169	—	(153)	(1,697)	1,417	123,005
Debited/(credited) to other comprehensive income	5,506	2	(129,353)	—	—	218	(123,627)
At 30 June 2014 (Unaudited)	596,038	161,389	88,469	1	—	25,767	871,664

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20. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax liabilities (Audited)	Amortisation allowance	Change in financial assets at fair value through profit or loss	Change in fair value of available- for-sale financial assets	Change in fair value of derivatives	Change in financial liabilities at fair value through profit or loss	Others	Total
At 1 January 2013	—	245,271	76,393	694	—	818	323,176
Debited/(credited) to the income statement	(29,042)	(245,053)	—	(540)	1,697	(140)	(273,078)
Debited/(credited) to other comprehensive income	—	—	69,265	—	—	(2)	69,263
Other additions	657,305	—	72,164	—	—	23,456	752,925
At 31 December 2013	628,263	218	217,822	154	1,697	24,132	872,286

21. MARGIN ACCOUNTS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Margin accounts	38,733,844	34,301,932

Margin accounts are the funds the Group lends to the customers in margin financing and securities lending business. Impairment of RMB0.24 million was made as at 30 June 2014 (31 December 2013: RMB0.24 million).

22. FINANCIAL ASSETS HELD FOR TRADING

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Debt securities	68,167,792	46,339,931
Equity investments (i)	21,726,963	11,307,641
Others	1,891,317	214,103
Total	91,786,072	57,861,675
Analysed into:		
Listed	84,660,683	54,298,020
Unlisted	7,125,389	3,563,655
	91,786,072	57,861,675

(i) Includes RMB113 million of securities lent out under securities lending arrangements as at 30 June 2014 (31 December 2013: RMB333 million).

23. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2014		31 December 2013	
	Assets (Unaudited)	Liabilities (Unaudited)	Assets (Audited)	Liabilities (Audited)
Interest rate derivative	184,984	237,177	599,601	636,265
Currency derivative	26,649	63,910	85,032	86,077
Equity derivative	5,256,452	684,975	5,518,113	562,243
Credit derivative	135,569	61,956	274,177	26,248
Others	66,392	52,345	14,445	15,328
Total	5,670,046	1,100,363	6,491,368	1,326,161

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in futures were settled daily and the corresponding payments or receipts were included in "cash and bank balances" as at 30 June 2014. Accordingly, the amount of mark-to-market gain or loss of unexpired futures contracts included in derivative financial instruments above was nil.

24. REVERSE REPURCHASE AGREEMENTS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Analysed by collateral:		
Securities	15,833,977	10,919,228
Debts	12,024,857	11,065,042
Others	209,691	107,722
Total	28,068,525	22,091,992
Analysed by counterparty:		
Banks	1,729,051	96,139
Other financial institutions	9,282,657	13,645,979
Others	17,056,817	8,349,874
Total	28,068,525	22,091,992

As part of the reverse repurchase agreements, the Group has received securities that it is allowed to repledge in the absence of default by their owners. If the collateral received declines in value, the Group may, in certain circumstances, 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 2014, the Group had received securities as collateral with a fair value of approximately RMB10,369.46 million on such terms (31 December 2013: RMB9,732.76 million). In addition, securities with a fair value as shown above have been repledged are RMB9,528.03 million (31 December 2013: RMB4,483.08 million).

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25. OTHER CURRENT ASSETS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Accounts due from clients	10,597,950	5,743,850
Accounts due from broker	4,391,057	1,439,538
Settlement deposits receivable	1,219,663	646,994
Interest receivable	2,685,850	2,165,507
Investment prepaid	80,000	763,852
Deferred expenses	209,912	139,262
Dividends receivable	87	21
Others	3,376,024	849,713
Less: Impairment loss	12,191	7,098
Total	22,548,352	11,741,639

26. CASH HELD ON BEHALF OF CUSTOMERS

The Group maintain segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group have 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 customer brokerage deposits to the 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. In the other country and area, cash held on behalf of customers is maintained by the authorised institutions.

27. CASH AND BANK BALANCES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Cash on hand	391	434
Deposits in banks	25,577,783	27,684,190
Total	25,578,174	27,684,624

As at 30 June 2014, the Group had restricted funds of RMB2,208.44 million (31 December 2013: RMB2,015.71 million).

28. CUSTOMER BROKERAGE DEPOSITS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Customer brokerage deposits	57,455,440	45,196,159

Customer brokerage deposits represent 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 26 "cash held on behalf of customers".

29. FINANCIAL LIABILITIES HELD FOR TRADING

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Debt securities	1,146,441	1,872,030
Equity investments	764,181	970,065
Others	1,728,276	—
Total	3,638,898	2,842,095

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

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Equity investments	2,181	2,263
Others	16,226,102	16,438,752
Total	16,228,283	16,441,015

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31. REPURCHASE AGREEMENTS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Analysed by collateral:		
Debts	63,304,921	42,849,040
Others	20,516,622	12,855,215
Total	83,821,543	55,704,255
Analysed by counterparty:		
Banks	25,723,747	14,207,626
Other financial institutions	34,211,400	29,086,932
Others	23,886,396	12,409,697
Total	83,821,543	55,704,255

32. TAXES PAYABLE

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Income tax	1,159,439	1,349,589
Business tax	110,099	208,830
Others	494,831	644,925
Total	1,764,369	2,203,344

33. SHORT-TERM LOANS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Analysed by nature:		
Credit loans	4,552,562	2,194,329
Collateralised loans	330,933	330,891
Total	4,883,495	2,525,220
Analysed by term:		
Maturity within one year	4,883,495	2,525,220

As at 30 June 2014, the interest rates on the short-term loans were in range of 0.21%-7.10%.

34. SHORT-TERM FINANCING INSTRUMENT PAYABLES

The commercial papers issued by the Group are as follows:

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Analysed by maturity:		
Maturity within one year	11,998,008	11,998,130
	11,998,008	11,998,130

Name	Issue date	Maturity date	Issue price	Nominal interest rate	30 June 2014 (Unaudited)	31 December 2013 (Audited)
13 CITIC CP009	17/10/2013	16/1/2014	4,000,000	5.19%	—	3,999,762
13 CITIC CP010	11/11/2013	10/2/2014	4,000,000	5.75%	—	3,999,366
13 CITIC CP011	4/12/2013	5/3/2014	4,000,000	6.40%	—	3,999,002
14 CITIC CP001	9/1/2014	10/4/2014	4,000,000	6.15%	—	—
14 CITIC CP002	14/2/2014	16/5/2014	5,000,000	5.56%	—	—
14 CITIC CP003	6/3/2014	5/6/2014	5,000,000	4.99%	—	—
14 CITIC CP004	10/4/2014	10/7/2014	5,000,000	4.90%	4,999,797	—
14 CITIC CP005	9/5/2014	8/8/2014	3,000,000	4.39%	2,999,547	—
14 CITIC CP006	12/6/2014	11/9/2014	4,000,000	4.49%	3,998,664	—
Total			38,000,000		11,998,008	11,998,130

As at 30 June 2014, short-term financing instrument payables were all outstanding commercial papers.

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35. OTHER CURRENT LIABILITIES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Settlement deposits payable	6,164,861	2,370,612
Accounts due to broker	5,608,950	1,501,150
Long-term borrowings due within one year	5,000,000	—
Salaries, bonuses and allowances payable	2,884,705	3,295,862
Dividends payable	1,654,586	2,050
Interest payable	768,809	890,888
Fee and commissions payable	309,896	290,701
Funds payable to securities holders	190,538	194,925
Funds payable to securities issuers	74,654	61,260
Others	1,170,058	1,153,771
Total	23,827,057	9,761,219

As at 30 June 2014, the interest rate on the long-term borrowings due within one year was 7.10%.

36. BONDS PAYABLE

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Analysed by maturity:		
Maturity within five years	18,730,197	12,706,194
Maturity over five years	13,472,121	13,470,914
	32,202,318	26,177,108

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation date	Issue amount
06 CITICS Bond	29/5/2006	RMB100	4.25%	31/5/2006	31/5/2021	18/8/2006	1,500,000 ⁽¹⁾
CITIC SEC B1805	3/5/2013	USD99.753	2.50%	3/5/2013	3/5/2018	6/5/2013	4,930,543 ⁽²⁾
13 CITICS 01	7/6/2013	RMB100	4.65%	7/6/2013	7/6/2018	28/6/2013	3,000,000 ⁽³⁾
13 CITICS 02	7/6/2013	RMB100	5.05%	7/6/2013	7/6/2023	28/6/2013	12,000,000 ⁽⁴⁾
13 CITICS 03	5/8/2013	RMB100	5.00%	5/8/2013	5/8/2016	23/8/2013	5,000,000 ⁽⁵⁾
14 Subordinated Bond	28/4/2014	RMB99.67	5.90%	28/4/2014	28/4/2018	23/5/2014	5,980,000 ⁽⁶⁾

36. BONDS PAYABLE (Continued)

- (1) Pursuant to the approval by the CSRC, the Company issued a 15-year bond amounting to RMB1.5 billion from 25 May to 2 June 2006 which was guaranteed by CITIC Group.
- (2) 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 guarantee.
- (3) 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.
- (4) 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.
- (5) Pursuant to the approval by the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB5 billion from 5 August to 7 August 2013.
- (6) Pursuant to the approval by the CSRC, the Company issued a 4-year subordinated bond with a face value of RMB6 billion on 28 April 2014.

37. LONG-TERM LOANS

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Analysed by nature:		
Credit loans	200,000	—
Collateralised loans	567,000	567,000
Total	767,000	567,000
Analysed by maturity:		
Maturity within five years	767,000	567,000

As at 30 June 2014, the interest rates on the long-term loans were in range of 6.40%-8.00%.

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38. OTHER NON-CURRENT LIABILITIES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Net assets attributable to limited partners	1,573,243	1,487,334
Risk provision payables	163,391	140,828
Total	1,736,634	1,628,162

39. ISSUED SHARE CAPITAL

Share capital of the Group is as follows:

	30 June 2014		31 December 2013	
	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

40. 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, 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.

40. RESERVES (Continued)

(b) *Surplus reserves* (Continued)

(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, if any, and may be converted into capital of the Company.

(c) *General reserve*

Pursuant to the requirements of regulatory authorities such as the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its after-tax profit for the year for the general risk reserve and 10% for the transaction risk reserve. These reserves are used to offset accumulated losses of the Company and shall not be converted into dividends or share capital. Regulatory reserve represents reserves that are set up by subsidiaries and branches in certain countries or jurisdictions outside Mainland China in accordance with the regulatory requirements in their respective territories. Regulatory reserves are not available for distribution.

(d) *Investment revaluation reserve*

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

(e) *Foreign currency translation reserve*

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

(f) *Distributable profits*

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

41. CASH AND CASH EQUIVALENTS

	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Cash on hand	391	277
Deposits in banks	23,369,339	29,649,311
Total	23,369,730	29,649,588

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42. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Contracted, but not provided for	1,113,253	55,950

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

(b) Operating lease commitments

(i) Operating lease commitments as a lessee

At the end of the reporting period, the Group leased certain office properties under operating lease arrangements, and the total future minimum lease payments of the Group under irrevocable operating lease arrangements are as follows:

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Within one year	961,330	423,998
After one year but not more than two years	708,059	311,956
After two years but not more than three years	597,040	201,627
After three years	1,524,577	378,363
Total	3,791,006	1,315,944

(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 2014, 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.

43. 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	RMB 128billion	20.30%	20.30%	71783170-9

On 6 August 2014, the Company received the notice from CITIC Limited, the largest shareholder of the Company, that it changed its name to “CITIC Corporation Limited”, and its shareholding remains unchanged at 20.30% upon completion of the change of its name.

(2) Related party transactions

(a) Largest shareholder of the Company – CITIC Limited

Transactions during the period

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Interest expense	5	38

(b) Subsidiaries

Transactions during the period

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Investment income	214,867	22,787
Lease expenses paid	64,037	—
Interest income	44,100	67,838
Expense from receiving services	2,639	3,344
Income from providing services	1,201	1,163
Interest expense	80	18,143
Lease fees received	—	6,262
Total	326,924	119,537

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43. RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(b) *Subsidiaries* (Continued)

Balances at the end of the period/year

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Available-for-sale financial assets	7,819,968	7,672,814
Due from banks and other financial institutions	1,380,000	1,660,000
Deposits for investments - Stock index futures	863,942	496,565
Refundable deposits	662,887	382,850
Derivative financial assets	67,755	67,546
Other current assets	3,500,352	2,908,956
Derivative financial liabilities	86,763	75,615
Customer brokerage deposits	21,883	42,722
Other current liabilities	4,406,379	4,751,504
Total	18,809,929	18,058,572

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

(c) *Subsidiaries and joint ventures of the largest shareholder of the Company*

Transactions during the period

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Interest income	170,157	220,273
Expense from receiving services	34,359	41,434
Lease expenses paid	17,105	16,920
Investment income	12,035	—
Income from providing services	9,329	21,014
Lease fees received	9,085	12,278
Interest expense	560	2,901
Total	252,630	314,820

43. RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(c) Subsidiaries and joint ventures of the largest shareholder of the Company (Continued)

Balances at the end of the period/year

		30 June 2014 (Unaudited)	31 December 2013 (Audited)
Other current assets		977	754
Other current liabilities		472	3,677
Cash held on behalf of customers	(i)	6,075,789	3,461,084
Cash and bank balances	(i)	5,461,526	10,266,294
Total		11,538,764	13,731,809

(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 2014 (Unaudited)	2013 (Unaudited)
Income from providing services		4,997	27,395
Expense from receiving services		887	1,006
Interest expense		7	—
Total		5,891	28,401

Balances at the end of the period/year

		30 June 2014 (Unaudited)	31 December 2013 (Audited)
Other current liabilities		68	68

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43. RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

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

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 2014, the total guarantees provided by CITIC Group Corporation amounted to RMB1.5 billion (31 December 2013: RMB1.5 billion).

(e) Associates

Transactions during the period

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Lease fees received	1,964	1,666
Income from providing services	193	603
Expense from receiving services	100	—
Total	2,257	2,269

Balances at the end of the period/year

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Other current liabilities	590	833

(f) Other transactions during the period

As at 30 June 2014, the collective asset management plans managed by the Company which were held by the Company and its subsidiaries amounted to RMB654 million (31 December 2013: RMB405 million).

44. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts, due from banks and other financial institutions, customer brokerage deposits, repurchase agreements, short-term loans, due to banks and other financial institutions and short-term financing instrument payables approximate to their carrying amounts largely due to the not long residual maturities of these instruments.

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

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

(a) Financial instruments recorded at fair value

31 June 2014 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading	39,189,907	52,349,623	246,542	91,786,072
– Debt securities	18,257,399	49,910,393	—	68,167,792
– Equity investments	20,831,336	649,085	246,542	21,726,963
– Others	101,172	1,790,145	—	1,891,317
Financial assets designated as at fair value through profit or loss	7,589,280	4,482,995	125,465	12,197,740
Derivative financial assets	64,052	5,605,994	—	5,670,046
Available-for-sale financial assets	7,266,344	25,290,479	3,309,331	35,866,154
– Debt securities	1,060,588	13,288,178	—	14,348,766
– Equity investments	6,132,035	928,878	3,309,331	10,370,244
– Others	73,721	11,073,423	—	11,147,144
Total	54,109,583	87,729,091	3,681,338	145,520,012
Financial liabilities:				
Financial liabilities held for trading	880,355	2,758,543	—	3,638,898
Financial liabilities designated as at fair value through profit or loss	2,181	16,206,557	19,545	16,228,283
Derivative financial liabilities	68,815	1,031,548	—	1,100,363
Total	951,351	19,996,648	19,545	20,967,544

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44. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy (Continued)

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

31 December 2013 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading	20,688,112	36,674,613	498,950	57,861,675
– Debt securities	10,474,694	35,865,237	—	46,339,931
– Equity investments	10,212,418	596,273	498,950	11,307,641
– Others	1,000	213,103	—	214,103
Financial assets designated as at fair value through profit or loss	7,102,131	4,799,600	134,614	12,036,345
Derivative financial assets	15,178	6,476,190	—	6,491,368
Available-for-sale financial assets	7,569,245	14,554,387	3,227,543	25,351,175
– Debt securities	536,877	5,913,967	—	6,450,844
– Equity investments	6,960,566	47,537	3,227,543	10,235,646
– Others	71,802	8,592,883	—	8,664,685
Total	35,374,666	62,504,790	3,861,107	101,740,563
Financial liabilities:				
Financial liabilities held for trading	973,740	1,868,355	—	2,842,095
Financial liabilities designated as at fair value through profit or loss	2,263	16,415,500	23,252	16,441,015
Derivative financial liabilities	13,325	1,312,836	—	1,326,161
Total	989,328	19,596,691	23,252	20,609,271

(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 2014	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Decreases	Transfers to level 1 from level 3	As at 30 June 2014
Financial assets:							
Financial assets held for trading	498,950	(24,812)	—	85,033	26,046	286,583	246,542
– Equity investments	498,950	(24,812)	—	85,033	26,046	286,583	246,542
Financial assets designated as at fair value through profit or loss	134,614	—	(9,149)	—	—	—	125,465
Available-for-sale financial assets	3,227,543	227,083	(283,858)	544,271	80,860	324,848	3,309,331
– Equity investments	3,227,543	227,083	(283,858)	544,271	80,860	324,848	3,309,331
Financial liabilities:							
Financial liabilities designated as at fair value through profit or loss	23,252	(3,707)	—	—	—	—	19,545

44. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy (Continued)

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

(Audited)	As at 1 January 2013	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Decreases	Transfers to level 1 from level 3	As at 31 December 2013
Financial assets:							
Financial assets held for trading	72,187	101,308	—	335,814	10,359	—	498,950
– Equity investments	72,187	101,308	—	335,814	10,359	—	498,950
Financial assets designated as at fair value through profit or loss	113,833	(9,210)	—	90,706	60,715	—	134,614
Available-for-sale financial assets	3,811,653	68,502	(224,105)	224,882	244,400	408,989	3,227,543
– Equity investments	3,811,653	68,502	(224,105)	224,882	244,400	408,989	3,227,543
Financial liabilities:							
Financial liabilities designated as at fair value through profit or loss	—	—	(430)	23,682	—	—	23,252

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

	Six months ended 30 June 2014 (Unaudited)			Year ended 31 December 2013 (Audited)		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains in the profit or loss for the period/year	233,353	(34,789)	198,564	48,219	112,381	160,600

(c) Transfers between Level 1 and Level 2

During the six months ended 30 June 2014 and the year ended 31 December 2013, there were no transfers of fair value measurement between level 1 and level 2.

(d) Financial instruments not measured at fair value

The tables below summarise the carrying amounts and fair values of bonds payable on the date of financial reporting.

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

Group	Carrying amount		Fair value	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Bonds payable	32,202,318	26,177,108	32,299,814	25,201,106

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45. 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 and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's General Meeting of Shareholders, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association. By strengthening the relevant internal control arrangements and improving the Company's control environment and internal control structures, the Board has now made internal control and risk management as essential elements in the Company's decision-making processes.

Structure of Risk Management

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

Level 1: Board of Directors

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

45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

Structure of Risk Management (Continued)

Level 2: Executive Committee (Operation Management)

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and Executive Committee of the Company, the committee makes decision and review on major issues and related systems involving application of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimizes assets allocation and improves the efficiency of the capital application via a scientific, standardized and prudent approach under strict control and management over risk exposures.

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

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and Executive Committee of the Company, and is responsible for monitoring and managing the daily risks of the Company within its designated authority, and to decide and approve material matters related to risk management and relevant system. The Risk Management Committee has established a risk management sub-working group, which is the main body responsible for the daily monitoring and management of the financial risks over the buy-side business and facilitating the execution of the decisions made by the Risk Management Committee. The risk management sub-working group comprises a credit risk management sub-working group, which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management; and a liquidity risk management sub-working group, which is responsible for monitoring and managing the Company's liquidity risks, promoting the development of the Company's liquidity risk assessment methodology and management system, coordinating the implementation of specific assessment and management measures, and providing relevant decision-making support.

The Company has established the Product Committee. Within the authority delegated by the Board and Executive Committee of the Company, the committee is responsible for the planning, coordination, decision-making and review on major new product matters, such as design, sales and related systems, of the Company, with a view to driving 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 group to test the legality and regulatory compliance of financial products sold by the Company as agent, examine potential fraud and reveal the financial risks of such products. The sales assessment group under the committee is responsible for reviewing the marketability of such products.

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45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

Structure of 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/business lines 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 lines and recommends on optimized allocation of risk resources; assists the Risk Management Committee in the preparation of risk management indicators such as risk limits, as well as supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among the front offices, the Risk Management Department and the Operating Management, and regularly discloses the general risk portfolios of the Company to the Operating Management and makes recommendations on risk management; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment and fulfillment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

The Audit Department has been set up to take the overall responsibility for internal audit, organising comprehensive audit of all departments/business lines of the Company and main subsidiaries, 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 and consultancy 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.

45. 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 Group mostly arises from four aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of customers, if the Group does not require the clients to pay sufficient margin deposits in advance according to the laws, the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or face financing gaps due to other factors on the settlement date, and accordingly resulting in losses; secondly, credit risk arising from the flow-based businesses including margin financing and securities lending, stock repo, stock-pledged repo and equity swap, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts mature.

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.

Securities brokerage business transactions in Mainland China are all required to be settled in full by security deposit, as a result of which the settlement risk associated with brokerage business has been largely controlled.

Credit risk arising from the flow-based business primarily includes clients' provision of false information, failure to make full repayment on time, contractual breach of portfolio limits and compositions, violation of regulatory requirements, and provision of collateral encumbered with legal disputes. Credit risk arising from this type of businesses is mainly managed through 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 credit products investment, in respect of trust investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recovery, and in respect of fixed income investments, the Company has established the counterparty credit approval policy, and developed certain investment restrictions based on the credit ratings.

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45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

The counterparties in OTC derivative transactions are mainly financial institutions and other professional investors, and the main risks are their failure to make payments on time and discrepancy between amounts calculated by the parties. The Group has a number of mechanisms including valuation, counterparty credit evaluation and transaction size control to manage such risks.

(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 2014 (Unaudited)	31 December 2013 (Audited)
Available-for-sale financial assets	25,565,013	16,493,752
Refundable deposits	665,871	1,024,683
Margin accounts	38,733,844	34,301,932
Financial assets held for trading	70,000,667	48,455,620
Derivative financial assets	5,670,046	6,491,368
Reverse repurchase agreements	28,068,525	22,091,992
Cash held on behalf of customers	49,814,091	40,125,321
Bank balances	25,577,783	27,684,190
Others	22,646,100	11,839,866
Total maximum credit risk exposure	266,741,940	208,508,724

45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(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:

30 June 2014 (Unaudited)	By geographical area		
	Mainland China	Outside Mainland China	Total
Available-for-sale financial assets	25,521,070	43,943	25,565,013
Refundable deposits	662,482	3,389	665,871
Margin accounts	37,481,733	1,252,111	38,733,844
Financial assets held for trading	62,757,496	7,243,171	70,000,667
Derivative financial assets	309,157	5,360,889	5,670,046
Reverse repurchase agreements	27,477,945	590,580	28,068,525
Cash held on behalf of customers	46,528,433	3,285,658	49,814,091
Bank balances	17,463,726	8,114,057	25,577,783
Others	6,375,354	16,270,746	22,646,100
Total maximum credit risk exposure	224,577,396	42,164,544	266,741,940

31 December 2013 (Audited)	By geographical area		
	Mainland China	Outside Mainland China	Total
Available-for-sale financial assets	15,290,515	1,203,237	16,493,752
Refundable deposits	1,009,457	15,226	1,024,683
Margin accounts	33,112,204	1,189,728	34,301,932
Financial assets held for trading	42,928,109	5,527,511	48,455,620
Derivative financial assets	928,264	5,563,104	6,491,368
Reverse repurchase agreements	22,091,992	—	22,091,992
Cash held on behalf of customers	37,620,255	2,505,066	40,125,321
Bank balances	19,290,700	8,393,490	27,684,190
Others	3,473,698	8,366,168	11,839,866
Total maximum credit risk exposure	175,745,194	32,763,530	208,508,724

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45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk is the risk 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 set up a liquidity risk management sub-working group responsible for continuously strengthening 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 borrowing and repurchases, which enable the Company to maintain its overall liquidity at a relatively secured level.

The maturity profile of the Group's financial instruments as at the end of the reporting period, based on their contractual undiscounted payments, is as follows:

	30 June 2014 (Unaudited)						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:							
Customer brokerage deposits	57,455,440	—	—	—	—	—	57,455,440
Financial liabilities held for trading	—	1,548,491	1,086,637	98,864	230,193	766,099	3,730,284
Financial liabilities designated as at fair value through profit or loss	—	—	—	—	—	16,228,283	16,228,283
Repurchase agreements	—	71,141,296	8,685,432	5,088,284	—	—	84,915,012
Due to banks and other financial institutions	—	7,239,178	932,305	—	—	—	8,171,483
Short-term loans	—	4,655,370	351,485	—	—	—	5,006,855
Short-term financing instrument payables	—	12,140,218	—	—	—	—	12,140,218
Bonds payable	—	—	1,536,306	23,700,908	16,051,500	—	41,288,714
Others	8,863,112	6,896,895	5,419,927	872,383	—	436	22,052,753
Total	66,318,552	103,621,448	18,012,092	29,760,439	16,281,693	16,994,818	250,989,042
Cash flows from derivative financial liabilities settled on net basis	7	66,812	472,104	449,580	14,454	19,153	1,022,110
Gross settled derivative financial liabilities:							
Contractual amounts receivable	—	(3,277,623)	(467,227)	—	—	—	(3,744,850)
Contractual amounts payable	—	3,307,359	472,118	—	—	—	3,779,477
	—	29,736	4,891	—	—	—	34,627

45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

	31 December 2013 (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:							
Customer brokerage deposits	45,196,159	—	—	—	—	—	45,196,159
Financial liabilities held for trading	—	1,904,024	1,068	5,745	93,679	970,066	2,974,582
Financial liabilities designated as at fair value through profit or loss	—	—	—	—	—	16,441,015	16,441,015
Repurchase agreements	—	48,429,850	7,728,723	—	—	—	56,158,573
Due to banks and other financial institutions	—	3,872,169	932,305	—	—	—	4,804,474
Short-term loans	—	2,034,260	529,650	—	—	—	2,563,910
Short-term financing instrument payables	—	12,174,825	—	—	—	—	12,174,825
Bonds payable	—	—	1,181,188	17,041,303	16,721,250	—	34,943,741
Others	5,861,651	328,799	1,266	665,910	—	432	6,858,058
Total	51,057,810	68,743,927	10,374,200	17,712,958	16,814,929	17,411,513	182,115,337
Cash flows from derivative financial							
liabilities settled on net basis	12,112	(399,886)	46,738	446,689	3,850	—	109,503
Gross settled derivative financial liabilities:							
Contractual amounts receivable	—	(3,481,642)	—	—	—	—	(3,481,642)
Contractual amounts payable	—	3,503,852	—	—	—	—	3,503,852
	—	22,210	—	—	—	—	22,210

(c) Market risk

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

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

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45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

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

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

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

45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

VaR represents the potential losses due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses 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/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn the relevant management officers in advance, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the exposures to the risk limits, or may apply for a temporary or permanent upgrade in the limits, subject to approval by the relevant committees.

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

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

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45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) VaR

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

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

	As at 30 June 2014 (Unaudited)	As at 30 June 2013 (Unaudited)
Price-sensitive financial instruments	116,579	314,017
Interest rate-sensitive financial instruments	22,537	74,633
Currency rate-sensitive financial instruments	13,759	14,404
Total portfolio VaR	123,516	361,561

(ii) Interest rate risk

The Group's interest rate risk is the risk of fluctuation in the fair value of one or more financial instruments arising from adverse movements in interest rates. The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

The Group uses interest rate sensitivity analysis as the principal tool to monitor interest rate risk. The use of interest rate sensitivity analysis assumes all other variables remain constant, but changes in the fair value of financial instruments held at the end of the measurement period may impact the Group's total income and shareholders' equity when interest rates fluctuate reasonably and possibly.

45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

Assuming a parallel shift in the market interest rates and without taking into consideration of the management's activities to reduce interest rate risk, the impact of such a shift on revenue and shareholders' equity based on an interest rate sensitivity analysis of the Group is as follows:

Change in basis points	Sensitivity of revenue Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
+25 basis points	(153,676)	(246,095)
-25 basis points	155,646	249,694

Change in basis points	Sensitivity of equity	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)
+25 basis points	(23,584)	(15,248)
-25 basis points	23,916	15,362

(iii) Currency risk

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

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on revenue and equity. A negative amount in the table reflects a potential net reduction in revenue or equity, while a positive amount reflects a potential net increase.

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45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(iii) Currency risk (Continued)

Currency	Change in currency rate	Sensitivity of revenue Six months ended 30 June	
		2014 (Unaudited)	2013 (Unaudited)
USD	-3%	187,724	(217,785)
HKD	-3%	(47,571)	(17,671)

Currency	Change in currency rate	Sensitivity of equity	
		As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
USD	-3%	(102,348)	(149,517)
HKD	-3%	(183,911)	(173,034)

While the table above indicates the effect on revenue and equity of 3% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 30 June 2014 and 31 December 2013. The Group's exposure to RMB is provided in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorised by the original currencies.

	As at 30 June 2014 (Unaudited)				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	78,961,394	1,864,737	2,247,967	8,364,638	91,438,736

	As at 31 December 2013 (Audited)				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	75,746,374	1,895,540	3,385,992	8,374,189	89,402,095

45. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(iv) Price risk

Price risk is the risk that the fair value of equity securities decreases due to the variance between the stock index level and individual share values. If this occurs, market price fluctuations of financial instruments held for trading will impact the Group's profit; and market price fluctuations of financial instruments classified as available for sale will impact shareholders' equity for the Group.

46. EVENTS AFTER THE REPORTING PERIOD

1. Issuance of commercial papers

On 14 August 2014, in accordance with the Notice of People's Bank of China on the Issuance of Commercial Papers by CITIC Securities Company Limited (Yin Fa [2014] No.222), the resolution passed by the 3rd Extraordinary General Meeting of Shareholders in 2013, and the resolution passed by the 17th 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 in 2014, with coupon rates of 4.58% and term of 91 days.

2. Disposal of equity interest in S&P/CITIC

On 15 March 2012, the 37th Meeting of the 4th Session of the Board of the Company considered and passed Resolution on the Transfer of Equity Interest in S&P/CITIC Index Information Services (Beijing) Co., Ltd., which approved the transfer of the 50% equity interest held by the Company in S&P/CITIC to McGraw-Hill International Enterprises Inc at a consideration of US\$500,000. However, this equity transfer was not completed due to restrictions of relevant policies. In this regard, the 26th Meeting of the 5th Session of the Board of the Company on 28 August 2014 considered and approved Resolution on the Disposal of Equity Interest in S&P/CITIC Index Information Services (Beijing) Co., Ltd., which approved the disposal by the Company of the 50% equity interest held by it in S&P/CITIC at a consideration of not less than US\$500,000, and the management of the Company was thereby authorised to complete the procedures pertaining to the equity disposal at its absolute discretion. Where the procedures for the disposal of such equity interest fail to be completed within the business period of S&P/CITIC (i.e. before 16 December 2015), S&P/CITIC will be dissolved and liquidated by the management of the Company as authorised by the Board according to relevant laws and regulations.

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46. EVENTS AFTER THE REPORTING PERIOD (Continued)

3. Establish a branch in Shanghai Free Trade Zone

Pursuant to the Resolution on the Establishment of A Branch in China (Shanghai) Pilot Free Trade Zone passed at the 23rd Meeting of the 5th Session of the Board of the Company, and according to the “Approval of Shenzhen Bureau of the CSRC on the Establishment of A Branch by CITIC Securities Company Limited” (Shen Zheng Ju Xu Ke Zi [2014] No. 98) issued by Shenzhen Bureau of the CSRC, the Company was approved to establish a branch in the Shanghai Pilot Free Trade Zone. The branch completed the industrial and commercial registration on 12 August 2014 with its name as “Shanghai Pilot Free Trade Zone Branch of CITIC Securities Company Limited”, and it will commence operation after obtaining the Business License for Securities Operating Institutions.

4. Split of CITIC Securities (Zhejiang) Co., Ltd.

The 14th Meeting of the 5th Session of the Board held on 21 May 2013 considered and approved the Resolution on the Proposed Split and Reorganization of CITIC Securities (Zhejiang), pursuant to which the intention relating to the split and reorganization of CITIC Securities (Zhejiang) was approved. The intention was to achieve optimized allocation of resources by rationalizing the assets of CITIC Securities (Zhejiang) by way of merger by absorption the quality assets of CITIC Securities into the Company, and to transfer the remaining assets through the market. On 7 July 2014, the CSRC approved the splitting of CITIC Securities (Zhejiang) into CITIC Securities (Zhejiang) Co., Ltd. and Kington Securities Limited Liability Company. Currently, the formalities for the change of registration for CITIC Securities (Zhejiang) Co., Ltd. and the formalities for the incorporation registration with relevant industry and commerce authority for Kington Securities Limited Liability Company are completed.

47. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The financial information was approved and authorised for issue by the Board of Directors on 28 August 2014.

DOCUMENTS AVAILABLE FOR INSPECTION

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

Financial statements with the signatures and seals of the Chairman of the Board, the financial officer and the financial department manager;

The original copy of the review report with signatures and seals of the accounting firm and CPAs;

The original copies of the documents and announcements of the Company published during the reporting period at the website designated by the CSRC;

Interim report posted on other stock exchanges;

The Articles of Association of the Company.

APPENDIX 1:

INDEX OF INFORMATION DISCLOSURE

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

No.	Date of Publication	Subject Matter
1	2014-1-1	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2013
2	2014-1-10	Announcement of the Results of Issuance of Tranche 1 of Short-term Commercial Papers in 2014, Announcement on the Financial Data for December 2013
3	2014-1-14	Announcement on Appointment of Mr. LIU Wei, Mr. CHEN Jun and Mr. YAN Jianlin as Executive Committee Members
4	2014-1-21	Announcement on Approval of Conducting Agent Services Business for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Spot Gold Contracts
5	2014-1-22	Announcement on Preliminary Financial Data for the Year of 2013
6	2014-1-25	Announcement of Resolutions Passed at the 21st Meeting of the 5th Session of the Board
7	2014-1-27	Announcement of Resolutions Passed at the 22nd Meeting of the 5th Session of the Board
8	2014-1-29	Announcement on the Approval of Changes to the Articles of Association
9	2014-2-8	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2014
10	2014-2-12	Announcement on the Financial Data for January 2014
11	2014-2-15	Announcement of the Results of Issuance of Tranche 2 of Short-term Commercial Papers in 2014; Announcement on Performance of Commitments
12	2014-3-4	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2014
13	2014-3-7	Announcement of the Results of Issuance of Tranche 3 of Commercial Papers in 2014; Announcement of Change of the Articles of Association; Announcement on the Financial Data for February 2014; Articles of Association and Appendices (revised for the second time in 2013)
14	2014-3-18	H Share Announcement – Notification of Board Meeting
15	2014-3-19	Announcement on Appointment of Mr. LIU Lefei as Vice Chairman
16	2014-3-28	2013 Annual Report and its Summary; Announcement of Resolutions Passed at the 23rd Meeting of the 5th Session of the Board; Announcement of Resolutions Passed at the 9th 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 2014; Announcement on Main Accounting Policy and Accounting Estimate Changes; Announcement on Progress of Performance of Company Commitments; Indicative Announcement; 2013 Annual Audit Report; 2013 Annual Internal Control Evaluation Report; Audit Report on Internal Control; Explanatory Statement on Main Accounting Policy and Accounting Estimate Changes; Special Statement Regarding the Occupation of Funds by the Largest Shareholder and Other Related Parties; 2013 CSR Report; 2013 Work Reports of the Independent Non-Executive Directors; Annual Report of the Audit Committee of the 5th Session of the Board on the Performance of Duties in 2013; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Relevant Matters at the 23rd Meeting of the 5th Session of the Board; Rules of Procedure of the Nomination Committee of the Board of Directors

No.	Date of Publication	Subject Matter
17	2014-4-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2014
18	2014-4-5	Announcement on the Launch of Pilot Internet-based Securities Business
19	2014-4-10	Announcement on the Financial Data for March 2014
20	2014-4-11	Announcement of the Results of Issuance of Tranche 4 of Commercial Papers in 2014
21	2014-4-16	Announcement on Name Change of Wholly Owned Subsidiary CITIC Wantong Securities Co., Ltd.; H Share Announcement – Notification of Board Meeting
22	2014-4-17	Indicative Announcement
23	2014-4-26	Trustee Report (2013) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2013) for the Corporate Bonds (Tranche 2) in 2013
24	2014-4-29	Announcement of the Results of Issuance of Subordinated Bond (Tranche 1) in 2014
25	2014-4-30	Q1 2014 Report; Announcement of Resolutions Passed at the 24th Meeting of the 5th Session of the Board; Notice of the 2013 Annual General Meeting; Documents of the 2013 AGM; Announcement on Progress of Performance of Company Commitments; Announcement on Solicitation of Investors' Opinions on the 2013 Profit Distribution Plan
26	2014-5-6	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2014
27	2014-5-8	Announcement on the Financial Data for April 2014
28	2014-5-10	Announcement of the Results of Issuance of Tranche 5 of Commercial Papers in 2014; Announcement on Net Capital Change
29	2014-5-28	Announcement on Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013; Follow-up Rating Report on the Corporate Bonds (Tranche 1) in 2013 (2014); Follow-up Rating Report on the Corporate Bonds (Tranche 2) in 2013 (2014)
30	2014-5-30	Announcement on Interest Payment in 2014 for the Corporate Bonds (Tranche 1) in 2013; Second Notice of the 2013 Annual General Meeting; Announcement on Progress of Performance of Company Commitments
31	2014-6-4	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2014
32	2014-6-7	Announcement on the Financial Data for May 2014
33	2014-6-10	Announcement of Resolutions Passed at the 25th Meeting of the 5th Session of the Board
34	2014-6-13	Reminder Notice of the 2013 Annual General Meeting; Announcement of the Results of Issuance of Tranche 6 of Commercial Papers in 2014
35	2014-6-19	Resolutions Passed at the 2013 Annual General Meeting; Announcement on the Company's Relief from Relevant Commitments; Legal Opinion of the 2013 Annual General Meeting
36	2014-6-27	Announcement on Approval of the Establishment of a New Subsidiary in Shanghai

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

APPENDIX 1: INDEX OF INFORMATION DISCLOSURE

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	2014-1-9	Announcement on the Financial Data for December 2013; Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 1 of Commercial Papers in 2014
2	2014-1-13	Announcement on Appointment of Mr. LIU Wei, Mr. CHEN Jun and Mr. YAN Jianlin as Executive Committee Members
3	2014-1-20	The Company Approved to Conduct Agent Services Business for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Spot Gold Contracts
4	2014-1-21	Preliminary Financial Data for the Year 2013
5	2014-1-24	Announcement on Election of Additional Vice Chairman and Change of Members of the Special Committee of the Board of Directors; Directors' List and Their Roles and Responsibilities
6	2014-1-26	Announcement on the Company's Successful Bid for the Land Use Rights of A Land Parcel in Shenzhen
7	2014-1-28	Announcement on the Approval of Changes to the Articles of Association
8	2014-2-7	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2014
9	2014-2-11	Announcement on the Financial Data for January 2014
10	2014-2-14	Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 2 of Commercial Papers in 2014; Announcement on Performance of Commitments
11	2014-3-3	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2014
12	2014-3-6	Announcement on the Financial Data for February 2014; Announcement of Change of the Articles of Association; Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 3 of Commercial Papers in 2014; Articles of Association and Appendices
13	2014-3-17	Notification of Board Meeting
14	2014-3-18	Announcement on Approval relating to the Appointment of Mr. LIU Lefei as Vice Chairman; Directors' List and Their Roles and Responsibilities

No.	Date of Publication	Subject Matter
15	2014-3-27	2013 Annual Results Announcement; Announcement — (1) Proposed Issuance of Onshore and Offshore Corporate Debt Financing Instruments (2) Potential Related Party/Connected Transactions Involved in the Issuance of Onshore and Offshore Corporate Debt Financing Instruments (3) Proposed Amendments to the Articles of Association; Announcement of Change of the Largest Shareholder's Shareholding Structure; Directors' List and Their Roles and Responsibilities; Rules of Procedure of the Nomination Committee of the Board of Directors; Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 23rd Meeting of the 5th Session of the Board; Announcement of Resolutions Passed at the 9th 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 2014; Announcement on Main Accounting Policy and Accounting Estimate Changes; Announcement on Progress of Performance of Company Commitments; 2013 Annual Internal Control Evaluation Report; Audit Report on Internal Control; Explanatory Statement on Main Accounting Policy and Accounting Estimate Changes; Special Statement Regarding the Occupation of Funds by the Largest Shareholder and Other Related Parties; 2013 CSR Report; 2013 Work Reports of the Independent Non-Executive Directors; Annual Report of the Audit Committee of the 5th Session of the Board on the Performance of Duties in 2013
16	2014-4-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2014
17	2014-4-4	Overseas Regulatory Announcement — Announcement on the Launch of Pilot Internet-based Securities Business
18	2014-4-9	Announcement on the Financial Data for March 2014
19	2014-4-10	Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 4 of Commercial Papers in 2014
20	2014-4-15	Notification of Board Meeting; Announcement on Name Change of Wholly Owned Subsidiary CITIC Wantong Securities Co., Ltd.;
21	2014-4-16	Announcement on Change of the Largest Shareholder's Shareholding Structure
22	2014-4-25	Overseas Regulatory Announcement — Trustee Report (2013) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2013) for the Corporate Bonds (Tranche 2) in 2013
23	2014-4-28	Completion of Subordinated Bond (Tranche 1) Issuance in 2014

APPENDIX 1: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
24	2014-4-29	2013 Annual Report; Circular, Notice, Proxy Form and Reply Slip for 2013 Annual General Meeting; Announcement on Solicitation of Investors' Opinions on the 2013 Profit Distribution Plan; Announcement on CITIC Futures's Acquisition of a 58% Equity Interest in CITIC Newedge; First Quarterly Results of 2014; Overseas Regulatory Announcement — Announcement on Progress of Performance of Company Commitments; Announcement of Resolutions Passed at the 24th Meeting of the 5th Session of the Board
25	2014-5-5	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2014
26	2014-5-7	Announcement on the Financial Data for April 2014
27	2014-5-9	Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 5 of Commercial Papers in 2014; Announcement on Net Capital Change
28	2014-5-27	Overseas Regulatory Announcement — Announcement on Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013; Follow-up Rating Report on the Corporate Bonds (Tranche 1) in 2013 (2014); Follow-up Rating Report on the Corporate Bonds (Tranche 2) in 2013 (2014)
29	2014-5-29	Second Notice of 2013 Annual General Meeting; Overseas Regulatory Announcement — Announcement on Progress of Performance of Company Commitments; Announcement on Interest Payment in 2014 for the Corporate Bonds (Tranche 1) in 2013
30	2014-6-3	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2014
31	2014-6-6	Announcement on the Financial Data for May 2014
32	2014-6-9	Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 25th Meeting of the 5th Session of the Board
33	2014-6-12	Overseas Regulatory Announcement — Reminder Notice of the 2013 Annual General Meeting; Announcement of the Results of Issuance of the Tranche 6 of Commercial Papers in 2014
34	2014-6-18	Announcement on the Poll Results of the 2013 Annual General Meeting of the Company and Distribution of the 2013 Final Dividend; Overseas Regulatory Announcement — Announcement on the Company's Relief from Relevant Commitments
35	2014-6-26	Overseas Regulatory Announcement — Announcement on Approval of the Establishment of a New Subsidiary in Shanghai

APPENDIX 2:

ADMINISTRATIVE CONSENTS AND APPROVALS OBTAINED DURING THE REPORTING PERIOD

No.	Date of approval	Title and number of approval
1	2014-1-26	Approval of Amendment of Material Clauses in the Articles of Association of CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No. 17) issued by the Shenzhen Bureau of the CSRC
2	2014-3-10	Approval for Qualification of LIU Lefei as a Senior Management Member at Chairman Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2014] No. 32) issued by the Shenzhen Bureau of the CSRC
3	2014-4-3	Approval of Qualifications of Yan Jun as the Head of a Securities Company's Branch (Su Zheng Jian Xu Ke [2014] No. 147)
4	2014-4-3	Approval of Qualifications of Zhao Lei as the Head of a Securities Company's Branch (Su Zheng Jian Xu Ke [2014] No. 148)
5	2014-4-29	Approval of Qualifications of Han Rui as the Head of a Securities Company's Branch (Nei Zheng Jian Xu Ke [2014] No. 13)
6	2014-5-23	Approval of Qualifications of Zhu Jianfeng as the Head of a Securities Company's Branch (Guang Dong Zheng Jian Xu Ke [2014] No. 111)
7	2014-6-4	Approval of Qualifications of Dong Jingjing as the Head of a Securities Company's Branch (Liao Zheng Jian Xu Ke [2014] No. 32)
8	2014-6-18	Approval for the Establishment of a Branch by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No. 98) issued by the Shenzhen Bureau of the CSRC



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