CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

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

ANNOUNCEMENT

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
(2) PROPOSED ISSUE OF THE CONSIDERATION SHARES AND THE PLACING SHARES UNDER THE SPECIFIC MANDATE
(3) PROPOSED CHANGE OF COMPANY NAME AND CORRESPONDING AMENDMENT TO THE ARTICLES OF ASSOCIATION
AND
(4) POTENTIAL CONTINUING CONNECTED TRANSACTIONS

Financial Advisers to CITIC Pacific

中信証券國際 CITIC Securities International

中信建投國際 CSCI

We refer to the announcement of CITIC Pacific dated March 26, 2014 relating to the Framework Agreement under which, subject to entering into a definitive transfer agreement, CITIC Pacific had agreed to acquire 100% of the total issued shares of CITIC Limited from CITIC Group and CITIC Enterprise Management.

THE ACQUISITION

On April 16, 2014, CITIC Pacific, CITIC Group and CITIC Enterprise Management entered into the Share Transfer Agreement in respect of the Acquisition.

The Transfer Consideration is RMB226,929.8730 million (equivalent to approximately HK$286,502.2953 million), which will be satisfied as set out in paragraphs (a) and (b) below. The final Transfer Consideration will be the higher of the Transfer Consideration as disclosed in this announcement or the Appraised Value approved by MOF. A summary of the valuation report with the Appraised Value approved by MOF will be disclosed in the circular to be issued in connection with the Acquisition.

(a) Cash Consideration

The Cash Consideration portion of the Transfer Consideration, namely RMB49,916.7730 million, will be paid by CITIC Pacific on or before the Closing Date in an equivalent HK$ amount to be calculated by reference to the median exchange rate of RMB against HK$ announced by PBOC on the Pricing Date (namely approximately HK$63,020.6585 million, based on the exchange rate of HK$1.00 to RMB0.79207). Subject to compliance with the applicable laws, the Purchaser may, with the written consent of the Vendors, pay all or part of the Cash Consideration within one year from the Closing Date.

(b) Share Consideration

The Share Consideration portion of the Transfer Consideration, namely RMB177,013.1000 million, will be satisfied by the issue of Consideration Shares by CITIC Pacific to CITIC Group or CITIC Group's designated wholly-owned subsidiaries on or before the Closing Date at the Price per Consideration Share of HK$13.48 (subject to the adjustment mechanism as set out in the Share Transfer Agreement) and the total amount of the Share Consideration will be calculated by reference to the median exchange rate of RMB against HK$ announced by the PBOC on the Pricing Date (namely HK$223,481.6368 million, based on the exchange rate of HK$1.00 to RMB0.79207). Based on a Share Consideration of RMB177,013.1000 million, the total number of Consideration Shares to be issued on or before the Closing Date is 16,578,756,438 Consideration Shares.

The total amount of the Cash Consideration can be adjusted at the discretion of CITIC Pacific. If the Cash Consideration portion is reduced, the difference between the adjusted and the original amount of the Cash Consideration will be satisfied by CITIC Pacific through issuing additional Consideration Shares or other means pursuant to the Share Transfer Agreement.

The Cash Consideration will be financed by CITIC Pacific primarily through equity fund raising and if required, internal cash resources, bank borrowings or other means.

The Transfer Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser. In determining the Transfer Consideration, the following factors were taken into consideration:

(a) the Appraised Value;

(b) current situation and future development prospects of the industries in which the Target Group operates;

(c) historical financial performance and future development potential of the Target Group;

(d) current situation and future development prospects of industries in which CITIC Pacific operates; and

(e) historical financial performance and future development potential of CITIC Pacific.

The payment of the 2013 final dividends by CITIC Pacific has been considered by the Parties and no adjustment will be made to the Price per Consideration Share in respect of such dividend payment.

In accordance with the valuation report issued by the PRC Valuer on April 2, 2014, the Appraised Value was RMB226,929.8730 million (equivalent to approximately HK$286,502.2953 million), pending approval by MOF.

Pursuant to the Share Transfer Agreement, the Parties have agreed that, in the event the Appraised Value as approved by MOF is higher than the Transfer Consideration as stated in this announcement, in respect of the additional portion of the Transfer Consideration (in an equivalent HK$ amount to be calculated by reference to the median exchange rate of RMB against HK$ announced by PBOC on the Pricing Date), CITIC Pacific will have the discretion to settle such amount by:

(a) an issue of no more than 250,000,000 Consideration Shares at the Price per Consideration Share to CITIC Group or CITIC Group's designated wholly-owned subsidiaries, and/or

(b) making payment in cash, on or before the Closing Date.

Subject to compliance with the applicable laws, the Purchaser may, with the written consent of the Vendors, pay all or part of such additional portion of the Transfer Consideration in cash within one year from the Closing Date. CITIC Pacific will disclose, in the circular to be issued in connection with the Acquisition, the final Transfer Consideration and any adjustments to the proposed specific mandate to issue the Consideration Shares and Placing Shares as a result of the adjustments (if applicable) to the Transfer Consideration. The final Transfer Consideration as part of the terms of the Acquisition and the proposed specific mandate to issue the Consideration Shares and Placing Shares are subject to the approval of the Independent Shareholders at the EGM.

THE PROPOSED ISSUE OF CONSIDERATION SHARES AND PLACING SHARES AND SHAREHOLDING STRUCTURE UPON COMPLETION

Apart from the proposed issue of the Consideration Shares, CITIC Pacific also proposes to issue the Placing Shares to raise cash funding for the purpose of settling all or part of the Cash Consideration for the Acquisition. The Placing Shares will be issued to professional and institutional investors. The Placing, if proceeded, is expected to be completed simultaneously with the issue of the Consideration Shares.

Based on the issued share capital of CITIC Pacific as enlarged by the issue of 16,578,756,438 Consideration Shares, assuming CITIC Pacific is to maintain a public float of 25% following the Completion, 4,675,123,032 Placing Shares will need to be issued. In the event that, upon Completion, CITIC Pacific cannot maintain a minimum public float as required by the Listing Rules, the Stock Exchange has granted, pursuant to Rule 8.08(1)(d) of the Listing Rules, a waiver to allow CITIC Pacific to have a public float percentage of less than 25% after the Completion, provided that the minimum public float should be at the higher of:

(a) 15% of the total issued share capital of CITIC Pacific with a market capitalization of not less than HK$10 billion; or

(b) such a percentage of the Shares held by the public immediately after the Completion.

The final number of Placing Shares to be issued pursuant to the Placing is subject to, among other things, the then market conditions.

CITIC Pacific proposes to issue no more than 21,253,879,470 Consideration Shares and Placing Shares in aggregate assuming no additional Consideration Shares will be issued as a result of the adjustments (if applicable) to the Transfer Consideration following MOF’s approval of the Appraised Value.

Upon Completion, CITIC Pacific will hold 100% equity interest in the Target Company. At the same time, assuming 16,578,756,438 Consideration Shares (subject to adjustment) and 4,675,123,032 Placing Shares (subject to adjustment) are issued, CITIC Group will hold 18,677,492,723 Shares of CITIC Pacific, representing 75% of the enlarged share capital of CITIC Pacific with a total of 24,903,323,630 issued Shares.

The issue of the Consideration Shares and the Placing Shares is subject to the approval of the Independent Shareholders at the EGM.

CITIC Pacific will announce the details of the Placing as soon as the terms and conditions of the Placing are finalized.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of CITIC Pacific under Chapter 14 of the Listing Rules. As CITIC Group is a connected person of CITIC Pacific by virtue of it being the controlling shareholder of CITIC Pacific, the Acquisition also constitutes a connected transaction of CITIC Pacific under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM.

In relation to the Acquisition, CITIC Pacific will form an independent board committee to advise the Independent Shareholders and will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in accordance with the Listing Rules.

PROPOSED CHANGE OF COMPANY NAME AND CORRESPONDING AMENDMENT TO THE ARTICLES OF ASSOCIATION

CITIC Pacific proposes to change its English name from "CITIC Pacific Limited" to "CITIC Limited" and change its Chinese name from "中信泰富有限公司" to "中國中信股份有限公司" after the Completion. The Articles of Association will be required to be amended in relation to the proposed change of company name. The proposed change of the company name and the corresponding amendment to the Articles of Association are subject to the approval of the Shareholders at the EGM.

POTENTIAL CONTINUING CONNECTED TRANSACTIONS

Immediately following the Completion, CITIC Group will continue to be the controlling shareholder of CITIC Pacific and will therefore continue to be a connected person of CITIC Pacific. As the Target Group will become part of the Group upon Completion, transactions between the Enlarged Group and its connected persons (including CITIC Group and its associates) will constitute connected transactions of the Enlarged Group after Completion. CITIC Pacific will comply with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules (if applicable) in respect of those continuing connected transactions.

WARNING

The Acquisition is subject to a number of conditions precedent including Independent Shareholders' approval and approvals from relevant regulatory bodies, which may or may not be fulfilled. The terms and conditions of the Placing have not yet been finalized and, subject to the then market conditions, the Placing may or may not proceed. Shareholders and potential investors of CITIC Pacific should exercise caution when they deal or contemplate dealing in the shares or other securities (if any) of CITIC Pacific.

I. INTRODUCTION

We refer to the announcement of CITIC Pacific dated March 26, 2014 relating to the Framework Agreement under which, subject to entering into a definitive transfer agreement, CITIC Pacific had agreed to acquire 100% of the total issued shares of CITIC Limited from CITIC Group and CITIC Enterprise Management.

On April 16, 2014, CITIC Pacific, CITIC Group and CITIC Enterprise Management entered into the Share Transfer Agreement in respect of the Acquisition. Prior to the Completion, the subsidiaries of CITIC Limited which hold shares of CITIC Pacific will, based on their business plans, complete the transfer of such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group.

II. EXPECTED TIMETABLE

The following expected timetable may be subject to change and further announcement(s) in relation to any revised timetable will be published as and when appropriate.

EGM	June 3, 2014 (Tuesday)
Announcement of the results of the EGM to be published	June 3, 2014 (Tuesday)
Completion and issue of the Consideration Shares and the Placing Shares	on or before August 29, 2014 (Friday)
Announcement of the Completion to be published	on or before August 29, 2014 (Friday)

III. THE ACQUISITION

(A) Principal Terms of the Share Transfer Agreement and the Acquisition

Date:	April 16, 2014
Parties:	CITIC Pacific (as the Purchaser); CITIC Group and CITIC Enterprise Management (as the Vendors).
Subject Matter:	139,000,000,000 shares of CITIC Limited at a par value of RMB1.00 per share held by the Vendors, representing 100% of the total issued shares of CITIC Limited.

Consideration: The Transfer Consideration is RMB226,929.8730 million (equivalent to approximately HK$286,502.2953 million), which will be satisfied as set out in paragraphs (a) and (b) below. The final Transfer Consideration will be the higher of the Transfer Consideration as disclosed in this announcement or the Appraised Value approved by MOF. A summary of the valuation report with the Appraised Value approved by MOF will be disclosed in the circular to be issued in connection with the Acquisition.

(a) Cash Consideration

The Cash Consideration portion of the Transfer Consideration, namely RMB49,916.7730 million, will be paid by CITIC Pacific on or before the Closing Date in an equivalent HK$ amount to be calculated by reference to the median exchange rate of RMB against HK$ announced by PBOC on the Pricing Date (namely approximately HK$63,020.6585 million, based on the exchange rate of HK$1.00 to RMB0.79207). Subject to compliance with the applicable laws, the Purchaser may, with the written consent of the Vendors, pay all or part of the Cash Consideration within one year from the Closing Date.

The Cash Consideration will be financed by CITIC Pacific primarily through equity fund raising and if required, internal cash resources, bank borrowings or other means.

(b) Share Consideration

The Share Consideration portion of the Transfer Consideration, namely RMB177,013.1000 million, will be satisfied by the issue of 16,578,756,438 Consideration Shares by CITIC Pacific to CITIC Group or CITIC Group's designated wholly-owned subsidiaries on or before the Closing Date at the Price per Consideration Share of HK$13.48 (subject to the adjustment mechanism as set out in the Share Transfer Agreement) and the total amount of the Share Consideration will be calculated by reference to the median exchange rate of RMB against HK$ announced by the PBOC on the Pricing Date (namely HK$223,481.6368 million, based on the exchange rate of HK$1.00 to RMB0.79207).

In summary, the number of the Consideration Shares equals to:

$$\frac{\text{Share Consideration (as converted into HK\$ as described above)}}{\text{Price per Consideration Share (as adjusted, if applicable)}}$$

Based on a Share Consideration of RMB177,013.1000 million, the total number of Consideration Shares to be issued on or before the Closing Date is 16,578,756,438 Consideration Shares.

Adjustment of the Transfer Consideration

Pursuant to the Share Transfer Agreement, the Parties have agreed that, if the Appraised Value as approved by MOF is higher than the Transfer Consideration as stated in this announcement, in respect of the additional portion of the Transfer Consideration (in an equivalent HK$ amount to be calculated by reference to the median exchange rate of RMB against HK$ announced by PBOC on the Pricing Date), CITIC Pacific will have the discretion to settle such amount by:

(a) an issue of no more than 250,000,000 Consideration Shares at the Price per Consideration Share to CITIC Group or CITIC Group's designated wholly-owned subsidiaries; and/or

(b) making payment in cash, on or before the Closing Date.

Subject to compliance with the applicable laws, the Purchaser may, with the written consent of the Vendors, pay all or part of such additional portion of the Transfer Consideration in cash within one year from the Closing Date. CITIC Pacific will disclose, in the circular to be issued in connection with the Acquisition, the final Transfer Consideration and any adjustments to the proposed specific mandate to issue the Consideration Shares and Placing Shares as a result of the adjustments (if applicable) to the Transfer Consideration. The final Transfer Consideration as part of the terms of the Acquisition and the proposed specific mandate to issue the Consideration Shares and Placing Shares are subject to the approval of the Independent Shareholders at the EGM.

Adjustment of Price per Consideration Share:

If CITIC Pacific makes any payments or distributions of dividends to the Shareholders between the date of the Share Transfer Agreement and the Closing Date (excluding any cash dividends declared prior to the date of the Share Transfer Agreement), the Price per Consideration Share will be adjusted in accordance with the terms and conditions of the Share Transfer Agreement.

Further announcement(s) will be made by CITIC Pacific in the event of an adjustment.

Maximum number of New Shares which may be issued

For detailed information with regard to the maximum number of New Shares (being the aggregate of the Consideration Shares and the Placing Shares) which may be issued, please refer to the section headed "IV. Proposed Issue of the Consideration Shares and the Placing Shares under the Specific Mandate".

Adjustment to the Payment Methods of the Transfer Consideration: The total amount of the Cash Consideration can be adjusted at the discretion of CITIC Pacific. If the Cash Consideration portion is reduced, the difference between the adjusted and the original amount of the Cash Consideration will be satisfied by CITIC Pacific through issuing additional Consideration Shares or other means pursuant to the Share Transfer Agreement.

The following conditions must be met (unless unanimously waived by all the Parties) before any adjustment can be made:

(a) such adjustment will not alter the total Transfer Consideration;

(b) such adjustment will not have any material adverse impact on the tax payable by each party to the Share Transfer Agreement;

(c) such adjustment will not prevent or unreasonably delay the Completion and/or the issue of the Consideration Shares;

(d) such adjustment will not result in an insufficient public float of CITIC Pacific to the extent that CITIC Pacific cannot comply with the minimum public float requirements of the Stock Exchange (Please refer to the section headed "IV. Proposed Issue of the Consideration Shares and the Placing Shares under the Specific Mandate – (E) Waiver from Strict Compliance with Public Float Requirements") or an issue of Shares which exceeds the maximum number of New Shares that can be issued (i.e. 21,253,879,470 New Shares); and

(e) such adjustment will not result in the shareholding of CITIC Group in CITIC Pacific being less than 51% upon Completion.

In determining the final allocation between the Cash Consideration and the Share Consideration, CITIC Pacific will take into consideration, among other things, (i) the prevailing market conditions at the time of Placing; and (ii) the public float of CITIC Pacific at the relevant time.

Conditions Precedent: The Completion will be conditional upon the fulfilment of the following conditions:

(a) approval from Shareholders of the Purchaser: the Independent Shareholders passing resolutions to approve (i) the transactions contemplated under the Share Transfer Agreement; and (ii) the issue of the Consideration Shares;

(b) approvals from regulatory authorities: all necessary regulatory approvals by the relevant regulatory authorities in relation to the transactions contemplated under the Share Transfer Agreement having been granted, including but not limited to the approvals from MOF, MOFCOM, CSRC and other PRC regulatory authorities, the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange, and the SFC having granted the waiver from making a mandatory general offer by CITIC Pacific, and all such regulatory approvals not having been revoked before the Closing Date;

(c) Purchaser's Equity Transfer: the completion of the Purchaser's Equity Transfer, as a result of which CITIC Limited will no longer directly or indirectly hold any equity interest of CITIC Pacific;

(d) cash funding resources: the availability of sufficient funding of CITIC Pacific raised through the Placing or other means to settle the Cash Consideration (as adjusted, if applicable); and

(e) representations and warranties: each representation and warranty of the Vendors set out in the Share Transfer Agreement will be true and accurate as at the date of the Share Transfer Agreement and as at the Closing Date.

Other material terms: If CITIC Limited conducts any bonus issue, conversion of capital reserve into equity, and/or other ex-right corporate actions after the date of the Share Transfer Agreement and before the Closing Date, the number of Target Shares will be all the shares of CITIC Limited that are held by the Vendors after such bonus issue, conversion of capital reserve into equity, and/or other ex-right corporate actions (if applicable).

All the accumulated public reserves, undistributed profits, dividends and bonuses (including cash dividends, if any) of CITIC Limited accruing in respect of the Target Shares prior to the Closing Date will belong to CITIC Pacific.

Subject to the written consent of CITIC Pacific, CITIC Limited may distribute cash dividends after the date of the Share Transfer Agreement and before the Closing Date, the amount of which will be deducted from the Cash Consideration.

CITIC Group should procure Target Group Members to obtain necessary third party consents in respect of the transactions contemplated under the Share Transfer Agreement.

CITIC Pacific should make all reasonable endeavours to obtain all third party consents necessary for the completion of the transactions contemplated under the Share Transfer Agreement.

Completion:	The sale and purchase of the Target Shares will be completed on the Closing Date. Upon Completion, CITIC Group will remain as the controlling shareholder of CITIC Pacific under the Listing Rules, and CITIC Limited will become a wholly-owned subsidiary of CITIC Pacific and its financial results will be consolidated into the financial statements of the Enlarged Group.
Long Stop Date:	The Parties agreed that they will use their best efforts to procure all of the conditions precedent to be fulfilled within 12 months of the date of the Share Transfer Agreement (or any longer period as may be agreed upon by the Parties). If any condition precedent under the Share Transfer Agreement has not been fulfilled (or waived) before the Long Stop Date, the Share Transfer Agreement will be terminated automatically.

(B) Basis of the Consideration

The Transfer Consideration payable by CITIC Pacific to the Vendors for the Target Shares amounts to RMB226,929.8730 million (equivalent to approximately HK$286,502.2953 million). The final Transfer Consideration will be the higher of the Transfer Consideration as disclosed in this announcement or the Appraised Value approved by MOF. The Transfer Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser. In determining the Transfer Consideration, the following factors were taken into consideration:

(a) the Appraised Value;

(b) current situation and future development prospects of the industries in which the Target Group operates;

(c) historical financial performance and future development potential of the Target Group;

(d) current situation and future development prospects of industries in which CITIC Pacific operates; and

(e) historical financial performance and future development potential of CITIC Pacific.

The payment of the 2013 final dividends by CITIC Pacific has been considered by the Parties and no adjustment will be made to the Price per Consideration Share in respect of such dividend payment.

In accordance with the valuation report issued by the PRC Valuer on April 2, 2014, the Appraised Value was RMB226,929.8730 million (equivalent to approximately HK$286,502.2953 million), pending the approval by MOF.

The valuation report of the PRC Valuer was prepared based on the cost approach and the market approach as the fundamental valuation approaches and it also used the income approach for the valuation of certain long term investments of the Target Company. Such income approach-based valuation of certain long term investments of the Target Company is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The principal assumptions upon which the valuation is based are set out below:

- after the Reference Date, the appraised entity continues operating as a going concern;

- after the Reference Date, there have been no material changes of political, economic and social environment of the countries and regions where the appraised entity is located;

- after the Reference Date, there have been no material changes of macroeconomic policies, industrial policies and regional development policies of the countries and regions where the appraised entity is located except for what is publicly known;

- after the Reference Date, there have been no material changes of tax bases, tax rates, and policy-driven charges related to the appraised entity except for what is publicly known;

- after the Reference Date, the management team of the appraised entity remains responsible, stable and capable of performing their duties;

- the appraised entity has been in compliance with relevant laws and regulations, and there have been no material non-compliance incidents that may affect the development of the company and realisation of its profit;

- after the Reference Date, the accounting policies adopted by the appraised entity remain consistent in material aspects with the accounting policies adopted by the appraised entity when preparing the valuation report;

- after the Reference Date, there have been no material changes in the business scope and operating model of the appraised entity based on the existing management model and management standards except as otherwise disclosed in the valuation report; and

- after the Reference Date, there have been no force majeure incidents which will have a material adverse effect on the appraised entity.

The Directors (excluding the independent non-executive Directors who will give their opinion based on the recommendations of the independent financial adviser) consider that the above principal assumptions were made after due and careful enquiry. CITIC Pacific has engaged the Auditors to review the calculations for the income approach-based valuation of certain long term investments of the Target Company. CITIC Pacific's financial advisers have discussed with CITIC Pacific the valuation.

As the valuation report issued by the PRC Valuer is still subject to approval by MOF and further adjustments, additional time is required for finalising the prescribed information under Rules 14.62 and 14A.56(8) of the Listing Rules, CITIC Pacific has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 14.62 and 14A.56(8) of the Listing Rules. A letter from CITIC Pacific's auditor and a letter from CITIC Pacific's financial advisers for the purpose of Rules 14.62 and 14A.56(8) of the Listing Rules will be included in the circular to be dispatched to the Shareholders.

(C) The Consideration Shares

(a) Basic Information on the Consideration Shares

The Consideration Shares will be issued as fully paid, and will rank *pari passu* in all respects with the Shares of CITIC Pacific in issue on the Closing Date.

(b) Issue Price of the Consideration Shares

The issue price of the Consideration Shares is HK$13.48 per Share, representing:

(i) a premium of approximately 6.48% to the closing price of HK$12.66 per Share as quoted on the Stock Exchange on the Pricing Date;

(ii) a premium of approximately 14.82% to the average closing price of approximately HK$11.74 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Pricing Date;

(iii) a premium of approximately 21.99% to the average closing price of approximately HK$11.05 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Pricing Date; and

(iv) a premium of approximately 25.86% to the average closing price of approximately HK$10.71 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Pricing Date.

The Price per Consideration Share was determined after arm's length negotiations between CITIC Pacific and the Vendors with reference to the prevailing market prices of the Shares of CITIC Pacific at the relevant time as disclosed in the announcement of CITIC Pacific dated March 26, 2014 in respect of the Framework Agreement.

(c) Application for Listing of the Consideration Shares

CITIC Pacific will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

(D) Reasons for and Benefits of the Acquisition

The Directors (excluding the independent non-executive Directors who will give their opinion based on the recommendations of the independent financial adviser) consider that the terms of the Acquisition and the Share Transfer Agreement are fair and reasonable, and in the interests of CITIC Pacific and the Shareholders, taken as a whole, and believe that CITIC Pacific will derive the following benefits from the Acquisition:

(a) Opportunity to Acquire the Largest Multi-industry Platform in China

The Acquisition provides CITIC Pacific with a unique opportunity to own a business that has evolved to be the largest multi-industry conglomerate in China.

Great size and scale

The Target Group is the primary business operating arm of its parent company, CITIC Group, which ranked 221st, 194th and 172nd in *Fortune*'s "Top 500 Global Companies" for 2011, 2012 and 2013 respectively. CITIC Group ranked 21st, 20th and 20th among all Chinese enterprises that were listed for 2011, 2012 and 2013 respectively, in terms of revenue. CITIC Group ranked 20th in the "Top 500 Enterprises of China" selected by the China Enterprise Confederation and China Enterprise Directors Association in 2013. The Target Group's businesses extend globally covering financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing and other segments.

As at December 31, 2013, the total assets of the Target Group was RMB3,965,703 million, equity attributable to equity shareholders of the Target Company was RMB225,051 million, and the total revenue of the Target Group for the year ended December 31, 2013 was RMB251,789 million. As at December 31, 2013, the total number of employees in the Target Group was 90,588.

Sustained, strong financial performance

Over the past 30 years, the Target Group has demonstrated sustained and strong financial performance. As at December 31, 2011, 2012 and 2013, the total equity attributable to equity shareholders of the Target Company was RMB162,338 million, RMB192,800 million and RMB225,051 million respectively, representing a CAGR of 17.7%, and exceeding the CAGR of China's nominal GDP, which was 10.5% during the corresponding period. For the years ended December 31, 2011, 2012 and 2013, the net profit attributable to equity shareholders of the Target Company was RMB31,700 million, RMB28,404 million and RMB34,260 million, respectively, with a CAGR of 4.0%.

Multi-sector business with leading positions in many of its principal business segments

The Target Group operates across a broad range of business sectors, including financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing and others, many of them are with leading positions in their fields.

- CITIC Bank ranked 47th and 57th among banks globally in terms of tier one capital and total assets, respectively, according to the world rankings of top banks published by British magazine the *Banker* in 2013.

- CITIC Securities is the largest securities company in China and maintains leading market positions in investment banking, brokerage, asset management as well as margin financing and securities lending businesses. According to *Wind,* in 2013, CITIC Securities' aggregate equity and debt securities underwriting value ranked first in the industry.

- According to statistical data from the China Trustee Association, CITIC Trust maintained a leading position in terms of trust AUM, revenue and net profit from 2010 to 2012 for three consecutive years (the industry statistics for 2013 has not been published).

- CITIC Prudential ranked sixth among foreign-invested life insurance companies in China in terms of gross premium income in 2013, according to statistics from CIRC.

- CITIC Real Estate ranked 14th by sales value and 17th by sales area among Chinese real estate enterprises in 2013 according to China Real Estate Information Corporation.

- CITIC Construction ranked 43rd in 2013 according to "The Top 250 International Contractors" list released by American publication *Engineering News-Record*, and ranked 6th among Chinese enterprises on the list.

- The platinum trading business of China Platinum, which is affiliated with CITIC United Asia, ranked first in China in 2013 in terms of its sales volume according to the statistics from the General Administration of Customs of the PRC.

- CITIC Metal held the largest market share in the ferrocolumbium trade industry in China in 2013 in terms of its sales volume according to the statistics from the General Administration of Customs of the PRC.

- CITIC Heavy Industries is one of China's leading integrated, environmental friendly, international, hi-tech manufacturers of mining and construction machinery equipment.

- CITIC Dicastal has been the world's largest automobile aluminium wheel manufacturer by sales volume from 2009 to 2013 and is also one of the largest automobile aluminium chassis parts suppliers by sales volume.

- A subsidiary of CITIC Telecom International is one of the few value-adding operators which independently hold a national VPN license in China, other than the three largest telecommunications operators, namely, China Mobile, China Unicom and China Telecom.

- COHC's market share ranked first in the offshore oil helicopter flight service market in China in terms of flying operation hours.

Proven track record of value creation by leveraging China's evolution and growth opportunities through innovation

The development of CITIC Group has been closely aligned with reform in China and the opening up of the country's economy. CITIC Group was the first company in China to operate under free market-based principles and international business practices. CITIC Group has been a pioneer in many areas including the first enterprise issuing bonds overseas, the first red chip company listed on the Stock Exchange, as well as the first securities company listed on both A and H share markets. This pioneering track record demonstrates CITIC Group's ability to seize the opportunity and potential in the growth and transformation of the Chinese economy to create value.

Leading and experienced management team with proven track record

The senior executives of the Target Group have over 30 years' of management experience and more than half of the senior executives have worked in the Target Group for over 20 years. The management team has a proven track record of operating businesses both in China and overseas successfully. Furthermore, many of the senior executives have international working experience and overseas education background, helping to ensure an international approach and mind-set. The Target Group has created a robust corporate governance structure designed to ensure risk mitigation, optimize decision making and improve efficiency.

(b) Expand the Group's Breadth and Scale and Improve its Overall Competitiveness

According to the unaudited pro forma financial information, following the Completion, the total equity attributable to ordinary shareholders of CITIC Pacific will be expanded by 4.2 times as compared with that as at December 31, 2013. The greater size and scale resulting from this Acquisition will enhance the Group's competitiveness and enable it to be better positioned to capture the growth opportunities in China with the following specific examples:

- Upon Completion, the Enlarged Group will own a financial services business segment with healthy and stable growth, as well as real estate and infrastructure, engineering contracting, resources and energy, manufacturing and other businesses with leading positions in each of the fields, thus greatly improving the Group's overall business strength.

- The businesses of the Enlarged Group will include a number of core and emerging industries in China. The overall strength and diversified nature of the business portfolio will allow the Enlarged Group to capitalize the opportunities arising from China's economic development. The diversification helps to mitigate the cyclical effects on profitability during different economic phases.

(c) Strengthen CITIC Pacific's Capital Base and Enhance its Financing Capabilities and Flexibility

Strengthening capital base and improving credit rating

According to the unaudited pro forma financial information, the unaudited pro forma consolidated equity attributable to the ordinary shareholders of the enlarged CITIC Pacific would have been increased to HK$371,859 million, representing a significant expansion of CITIC Pacific's capital base. As at the end of 2013, according to Moody's and Standard & Poor's, CITIC Pacific's credit rating was Ba2 and BB respectively, and CITIC Group's credit rating was Baa2 and BBB+ respectively. The increase in capital base is expected to improve CITIC Pacific's credit rating which will enhance its debt financing capability.

Enhancing CITIC Pacific's financing flexibility

The Acquisition will also broaden CITIC Pacific's debt financing channels. In addition to current financing channels, CITIC Pacific can utilize the Target Company as an additional domestic debt financing platform and raise debt financing through various bond products and channels in China's domestic securities market.

The enhanced financing capability should enable CITIC Pacific to continue the funding of existing capital intensive projects such as the Sino Iron project in Western Australia.

Larger market capitalization

As a result of the proposed issue of New Shares upon Completion, total market capitalization of CITIC Pacific is expected to increase substantially, making it a constituent stock in the Hang Seng Index with much greater index weighting and making it more appealing to potential investors who favour companies with larger market capitalization.

(d) Enhance Earnings Profile of CITIC Pacific and Increase its Shareholders' Value

Strengthening the profitability of CITIC Pacific

The main businesses of CITIC Pacific include special steel, iron ore and properties in mainland China. In relation to the special steel business, there was an adverse impact on its profitability in 2012 due to weakness in the China economy in the second half of that year, but, while profitability in 2013 improved dramatically, it did not regain its level of earlier years. The iron ore business began shipping ore in late December 2013 and suffered operating losses in 2011, 2012 and 2013. These are likely to continue as it will not reach the planned production capacity and realize economies of scale for some years. Therefore, the unit cost per tonne will stay at a high level in the near term. The property business' profitability has been affected by uneven recognition of the delivery of properties built for sale, which were particularly high in 2011. Given the cyclical nature of CITIC Pacific's main businesses, the performance of CITIC Pacific is greatly influenced by economic cycles and may fluctuate during the downward cycles.

Due to volatility of the results in certain industries and the increased cost of financing the business in Australia, the profit from continuing operations attributable to ordinary shareholders of CITIC Pacific has declined since 2011, with a 25.5% decrease and 17.3% decrease in 2012 and 2013 respectively. The iron ore business in Western Australia is capital-intensive. In recent years, the iron ore business has been in the developmental stage which has placed great pressure on CITIC Pacific's financial performance. Additional time is required to complete the installation and commission of the remaining production lines to enable us to gradually achieve the designed annual production capacity of 24 million tonnes. Although CITIC Pacific's iron ore project has commenced operations and started generating revenue, it also means that significant costs will begin to migrate from the balance sheet to the income statement. There will be increased interest expenses and depreciation. CITIC Pacific may also face impairment pressure.

The Target Group has a diversified portfolio across multiple business segments and is therefore able to better withstand the adverse impact on its profit due to economic cycles. This has resulted in the Target Group's profitability having remained stable. The table below sets out the profitability comparison between CITIC Pacific and the Target Group in the past three years:

	For the year ended December 31,		
	2011	**2012**	**2013**
	(in millions, except for percentages)		
CITIC Pacific (HK$)			
Revenue from continuing operations	96,890	93,272	88,041
Profit attributable to ordinary shareholders of CITIC Pacific from continuing operations	8,934	6,655	5,505
Profit attributable to ordinary shareholders of CITIC Pacific	9,233	6,954	7,588
Return on ordinary shareholders' funds (Note 1)	13%	9%	9%
Target Company (RMB)			
Total revenue	198,763	222,590	251,789
Net profit attributable to equity shareholders of the Target Company	31,700	28,404	34,260

Return on equity shareholders (ROE) of the Target Company (Note 2)	22%	16%	16%

Notes:
1. Return on ordinary shareholders' funds = Net profit attributable to ordinary shareholders of CITIC Pacific / average of the opening and closing of ordinary shareholders' funds of CITIC Pacific
2. Return on equity shareholders (ROE) of the Target Company = net profit attributable to equity shareholders of the Target Company / average total equity attributable to equity shareholders of the Target Company

Stabilizing profitability on a per share basis

Since 2011, CITIC Pacific has experienced industry-related volatility in various business segments in which we operate. Although CITIC Pacific has focused its attention on its core businesses, we still experienced a decline in the earnings per share.

For the financial year ended December 31, 2013, CITIC Pacific recorded profit attributable to ordinary shareholders in the amount of HK$7,588 million, among which profit attributable to ordinary shareholders from continuing operations amounted to HK$5,505 million, and profit attributable to ordinary shareholders from discontinued operations amounted to HK$2,083 million. The profit from discontinued operations was mainly due to the gain on disposal of 18.55% interest in CITIC Telecom International and a fair value gain of the remaining interest which have been eliminated at the pro forma Enlarged Group level. The earnings in the remaining interest from the date of sale are recorded as earnings of joint venture. CITIC Pacific's earning per share from continuing operations for the year ended December 31, 2013 was HK$1.51. The return on ordinary shareholders' funds of CITIC Pacific was 13%, 9% and 9% in 2011, 2012 and 2013, respectively.

The Target Group's businesses, such as commercial banking, infrastructure and manufacturing, have delivered consistent and sustainable profitability. The CAGR of the Target Group's revenue and net profit attributable to equity shareholders of the Target Company for the last three years were 12.6% and 4.0%, respectively.

According to the unaudited pro forma financial information, the unaudited pro forma earnings per share from continuing operations of the Enlarged Group for the year ended December 31, 2013 would have been HK$1.94, representing an increase of HK$0.43 and 28.5% compared to profit per share from continuing operations of CITIC Pacific as at December 31, 2013. The ROE of the enlarged CITIC Pacific would have been 13%, representing an increase of four percentage points compared to the return on ordinary shareholders' funds of CITIC Pacific as at December 31, 2013.

(e) Creating Further Synergies as Part of the Enlarged Group

Synergy potential within the Target Group

The Target Group has significant synergy potential as it has operations in different industries and with accesses to various resources in different sectors. There is a dedicated team in the Target Group focusing in the exploration and driving of synergy plans within the Target Group. Synergy can be created through more efficient capital allocation and enhanced integration of business networks, sharing of customer base, talents and professional experience and also by enhancing and leveraging the overall CITIC brand.

Given the Target Group has many businesses that have leading position in their respective sectors, large enterprises and provincial and municipal governments are willing to enter into overall strategic cooperation agreements with the Target Group, enabling different units within the Target Group to develop their businesses with the counterparties in a more effective and efficient manner.

Leveraging the advantages in integrating the businesses of CITIC Pacific and the Target Group

Upon Completion, the Target Group will become a subsidiary of CITIC Pacific, which would enable CITIC Pacific, as its holding company, to fully utilize and integrate the strong business networks, customer base, government relationships and other resources of the Target Group. There are examples of complementary businesses in the Target Group and CITIC Pacific:

- CITIC Pacific and the Target Group are both engaged in the development of and investment in real estate. Upon Completion, CITIC Pacific would have closer cooperation with the Target Group in its real estate business in China, leading to improved efficiency and reduced costs and expenses. In terms of geographic location and asset type, the current real estate projects of CITIC Pacific are mostly med to high-end properties concentrated in the Yangtze River Delta region, while the real estate business of the Target Group involve mostly med-end commercial residential housing projects concentrated in the Pearl River Delta, Beijing, Tianjin and the Bohai Rim regions. The real estate products provided by CITIC Pacific and the Target Group are complementary to each other to create an enlarged customer base.

- The resources business of CITIC Pacific is mainly focused on its iron ore projects, while the Target Group is engaged in all upstream, midstream and downstream segments of the resources industry. Upon Completion, CITIC Pacific could utilize the international trade capabilities of the Target Company to further develop upstream suppliers and downstream customers in the resources industry in order to lower costs and improve operating efficiency of CITIC Pacific's resources and energy businesses.

(f) Shared Corporate Culture Will Encourage Fast and Effective Integration and Allow Synergies and Benefits to Be Realized Quickly

With a history of shared management and cross-business collaboration, shared corporate value and vision, and minimal expected operational changes, CITIC Pacific will immediately benefit from the Acquisition. The integration is expected to be fast and effective for the following reasons:

- As both the Target Company and CITIC Pacific are subsidiaries of CITIC Group prior to the Completion, the management teams of both companies share a common understanding in relation to business objectives, and there already exists a highly efficient communication mechanism between the two management teams.

- A number of CITIC Pacific's senior management team members also concurrently serve as members of Target Group's senior management team and are familiar with the business and internal management of the Target Group. Upon Completion, the management team of CITIC Pacific will be able to manage the businesses of the Target Group effectively and smoothly.

(E) Financial Effects on the Acquisition

Assuming 16,578,756,438 Consideration Shares will be issued at a price of HK$13.48 per Share and 4,675,123,032 Placing Shares will be placed at a price of HK$13.48 per Share, the financial effects of the Acquisition on CITIC Pacific are as follows. The unaudited pro forma financial information of the Enlarged Group is set out in Appendix III to this announcement. The Placing Price used herein is only for the purpose of illustrating the financial effects of the Acquisition, and no representation is made that the Placing will be completed at such price.

(a) Assets

As at December 31, 2013, the consolidated total assets of the Group were HK$267,779 million. According to the unaudited pro forma financial information, the unaudited pro forma consolidated total assets of the Enlarged Group would have been increased to HK$5,321,792 million.

(b) Liabilities

As at December 31, 2013, the consolidated total liabilities of the Group were HK$159,466 million. According to the unaudited pro forma financial information, the unaudited pro forma consolidated total liabilities of the Enlarged Group would have been increased to HK$4,805,157 million.

(c) Total Equity

As at December 31, 2013, the total equity of the Group was HK$108,313 million. According to the unaudited pro forma financial information, the unaudited pro forma total equity of the Enlarged Group would have been increased to HK$516,635 million. As at December 31, 2013, the total equity attributable to ordinary shareholders of CITIC Pacific was HK$87,925 million. According to the unaudited pro forma financial information, the unaudited pro forma total equity attributable to ordinary shareholders of the Enlarged Group would have been increased to HK$371,859 million.

(d) Earnings

For the year ended December 31, 2013, the consolidated net profit of CITIC Pacific was HK$9,126 million, the profit attributable to ordinary shareholders of CITIC Pacific was HK$7,588 million and the profit from continuing operations attributable to ordinary shareholders of CITIC Pacific was HK$5,505 million. According to the unaudited pro forma financial information, the unaudited pro forma profit of the Enlarged Group would have been increased to HK$70,459 million, the unaudited pro forma profit of the Enlarged Group attributable to ordinary shareholders of CITIC Pacific would have been increased to HK$48,430 million and the unaudited pro forma profit from continuing operations of the Enlarged Group attributable to ordinary shareholders of CITIC Pacific would have been increased to HK$48,430 million.

(e) Information on A Per Share Basis and Other Financial Indicators (Unaudited Pro Forma Financial Ratios)

	The Group (pre-Acquisition)	The Enlarged Group (post-Acquisition)	Change
Basic earnings per Share (HK$)	2.08	1.94	-0.14
Basic earnings per Share from continuing operations attributable to ordinary Shareholders (HK$)	1.51	1.94	+0.43
Equity per Share attributable to ordinary shareholders (HK$)	24.09	14.93	-9.16
Return on equity (%)	9	13	+4
Net profit margin (%)	10	17	+7

Notes:
Basic earnings per Share = net profit attributable to the shareholders of CITIC Pacific / number of shares issued.
Basic earnings per Share from continuing operations attributable to ordinary shareholders = net profit from continuing operations attributable to ordinary shareholders of CITIC Pacific / number of shares issued.
Equity per Share attributable to ordinary shareholders = equity attributable to ordinary shareholders of CITIC Pacific / number of shares issued.
Return on equity = net profit attributable to ordinary shareholders of CITIC Pacific / equity attributable to ordinary shareholders of CITIC Pacific.
Net profit margin = net profit for the year / revenue for the year.
For unaudited pro forma financial information of the Enlarged Group, please refer to Appendix III to this announcement.

(F) Information on CITIC Pacific

CITIC Pacific's operational focus is on the PRC, both the mainland and Hong Kong. Its major businesses are special steel manufacturing, iron ore mining and property development in the PRC. Other businesses include energy and civil infrastructure. As at the Latest Practicable Date, CITIC Pacific held a controlling interest in Dah Chong Hong Holdings Limited and an approximately 41.27% equity interest in CITIC Telecom International.

(G) Information on CITIC Group and CITIC Enterprise Management

CITIC Group (formerly known as China CITIC Group) is a state-owned enterprise, established in 1979 with the approval of the State Council. It was restructured and transformed to a solely state-owned company in 2011 and changed its name to CITIC Group Corporation. CITIC Group has developed to become a large-scale comprehensive multinational conglomerate with businesses in financial services, real estate and infrastructure, engineering contracting, resources and energy, machinery manufacturing, information industry and other segments in which CITIC Group has leading positions in each of the fields.

CITIC Enterprise Management is a wholly-owned subsidiary of CITIC Group and was established in 2009. Its business scope includes business management, project investment and asset management.

(H) Information on the Target Group

(a) Overview of the Target Group

CITIC Group was founded in 1979. After 30 years of rapid development, CITIC Group has become the largest international conglomerate in China. In *Fortune* magazine's list of "Top 500 Global Companies" for 2011, 2012 and 2013, CITIC Group ranked 221st, 194th and 172nd, respectively, and ranked 21st, 20th and 20th among all Chinese enterprises included in the list for 2011, 2012 and 2013, respectively. CITIC Group conducts its business mainly through CITIC Limited Group, whose businesses extend globally covering financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing and other business segments. The assets, revenue and net profit of CITIC Limited Group accounted for a large proportion of the total assets, revenue and net profit of CITIC Group during the Track Record Period.

The following table sets out the principal operational entities of each business segment of CITIC Limited Group:

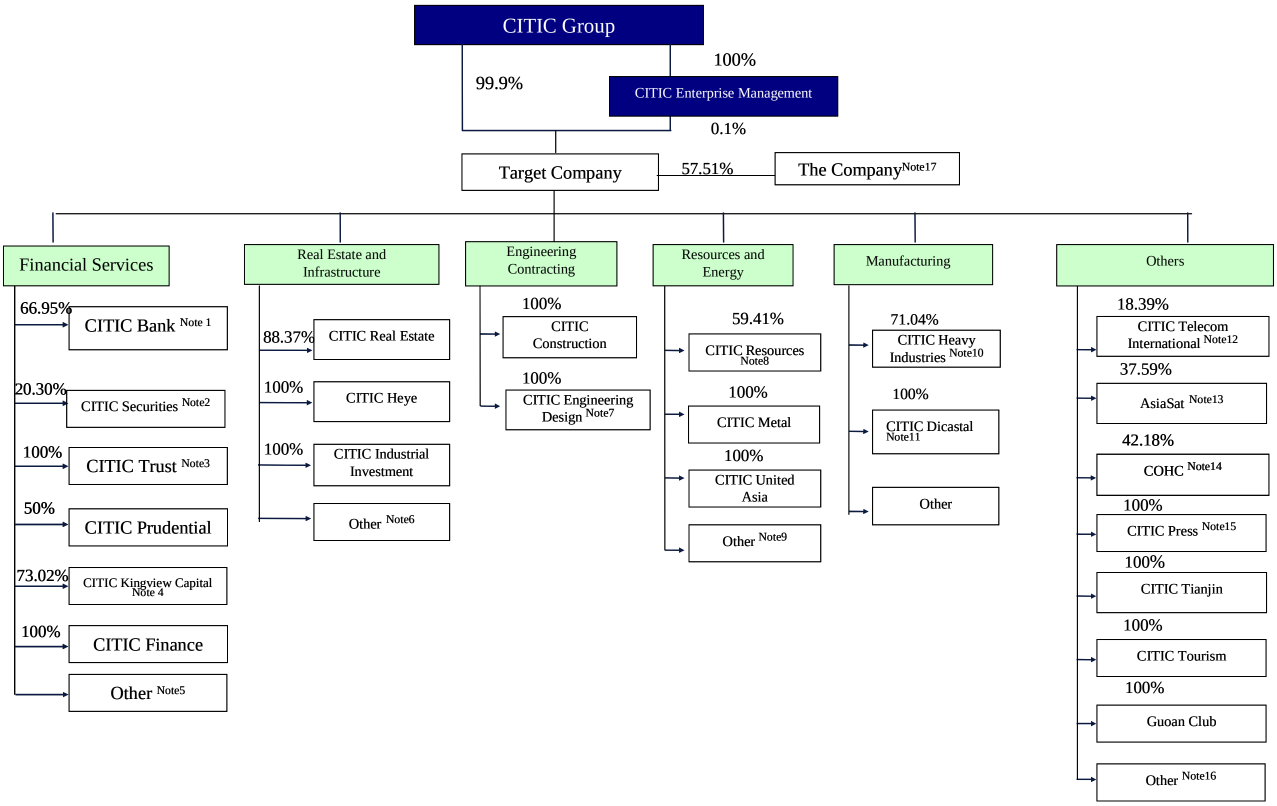
Business Segments	Financial Services	Real Estate and Infrastructure	Engineering Contracting	Resources and Energy	Manufacturing	Others
Principal operational entities	CITIC Bank	CITIC Real Estate	CITIC Construction	CITIC Resources	CITIC Heavy Industries	CITIC Telecom International
	CITIC Securities (Note1)	CITIC Heye	CITIC Engineering Design	CITIC United Asia	CITIC Dicastal	AsiaSat (Note 3)
	CITIC Trust	CITIC Industrial Investment		CITIC Metal		COHC
	CITIC Prudential (Note 2)					CITIC Press
	CITIC Kingview Capital					CITIC Tianjin
	CITIC Finance					CITIC Tourism
						Guoan Club

Notes:
1. As at the Latest Practicable Date, CITIC Limited held a 20.30% equity interest in CITIC Securities and was the largest shareholder of CITIC Securities.
2. As at the Latest Practicable Date, CITIC Limited held a 50% equity interest in CITIC Prudential.
3. As at the Latest Practicable Date, Bowenvale Limited held a 74.43% equity interest in AsiaSat. CITIC Limited holds a 50.50% equity interest in Bowenvale Limited.

(b) Shareholding Structure of the Target Group

Set out below are simplified corporate structure charts showing the principal operating entities of the Target Group at the relevant time for illustration purpose only.

Shareholding Structure of the Target Group as at the Reference Date:



Notes:

Note 1: CITIC Bank holds a 70.32% equity interest in CIFH. CIFH holds a 100% equity interest in CBI.

Note 2: CITIC Securities holds 62.2%, 100%, and 100% of the equity interest of ChinaAMC, CITIC Futures, and Goldstone Investment, respectively.

Note 3: CITIC Limited holds an 80% equity interest in CITIC Trust directly, and holds a 20% equity interest in CITIC Trust indirectly through its wholly-owned subsidiary CITIC Industrial Investment. CITIC Trust holds a 49% equity interest in CITIC Prufunds.

Note 4: CITIC Limited, CITIC Trust, and CITIC Capital holds 30%, 40%, and 30% of the equity interest of CITIC Kingview Capital respectively. Each of CITIC Pacific and CIFH holds a 20.03% equity interest in CITIC Capital.

Note 5: Including financial services business of CITIC Industrial Investment and CITIC Holdings.

Note 6: Including CITIC Hong Kong and CITIC-POWER Investments Co., Limited.

Note 7: CITIC Engineering Design wholly owns CITIC Design and CSMDI.

Note 8: CITIC Limited holds 49.50%, 0.37% and 9.54% of the equity interest of CITIC Resources, respectively, through its wholly-owned subsidiaries CITIC Projects Management (HK) Limited, Extra Yield International Ltd. and CITIC Australia. CITIC Australia was injected by CITIC Group as a contribution of assets to CITIC Limited upon the establishment of CITIC Limited. The Chinese domestic approval of the equity transfer in CITIC Australia from CITIC Group to CITIC Limited has been completed, pending completion of the equity transfer registration procedures in the place of incorporation of CITIC Australia.

Note 9: Including CITIC Australia, CITIC Kazakhstan and CITIC Projects Management (HK) Limited.

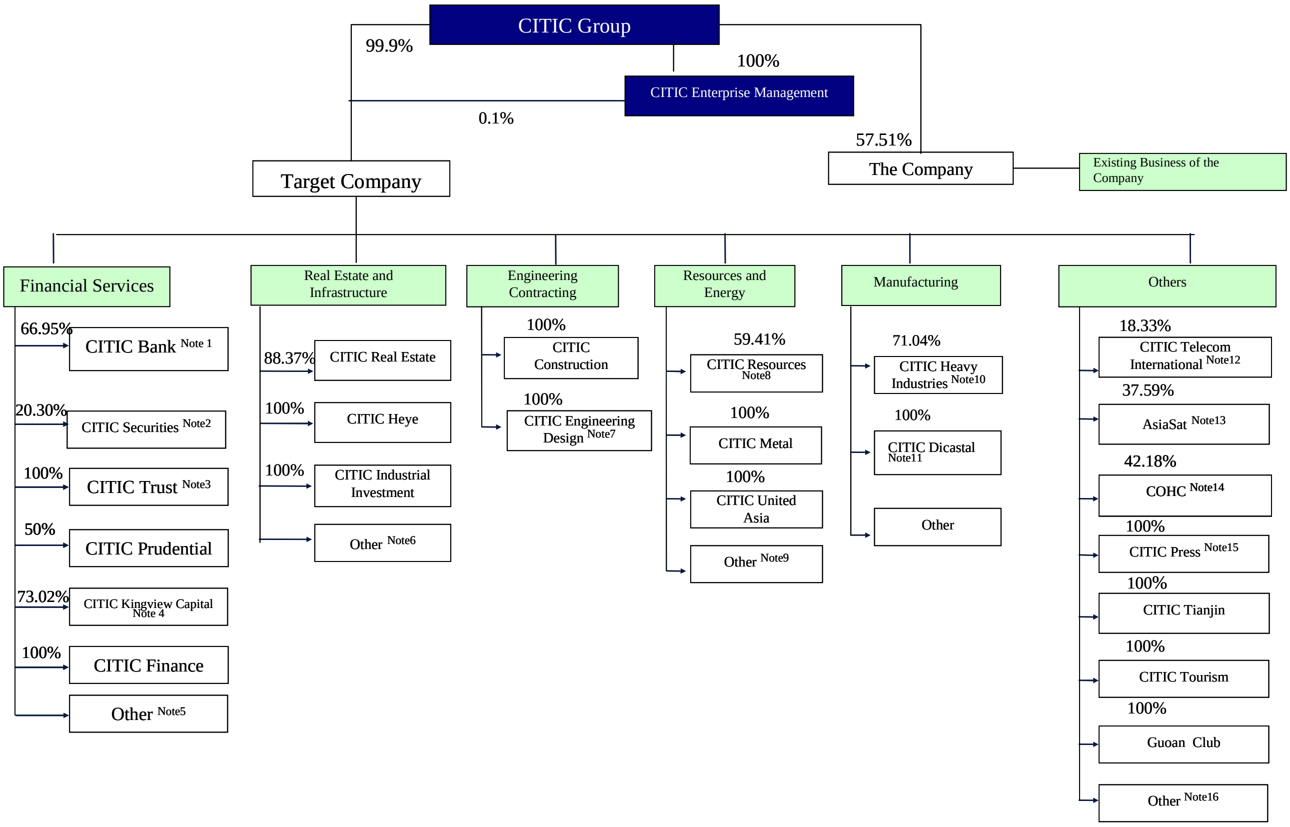
Note 10: CITIC Limited, CITIC Investment Holdings and CITIC Automobile holds 63.87%, 4.78% and 2.39% of the equity interest of CITIC Heavy Industries, respectively. CITIC Investment Holdings and CITIC Automobile are both wholly-owned subsidiaries of CITIC Limited.

Note 11: CITIC Investment Holdings, CITIC Industrial Investment, Hong Kong Top Winner Development Limited and Hong Kong VMC Holdings Limited holds 65.3%, 20.06%, 11.65% and 2.99% of the equity interest in CITIC Dicastal, respectively. CITIC Investment Holdings and CITIC Industrial Investment are wholly-owned subsidiaries of CITIC Limited, while Hong Kong Top Winner Development Limited is a wholly-owned subsidiary of CITIC Projects Management (HK) Limited which is wholly -owned by CITIC Limited and VMC Holdings Limited is a wholly-owned subsidiary of CITIC Hong Kong which is wholly -owned by CITIC Limited.

Note 12: CITIC Limited indirectly holds an 18.39% equity interest in CITIC Telecom International, and CITIC Pacific indirectly holds a 41.42% equity interest in CITIC Telecom International. CITIC Limited and CITIC Pacific together holds a 59.81% equity interest in CITIC Telecom International.

Note 13: Bowenvale Limited holds a 74.43% equity interest in AsiaSat. CITIC Limited holds a 50.50% equity interest in Bowenvale Limited.
Note 14: CITIC Limited holds the equity interest of COHC through CITIC Zhonghaizhi. CITIC Limited holds a 51.03% equity interest in CITIC Zhonghaizhi.
Note 15: CITIC Limited directly holds a 95% equity interest in CITIC Press and indirectly holds a 5% equity interest therein through its wholly-owned subsidiary CITIC Investment Holdings.
Note 16: Including CITIC Investment (HK) Ltd., China International Economic Consultants, CITIC Capital Mansion and CITIC Building.
Note 17: CITIC Limited indirectly holds a 57.51% equity interest in CITIC Pacific. Prior to the Completion, the subsidiaries of CITIC Limited which hold shares of CITIC Pacific will, based on their business plans, complete the transfer of such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group.

Shareholding Structure of the Target Group Immediately Prior to the Completion:



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Note 1: CITIC Bank holds a 70.32% equity interest in CIFH. CIFH holds a 100% equity interest in CBI.
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Note 3: CITIC Limited holds an 80% equity interest in CITIC Trust directly, and holds a 20% equity interest in CITIC Trust indirectly through its wholly-owned subsidiary CITIC Industrial Investment. CITIC Trust holds a 49% equity interest in CITIC Prufunds.
Note 4: CITIC Limited, CITIC Trust, and CITIC Capital holds 30%, 40%, and 30% of the equity interest of CITIC Kingview Capital respectively. Each of CITIC Pacific and CIFH holds a 20.03% equity interest in CITIC Capital.
Note 5: Including financial services business of CITIC Industrial Investment and CITIC Holdings.
Note 6: Including CITIC Hong Kong and CITIC-POWER Investments Co., Limited.
Note 7: CITIC Engineering Design wholly owns CITIC Design and CSMDI.
Note 8: CITIC Limited holds 49.50%, 0.37% and 9.54% of the equity interest of CITIC Resources, respectively, through its wholly-owned subsidiaries CITIC Projects Management (HK) Limited, Extra Yield International Ltd. and CITIC Australia. CITIC Australia was injected by CITIC Group as a contribution of assets to CITIC Limited upon the establishment of CITIC Limited. The Chinese domestic approval of the equity transfer in CITIC Australia from CITIC Group to CITIC Limited has been completed, pending completion of the equity transfer registration procedures in the place of incorporation of CITIC Australia.

Note 9: Including CITIC Australia, CITIC Kazakhstan and CITIC Projects Management (HK) Limited.
Note 10: CITIC Limited, CITIC Investment Holdings and CITIC Automobile holds 63.87%, 4.78% and 2.39% of the equity interest of CITIC Heavy Industries, respectively. CITIC Investment Holdings and CITIC Automobile are both wholly-owned subsidiaries of CITIC Limited.
Note 11: CITIC Investment Holdings, CITIC Industrial Investment, Hong Kong Top Winner Development Limited and Hong Kong VMC Holdings Limited holds 65.3%, 20.06%, 11.65% and 2.99% of the equity interest in CITIC Dicastal, respectively. CITIC Investment Holdings and CITIC Industrial Investment are wholly-owned subsidiaries of CITIC Limited, while Hong Kong Top Winner Development Limited is a wholly-owned subsidiary of CITIC Projects Management (HK) Limited which is wholly -owned by CITIC Limited and VMC Holdings Limited is a wholly-owned subsidiary of CITIC Hong Kong which is wholly -owned by CITIC Limited.
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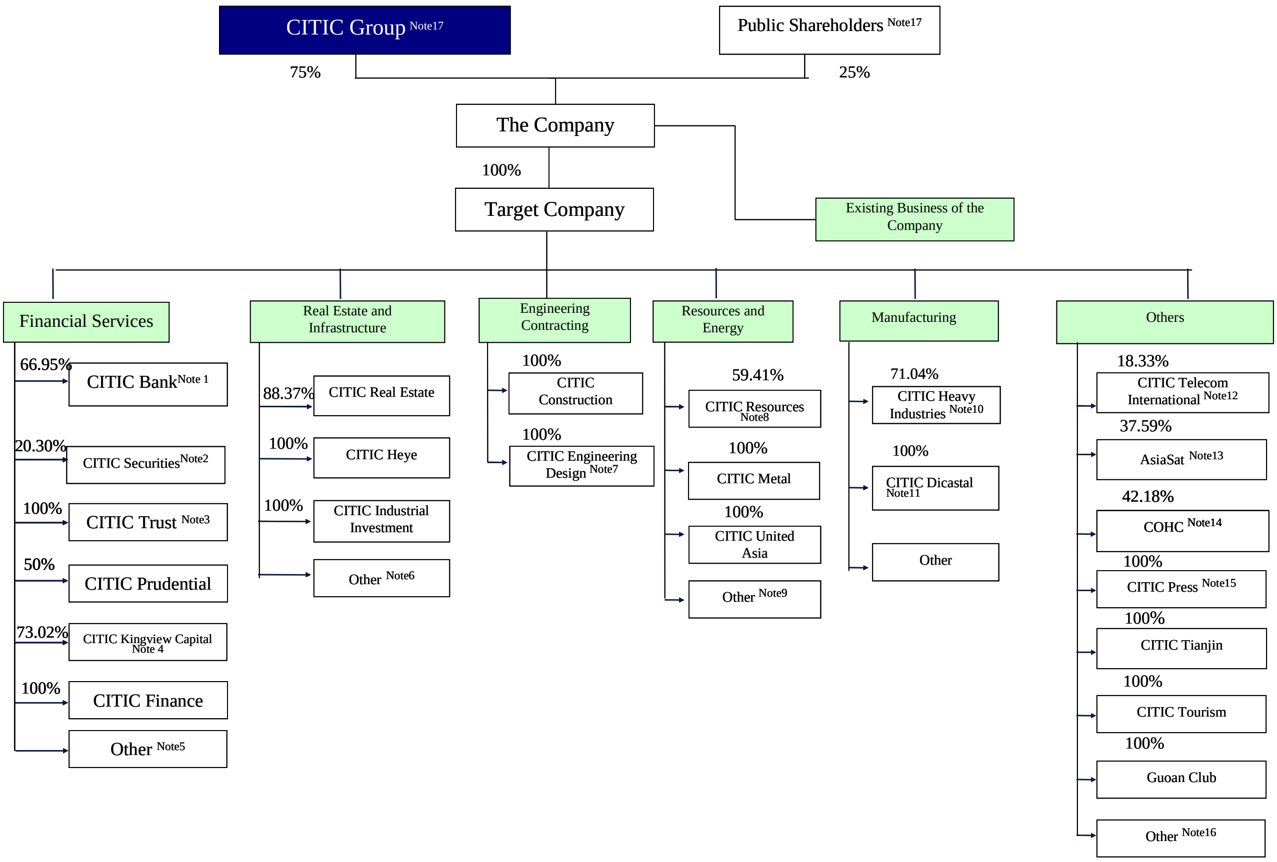
Note 15: CITIC Limited directly holds a 95% equity interest in CITIC Press and indirectly holds a 5% equity interest therein through its wholly-owned subsidiary CITIC Investment Holdings.
Note 16: Including CITIC Investment (HK) Ltd., China International Economic Consultants, CITIC Capital Mansion and CITIC Building.
Note 17: The Target Company's shareholding percentages in the relevant entities as shown in the chart above are based on the assumption that there are no changes to the Target Company's shareholdings nor to the total issued share capital of the relevant entities since the Latest Practicable Date.

Shareholding Structure of the Target Group Immediately Following the Completion:



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Note 5: Including financial services business of CITIC Industrial Investment and CITIC Holdings.
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Note 7: CITIC Engineering Design wholly owns CITIC Design and CSMDI.
Note 8: CITIC Limited holds 49.50%, 0.37% and 9.54% of the equity interest of CITIC Resources, respectively, through its wholly-owned subsidiaries CITIC Projects Management (HK) Limited, Extra Yield International Ltd. and CITIC Australia. CITIC Australia was injected by CITIC Group as a contribution of assets to CITIC Limited upon the establishment of CITIC Limited. The Chinese domestic approval of the equity transfer in CITIC Australia from CITIC Group to CITIC Limited has been completed, pending completion of the equity transfer registration procedures in the place of incorporation of CITIC Australia.
Note 9: Including CITIC Australia, CITIC Kazakhstan and CITIC Projects Management (HK) Limited.
Note 10: CITIC Limited, CITIC Investment Holdings and CITIC Automobile holds 63.87%, 4.78% and 2.39% of the equity interest of CITIC Heavy Industries, respectively. CITIC Investment Holdings and CITIC Automobile are both wholly-owned subsidiaries of CITIC Limited.
Note 11: CITIC Investment Holdings, CITIC Industrial Investment, Hong Kong Top Winner Development Limited and Hong Kong VMC Holdings Limited holds 65.3%, 20.06%, 11.65% and 2.99% of the equity interest in CITIC Dicastal, respectively. CITIC Investment Holdings and CITIC Industrial Investment are wholly-owned subsidiaries of CITIC Limited, while Hong Kong Top Winner Development Limited is a wholly-owned subsidiary of CITIC Projects Management (HK) Limited which is wholly -owned by CITIC Limited and VMC Holdings Limited is a wholly-owned subsidiary of CITIC Hong Kong which is wholly -owned by CITIC Limited.
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Note 15: CITIC Limited directly holds a 95% equity interest in CITIC Press and indirectly holds a 5% equity interest therein through its wholly-owned subsidiary CITIC Investment Holdings.
Note 16: Including CITIC Investment (HK) Ltd., China International Economic Consultants, CITIC Capital Mansion and CITIC Building.
Note 17: The shareholding structure set out above is only for the purposes of illustration and is based on the assumption of an issue of 4,675,123,032 Placing Shares and 16,578,756,438 Consideration Shares upon Completion and will not be deemed as the actual shareholding structure of the Group upon Completion.
Note 18: The Target Company's shareholding percentages in the relevant entities as shown in the chart above are based on the assumption that there are no changes to the Target Company's shareholdings nor to the total issued share capital of the relevant entities since the Latest Practicable Date.

(c) Main Businesses of the Target Group

The main businesses of CITIC Limited Group include the following:

Financial Services

CITIC Limited Group operates financial services businesses in different segments, including banking, securities, trust and insurance. CITIC Limited Group provides domestic and overseas banking services through CITIC Bank and its subsidiaries, securities services through CITIC Securities, trust services through CITIC Trust, and insurance services through CITIC Prudential.

Real Estate and Infrastructure

The real estate and infrastructure business of CITIC Limited Group consists mainly of development, sales and investment of properties, and the investment and management of infrastructure projects such as expressways and port terminals. The real estate business of CITIC Limited Group is predominately operated through CITIC Real Estate and CITIC Heye, while the infrastructure business of CITIC Limited Group is operated through CITIC Industrial Investment.

Engineering Contracting

The engineering contracting business of CITIC Limited Group consists mainly of contracting of infrastructure, housing and industrial construction, as well as engineering design. The engineering contracting business of CITIC Limited Group is operated through CITIC Construction and its engineering design business is operated through CITIC Engineering Design.

Resources and Energy

The resources and energy business of CITIC Limited Group is categorized into three segments: the resources development, which includes the exploration and production of crude oil, coal and other resources; the resources processing, which includes the production and processing of electrolytic aluminium in Australia; and the resources trading, which includes the trading of ferrocolumbium, iron ore, aluminium ingots, coal, platinum and other resources products. CITIC Limited Group predominately operates its resources and energy business through CITIC Resources, CITIC United Asia and CITIC Metal.

Manufacturing

The manufacturing business of CITIC Limited Group consists mainly of the manufacturing of heavy machineries, electronic equipment, automobile aluminium wheels, automobile aluminium castings and others. CITIC Limited Group conducts the manufacturing and contracting services of heavy machineries and power electronic equipments through its subsidiary CITIC Heavy Industries, while the manufacturing of automobile aluminium wheels and automobile aluminium castings is conducted through its subsidiary CITIC Dicastal.

Other Businesses

The other businesses of CITIC Limited Group include, among others, telecommunications, leasing and sales of satellite transponders, general aviation, publishing, comprehensive outsourcing services, tourism and football club. These businesses are operated through CITIC Telecom International, AsiaSat, COHC, CITIC Press, CITIC Tianjin, CITIC Tourism and Guoan Club, respectively.

For detailed information on the Target Group’s businesses, please refer to Appendix I of this announcement.

(d) Financial Information of the Target Group

As at December 31, 2013, the total assets of the Target Group were approximately RMB3,965,703 million. For the year ended December 31, 2013, the revenue of the Target Group was approximately RMB251,789 million, and the net profit attributable to equity shareholders of CITIC Limited was approximately RMB34,260 million.

(i) Combined Income Statements for the Periods Indicated

	For the year ended December 31,		
	2011	**2012**	**2013**
	RMB: million	**RMB: million**	**RMB: million**
Interest income	107,481	139,723	164,139
Interest expenses	(40,855)	(62,819)	(77,576)
Net interest income	66,626	76,904	86,563
Fee and commission income	12,445	15,922	23,123
Fee and commission expenses	(627)	(984)	(1,508)
Net fee and commission income	11,818	14,938	21,615
Sales of goods and services	117,519	127,762	141,356
Other revenue	2,800	2,986	2,255
	120,319	130,748	143,611
Total revenue	198,763	222,590	251,789
Cost of sales and services	(102,908)	(112,202)	(125,340)
Other net income	8,758	5,288	6,094
Impairment loss on assets			
- Loans and advances to customers	(6,220)	(12,709)	(10,739)
- Others	(3,027)	(3,105)	(2,933)
Other operating expenses	(37,760)	(44,452)	(51,923)
Net valuation gain on investment properties	69	80	118
Share of profit of associates, net of tax	4,568	1,050	1,824
Share of profit of joint ventures, net of tax	603	1,044	750
Profit before net finance charges and tax	62,846	57,584	69,640
Finance costs	(2,659)	(3,859)	(4,615)
Finance income	635	1,276	1,152

Net finance charges	(2,024)	(2,583)	(3,463)
Profit before tax	60,822	55,001	66,177
Income tax	(15,366)	(14,242)	(16,500)
Profit for the year	45,456	40,759	49,677
Attributable to:			
Equity shareholders of the Target Company	31,700	28,404	34,260
Non-controlling interests	13,756	12,355	15,417

(ii) Combined Balance Sheets for the Dates Indicated

	As at December 31,		
	2011 RMB: million	**2012 RMB: million**	**2013 RMB: million**
Assets			
Cash and deposits	785,580	713,323	680,285
Placements with banks and non-bank financial institutions	151,004	151,803	122,314
Financial assets at fair value through profit or loss	8,617	14,057	12,310
Derivative financial assets	4,741	4,254	7,768
Trade and other receivables	52,880	58,032	59,645
Amount due from customers for contract work	2,284	1,416	1,374
Inventories	73,627	88,564	83,695
Financial assets held under resale agreements	162,210	69,082	287,247
Loans and advances to customers and other parties	1,416,691	1,634,293	1,903,049
Available-for-sale financial assets	144,174	228,306	215,396
Held-to-maturity investments	107,827	134,405	154,792
Investments classified as receivables	-	56,435	300,158
Interests in associates	30,050	31,479	35,696
Interests in joint ventures	8,313	9,066	9,324
Fixed assets	33,498	36,144	47,038
Investment properties	5,298	4,500	4,681
Intangible assets	7,283	9,606	12,414
Goodwill	3,030	3,045	2,967
Deferred tax assets	5,381	8,427	10,930
Other assets	12,209	14,757	14,620
Total assets	3,014,697	3,270,994	3,965,703

Liabilities

Deposits from banks and non-bank financial institutions	535,067	369,403	557,904
Placements from banks and non-bank financial institutions	3,865	17,165	41,372
Derivative financial liabilities	4,002	3,592	6,944
Trade and other payables	94,396	128,317	138,633
Amount due to customers for contract work	844	4,142	6,322
Financial assets sold under repurchase agreements	1,806	11,732	7,949
Deposits from customers	1,949,300	2,233,122	2,632,152
Employee benefits payables	11,732	13,673	13,967
Income tax payable	6,922	5,828	5,773
Bank and other loans	73,239	75,296	95,280
Debt securities issued	82,525	115,155	132,403
Provisions	1,316	474	500
Deferred tax liabilities	2,181	2,369	1,804
Other liabilities	3,176	3,851	5,062
Total liabilities	2,770,371	2,984,119	3,646,065
Equity			
Share capital	128,000	128,000	128,000
Reserves	34,338	64,800	97,051
Total equity attributable to equity shareholders of the Target Company	162,338	192,800	225,051
Non-controlling interests	81,988	94,075	94,587
Total equity	244,326	286,875	319,638
Total liabilities and equity	3,014,697	3,270,994	3,965,703

(iii) Combined Condensed Cash Flow Statements for the Periods Indicated

	For the year ended December 31,		
	2011	**2012**	**2013**
	RMB: million	**RMB: million**	**RMB: million**
Net cash generated from/ (used in) operating activities	306,175	(34,860)	(121,997)
Net cash used in investing activities	(2,300)	(124,585)	(35,753)

Net cash generated from financing activities	8,590	26,536	25,153
Net increase/(decrease) in cash and cash equivalents	312,465	(132,909)	(132,597)
Cash and cash equivalents at January 1	199,987	509,189	376,375
Effect of exchange rate changes	(3,263)	95	(1,567)
Cash and cash equivalents at December 31	509,189	376,375	242,211

(iv) Financial Performance by Business Segments

The following chart sets out revenue of each business segment of the Target Group for the period indicated:

Business Segments	**For the year ended December 31, 2011**		**2012**		**2013**	
	(in millions of RMB, except percentages)					
	Revenue	**% of total**	**Revenue**	**% of total**	**Revenue**	**% of total**
Financial services	80,424	40.5	93,033	41.8	108,328	43.0
Real estate and Infrastructure	16,635	8.4	12,926	5.8	27,202	10.8
Engineering Contracting	17,626	8.9	16,674	7.5	18,385	7.3
Resources and Energy	60,710	30.5	69,772	31.3	67,971	27.0
Manufacturing	16,385	8.2	19,757	8.9	19,121	7.6
Others (Note)	9,229	4.6	12,395	5.6	12,784	5.1
Unallocated	2,761	1.4	3,418	1.5	3,733	1.5
Elimination	(5,007)	(2.5)	(5,385)	(2.4)	(5,735)	(2.3)
Total	**198,763**	**100.0**	**222,590**	**100.0**	**251,789**	**100.0**

Note: Others include various businesses including aviation services, publication services and others.

The following table sets out the profit before tax of each business segment of CITIC Limited Group for the periods indicated:

Business Segments	For the year ended December 31, 2011		2012		2013	
	(in millions of RMB, except percentages)					
	Profit before tax	% of total	Profit before tax	% of total	Profit before tax	% of total
Financial services	49,140	80.8	46,259	84.1	57,805	87.3
Real estate and Infrastructure	3,872	6.4	4,402	8.0	4,390	6.6
Engineering contracting	1,367	2.2	2,654	4.8	2,481	3.8
Resources and Energy	5,321	8.7	(363)	(0.7)	(128)	(0.2)
Manufacturing	1,356	2.2	1,313	2.4	1,001	1.5
Others (Note)	608	1.0	670	1.2	899	1.4
Unallocated	(315)	(0.5)	433	0.8	(337)	(0.5)
Elimination	(527)	(0.8)	(367)	(0.6)	66	0.1
Total	**60,822**	**100.0**	**55,001**	**100.0**	**66,177**	**100.0**

Note: Others include various businesses including aviation services, publication services and others.

For detailed financial information of the Target Group, please refer to Appendix II to this announcement.

(e) Risks Related to the Acquisition

The Completion is subject to the fulfillment of conditions precedent. CITIC Pacific cannot guarantee that these conditions precedent can be fulfilled and/or the Acquisition will be completed as contemplated

The conditions precedent to Completion as set out in the section headed “Acquisition - Principal terms of the Share Transfer Agreement and the Acquisition - Conditions precedent” in this announcement involve the decisions of third parties, including, in particular, the relevant regulatory authorities. As fulfillment of these conditions precedent is not within the control of the contracting parties involved in the Acquisition, CITIC Pacific cannot guarantee that these conditions precedent can be fulfilled and/or the Acquisition will be completed as contemplated.

The shareholding percentages of the existing Shareholders will be diluted following the issue of the New Shares upon Completion, and any increase in value of the Shares as a result of the Acquisition may not offset the dilutive effect to the Shareholders

Pursuant to the Share Transfer Agreement, CITIC Pacific will issue the Consideration Shares. CITIC Pacific also proposes to issue the Placing Shares for the purpose of settling all or part of the Cash Consideration for the Acquisition. An aggregate of no more than 21,253,879,470 New Shares will be issued upon Completion (including the Placing Shares), which represent approximately 582.39% of the issued share capital of CITIC Pacific as at the Latest Practicable Date and approximately 85.35% of the maximum issued share capital of CITIC Pacific as enlarged by the issue of the New Shares. For details on CITIC Pacific's shareholding structure upon Completion, please refer to the section headed "Proposed Issue of the Consideration Shares and the Placing Shares under the Specific Mandate" of this announcement.

The shareholding percentages of the existing Shareholders would be diluted when CITIC Pacific issues the Consideration Shares and the Placing Shares. Any increase in value of the Shares as a result of the Acquisition may not necessarily be reflected in their market price and may not offset the dilutive effect to the Shareholders.

The Share price of CITIC Pacific may suffer volatile fluctuations leading to investment risks to CITIC Pacific's existing Shareholders

If the Acquisition cannot be implemented, the Share price of CITIC Pacific may fluctuate leading to the risks of potential investment loss to CITIC Pacific's existing Shareholders. If the Acquisition can be successfully implemented, the Share price of CITIC Pacific may fluctuate and may cause CITIC Pacific's existing Shareholders to suffer investment loss.

The Acquisition involves the issue of New Shares. After the issue of New Shares, the Share price of CITIC Pacific may fluctuate and CITIC Pacific cannot guarantee that there would be sufficient future trading volume, either of which may lead to investment loss to CITIC Pacific's existing Shareholders.

The Acquisition faces integration risks

In order to integrate the Target Group successfully, the Enlarged Group needs to among other things, (i) hire, train or retain competent staff; (ii) formulate and maintain standards, control, procedures and policies consistent with those of CITIC Pacific; and (iii) retain the existing suppliers and customers of the Target Group.

If the expected benefits of the Acquisition cannot be realized or the relevant integration risks cannot be satisfactorily managed by the Enlarged Group, CITIC Pacific risks losing key employees, customers and/or significant relations, and the financial conditions and the operational performance of the Enlarged Group may be adversely affected.

Other risks related to the Acquisition

CITIC Pacific cannot guarantee that the due diligence conducted prior to the Acquisition is able to comprehensively and fully capture the financial, business and other information of the Target Group, which may lead to potential risks, including but not limited to: (i) inaccurate assumptions made regarding the operations of the Target Group including the consistency of the regulatory framework in which it operates; (ii) inaccurate assumptions made regarding intangible assets, contingent liability, share capital and debt; and (iii) incomplete information regarding the limitations on enforcing the indemnity undertakings made by the Vendors which may lead to delays to, or limitations on, the claims that CITIC Pacific may have against the Vendors. Such risks may influence the market value of the Enlarged Group and lead to changes in the Enlarged Group's operation performance.

The Acquisition also involves other risks, including but not limited to: CITIC Pacific may be required to pay a large amount of cash in the Acquisition, which increases the pressure to raise funds and lower its flexibility in the use of capital.

(I) Listing Rules Implications

As the applicable percentage ratios of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of CITIC Pacific under Chapter 14 of the Listing Rules. As CITIC Group is a connected person of CITIC Pacific by virtue of it being the controlling shareholder of CITIC Pacific, the Acquisition also constitutes a connected transaction of CITIC Pacific under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM.

CITIC Group and its associates are required to abstain from voting on relevant resolutions in relation to the Acquisition and the specific mandate to issue the Consideration Shares and the Placing Shares at the EGM.

(J) Independent Board Committee and Independent Financial Adviser

An independent board committee will be formed to advise the Independent Shareholders on matters in relation to the Acquisition.

CITIC Pacific will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders on matters in relation to the Acquisition.

IV. PROPOSED ISSUE OF THE CONSIDERATION SHARES AND THE PLACING SHARES UNDER THE SPECIFIC MANDATE

Apart from the proposed issue of the Consideration Shares, CITIC Pacific also proposes to issue the Placing Shares to raise cash funding for the purpose of settling all or part of the Cash Consideration for the Acquisition. The Placing Shares will be issued to professional and institutional investors. The Placing, if proceeded, is expected to be completed simultaneously with the issue of the Consideration Shares.

Based on the issued share capital of CITIC Pacific as enlarged by the issue of 16,578,756,438 Consideration Shares, assuming CITIC Pacific is to maintain a public float of 25% following the Completion, 4,675,123,032 Placing Shares will need to be issued. In the event that, upon Completion, CITIC Pacific cannot maintain a minimum public float as required by the Listing Rules, the Stock Exchange has granted, pursuant to Rule 8.08(1)(d) of the Listing Rules, a waiver to allow CITIC Pacific to have a public float percentage of less than 25% after the Completion (further details of which are set out in the section headed "(E) Waiver from Strict Compliance with Public Float Requirements" below). The final number of Placing Shares to be issued pursuant to the Placing is subject to, among other things, the then market conditions.

CITIC Pacific proposes to issue no more than 21,253,879,470 Consideration Shares and Placing Shares in aggregate assuming no additional Consideration Shares will be issued as a result of the adjustments (if applicable) to the Transfer Consideration following MOF's approval of the Appraised Value. As a result, the maximum number of New Shares which may be issued by CITIC Pacific, including the Consideration Shares (which includes additional Consideration Shares which may be issued upon adjustment of the Price per Consideration Share or adjustment to payment methods), and the Placing Shares, must not exceed 21,253,879,470 Shares, representing approximately 85.35% of the enlarged issued share capital of CITIC Pacific. The maximum number of issued Shares of CITIC Pacific will not exceed 24,903,323,630 Shares upon Completion, representing an aggregate of 16,578,756,438 Consideration Shares (subject to adjustment) and 4,675,123,032 Placing Shares (subject to adjustment). Upon Completion, assuming 16,578,756,438 Consideration Shares (subject to adjustment) and 4,675,123,032 Placing Shares (subject to adjustment) are issued, CITIC Group will hold 18,677,492,723 Shares of CITIC Pacific, representing 75% of the enlarged share capital of CITIC Pacific with a total of 24,903,323,630 Shares issued.

CITIC Group and its associates are required to abstain from voting on relevant resolutions in relation to the proposed issue of the Consideration Shares and the Placing Shares at the EGM.

(A) The Consideration Shares

For detailed information with regard to the issue of the Consideration Shares, please refer to the section headed "The Acquisition" in this announcement.

(B) The Placing Shares

CITIC Pacific will seek Independent Shareholders' approval at the EGM in relation to issue of the Placing Shares based on the following parameters:

Type of Shares to be issued:	Shares
Target subscribers:	Professional and institutional investors who are independent third parties
Number of Shares to be issued:	No more than 21,253,879,470 Consideration Shares and Placing Shares in aggregate.

Method of issue:	Non-public issue of the Placing Shares. The subscription price will be paid in cash.
Basis for determining the Placing Price:	The Placing Price will be determined through negotiations between CITIC Pacific and the placing agents and/or subscribers of the Placing Shares, taking into account a number of factors, including prevailing market conditions at the relevant time, Share price of CITIC Pacific, and investors' demands for the Shares. The Placing Price shall not be less than the higher (the "**Price Limit**") of: (a) the Price per Consideration Share; and (b) 80% of the closing price of the Shares as quoted on the Stock Exchange on the last trading day prior to the date of the relevant placing agreement or subscription agreement. Any issue of the Placing Shares at a Placing Price less than the Price Limit shall be subject to a separate approval of the Independent Shareholders.
Rights attached to the Placing Shares:	The new Placing Shares to be issued will rank *pari passu* in all respects with the existing Shares.
Reasons for the Placing:	The Placing can broaden the shareholder base of CITIC Pacific, maintain the minimum public float immediately following the Completion and raise extra funds for the Acquisition.
Plan of the Placing:	The Placing, if proceeded, is expected to be completed simultaneously with the issue of the Consideration Shares. Subject to the prevailing market conditions at the relevant time, the Placing may be conducted through (i) placing agent(s), and/or (ii) direct subscriptions by potential investors. As such, the relevant agreements may be entered into by CITIC Pacific at different points of time prior to the completion of the Placing. Such placing and/or subscription as part of the Placing will all be completed at the same time when the Consideration Shares are issued.

Validity period of the Specific Mandate:	The specific mandate will be valid until the earlier of the Closing Date or the date falling 12 months after the passing of the resolution of the Independent Shareholders approving the specific mandate.
Listing Application:	CITIC Pacific will apply to the Stock Exchange for the listing of, and permission to deal in, all of the Placing Shares to be issued pursuant to the Placing.

CITIC Pacific will announce the details of the Placing as soon as the terms and conditions of the Placing are finalized. Should any subscription and/or placing agreements be entered into by CITIC Pacific prior to the dispatch of the circular to be issued in connection with the grant of the specific mandate, CITIC Pacific will disclose the details of such agreements.

(C) Effect of the Acquisition and the Placing on the Shareholding Structure of CITIC Pacific

Details of the shareholding structure of CITIC Pacific as at the date of this announcement and immediately after the Completion and the Placing are set out below:

	As at the date of this announcement		*Immediately after the Completion and the Placing assuming 21,253,879,470 Consideration Shares and Placing Shares (in aggregate) have been issued*	
	Number of Shares held	**Approximate percentage of total issued share capital**	**Number of Shares held**	**Approximate percentage of total issued share capital (Note 2)**
CITIC Group (Note 1)	2,098,736,285	57.51%	18,677,492,723	75 %
Public	1,550,707,875	42.49%	6,225,830,907	25 %
Total	3,649,444,160	100%	24,903,323,630	100%

Notes:

1. As at the date of this announcement, CITIC Group indirectly holds Shares of CITIC Pacific through CITIC Limited's overseas wholly-owned subsidiaries. Upon Completion, CITIC Group will hold Shares of CITIC Pacific directly or through its wholly-owned subsidiaries.
2. Assuming none of the outstanding share options of CITIC Pacific will be exercised from the date of this announcement and up to the Closing Date.

(D) Change in Control of CITIC Pacific

CITIC Pacific is incorporated in Hong Kong, the Shares of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, CITIC Group held 57.51% equity interest in CITIC Pacific and was the controlling shareholder of CITIC Pacific. As at the date of this announcement and immediately following the Completion and the completion of the Placing, the controlling shareholder of CITIC Pacific will remain unchanged.

As at the date of this announcement, CITIC Group held equity interest of CITIC Pacific through CITIC Limited's overseas wholly-owned subsidiaries. Prior to the Completion, the subsidiaries of CITIC Limited which hold shares of CITIC Pacific will, based on their business plans, complete the transfer of such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group. Upon Completion, CITIC Group will hold Shares of CITIC Pacific directly or through its wholly-owned subsidiaries.

(E) Waiver from Strict Compliance with Public Float Requirements

Taking into account the Consideration Shares that CITIC Pacific will issue to its controlling shareholder as part of the Transfer Consideration, the total public float percentage of the Shares after the Completion will be lower than the minimum public float requirements under Rule 8.08 (1) of the Listing Rules. CITIC Pacific has applied for, and the Stock Exchange has granted, pursuant to Rule 8.08(1)(d), a waiver to allow CITIC Pacific to have a public float percentage of less than 25% after the Completion, provided that the minimum public float should be at the higher of (i) 15% of the total issued share capital of CITIC Pacific with a market capitalization of not less than HK$10 billion; or (ii) such a percentage of the Shares held by the public immediately after the Completion.

The waiver application is based on the following principal grounds:

(a) the market capitalisation of CITIC Pacific and the value of its public float is significant;

(b) there will be sufficient liquidity in CITIC Pacific's shares to ensure an orderly market in the securities on the Stock Exchange upon Completion;

(c) it is unduly burdensome for CITIC Pacific to adhere to the 25% minimum public float requirement upon Completion;

(d) the change of the public float is not a result of CITIC Pacific's positive act to reduce the number of the Shares in public hands, but rather, a result of the issue of new Shares;

(e) as a result of the Acquisition and the Placing, CITIC Pacific will increase the value of Shares in public hands notwithstanding the reduction of public float in percentage terms; and

(f) the Acquisition represents a strategic and unique opportunity to CITIC Pacific's public Shareholders and is in the interest of all the Shareholders as a whole.

V. PROPOSED CHANGE OF THE COMPANY NAME AND CORRESPONDING AMENDMENT TO THE ARTICLES OF ASSOCIATION

CITIC Pacific proposes to change its English name from "CITIC Pacific Limited" to "CITIC Limited", and its Chinese name from "中信泰富有限公司" to "中國中信股份有限公司", subject to the approval of the Shareholders at the EGM.

(A) Reasons for the Proposed Change of the Company Name

The Board considers that, given the business scale of the Enlarged Group after the Completion will extend to the main businesses of CITIC Limited Group, the proposed company name of "CITIC Limited 中國中信股份有限公司" will better reflect the new business scale. Therefore, the Board considers that the proposed change of the company name is in the interest of CITIC Pacific and its Shareholders as a whole.

(B) Conditions for the Proposed Change of Company Name

The proposed change of the company name is subject to the following conditions:

(a) the passing of a special resolution by the Shareholders approving the proposed change of the company name and the corresponding amendment to the Articles of Association at the EGM;

(b) all relevant approvals, authorizations, permissions and consent by relevant governmental authorities having been obtained and all necessary filings being completed in connection with the use of the proposed company name of "CITIC Limited 中國中信股份有限公司"; and

(c) the Completion.

The proposed change of the company name will take effect after the satisfaction of the conditions set out above. The effective date of the change of company name will be the date on which the Certificate of Change of Name is issued by the Registrar of Companies in Hong Kong.

In addition, subject to confirmation by the Stock Exchange, the English and Chinese stock short names of CITIC Pacific for trading in the securities on the Stock Exchange will also be changed after the proposed change of the company name becomes effective. Further announcement(s) will be made by CITIC Pacific in relation to the effective date of the proposed change of the company name and the English and Chinese stock short name.

Upon Completion, the Target Company will be re-named "CITIC Corporation Limited 中國中信有限公司".

(C) Effects of the Proposed Change of the Company Name

The change of the company name will not affect any rights of the Shareholders. All existing share certificates in issue bearing the current name of CITIC Pacific will, upon the change of the company name becoming effective, continue to be evidence of title to such Shares and will remain valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for the exchange of the existing share certificates for new certificates bearing the new English and Chinese names of CITIC Pacific. New share certificates to be issued after the proposed change of the company name becomes effective will be issued in the new name.

(D) Amendment to the Articles of Association of CITIC Pacific

The Articles of Association will be required to be amended in relation to the proposed change of name. The Board resolved to submit the following proposal in connection with amendment to the Articles of Association to be considered at the EGM.

Original Article	**Modified Article**
Article 1A of the Articles of Association: (*Note*)	Article 1A of the Articles of Association:
The name of the Company is "CITIC PACIFIC LIMITED 中信泰富有限公司"	The name of the Company is "CITIC Limited 中國中信股份有限公司"

Note: As set out in the circular of CITIC Pacific dated March 25, 2014, CITIC Pacific is seeking the Shareholders' approval to certain amendments to the existing memorandum and articles of association of CITIC Pacific to align them with the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on March 3, 2014. Subject to the approval by the Shareholders at the forthcoming annual general meeting of CITIC Pacific to be held on May 14, 2014, a new Article 1A will be inserted into the Articles of Association as "The name of the Company is 'CITIC PACIFIC LIMITED 中信泰富有限公司'".

The proposed amendment to the Articles of Association is conditional upon Completion.

VI. POTENTIAL CONTINUING CONNECTED TRANSACTIONS

Immediately following the Completion, CITIC Group will continue to be the controlling shareholder of CITIC Pacific and will therefore, continue to be a connected person of CITIC Pacific. As the Target Group will become part of the Group upon Completion, transactions between the Enlarged Group and its connected persons (including CITIC Group and its associates) will constitute connected transactions of the Enlarged Group after Completion. CITIC Pacific will comply with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules (if applicable) in respect of those continuing connected transactions.

VII. EXCHANGE RATE CONVERSIONS

Unless otherwise provided, amounts denominated in RMB / HK$ have been converted, for the purpose of illustration only, into HK$ / RMB in this announcement at the exchange rate of HK$1 : RMB0.79207, being the median exchange rate announced by the PBOC on the Pricing Date.

VIII. DISPATCH OF CIRCULAR

CITIC Pacific will dispatch a circular in accordance with requirements under the Listing Rules, which will contain, among other things,

(a) notice of the EGM, seeking Independent Shareholders' approval of the Acquisition which constitutes a very substantial acquisition and a connected transaction, the proposed issue of the Consideration Shares and the Placing Shares under the specific mandate, the proposed change of company name and the proposed amendment to the Articles of Association;

(b) further details of the Acquisition;

(c) the letter from the independent financial adviser to the independent board committee and the Independent Shareholders, and

(d) the letter from the independent board committee to the Independent Shareholders.

The circular is subject to review by the Stock Exchange and will be dispatched to the Shareholders as soon as practicable. CITIC Pacific expects that the circular will be dispatched no later than May 14, 2014 to allow sufficient time to prepare necessary information for inclusion in the circular to be issued in connection with the Acquisition. The Shareholders and potential investors should refer to the circular for further details of the Acquisition and the transactions contemplated under the Share Transfer Agreement.

WARNING

The Acquisition is subject to a number of conditions precedent including Independent Shareholders' approval and approvals from relevant regulatory bodies, which may or may not be fulfilled. The terms and conditions of the Placing have not yet been finalized and, subject to the then market conditions, the Placing may or may not proceed. Shareholders and potential investors of CITIC Pacific should exercise caution when they deal or contemplate dealing in the shares or other securities (if any) of CITIC Pacific.

DEFINITIONS

"Acquisition"	the purchase by the Purchaser of the Target Shares from the Vendors pursuant to the Share Transfer Agreement;
"Articles of Association"	the articles of association of CITIC Pacific;
"Appraised Value"	the total net asset value of the Target Company as at the Reference Date as appraised by the PRC Valuer;
"AsiaSat"	Asia Satellite Telecommunications Holdings Limited, a company incorporated in Bermuda in 1988 with its shares listed on the Stock Exchange (Stock Code: 01135), and 37.59% of its equity interest was held by the Target Company as at the Latest Practicable Date;
"associate(s)"	has the meanings as ascribed thereto under the Listing Rules;
"Auditors"	KPMG, auditors of CITIC Pacific;
"AUM"	asset under management;
"Board"	the board of Directors of CITIC Pacific;
"CAGR"	compound annual growth rate;
"Cash Consideration"	the portion of the Transfer Consideration to be satisfied in cash;
"CBI"	China CITIC Bank International Limited, a company incorporated in Hong Kong and a subsidiary of the Target Company;
"CBRC"	China Banking Regulatory Commission（中國銀行業監督管理委員會）;
"ChinaAMC"	China Asset Management Co., Ltd., a company incorporated in the PRC in 1998 and a subsidiary of CITIC Securities;
"China International Economic Consultants"	China International Economic Consultants Co., Ltd., a company incorporated in the PRC in 1982 and a subsidiary of the Target Company;

"China Platinum"	China Platinum Company, a company incorporated in the PRC in 2003 and a subsidiary of the Target Company;
"CIFH"	CITIC International Financial Holdings Limited, a company incorporated in Hong Kong in 2002 upon the restructuring of its predecessor, CITIC Ka Wah Bank Limited, and a subsidiary of the Target Company;
"CIRC"	China Insurance Regulatory Commission（中國保險監督管理委員會）;
"CITIC Australia "	CITIC Australia Pty, Ltd., a company incorporated in Australia in 1985 and a subsidiary of the Target Company;
"CITIC Automobile"	CITIC Automobile Co., Ltd., a company incorporated in the PRC in 1993 and a subsidiary of the Target Company;
"CITIC Bank"	China CITIC Bank Corporation Limited, a company incorporated in the PRC in 1987, with its H shares listed on the Stock Exchange (Stock Code: 00998) and its A shares listed on the SSE (Stock Code: 601998), and a subsidiary of the Target Company;
"CITIC Building"	CITIC Building Property Management Co., Ltd., a company incorporated in the PRC in 1985 and a subsidiary of the Target Company;
"CITIC Capital"	CITIC Capital Holdings Limited, a company incorporated in Hong Kong in 2002, and 20.03% of its equity interest was held by each of CITIC Pacific and CIFH as at the Latest Practicable Date;
"CITIC Capital Mansion"	CITIC Capital Mansion Co., Ltd., a company incorporated in the PRC in 1990 and a subsidiary of the Target Company;
"COHC"	CITIC Offshore Helicopter Co., Ltd., a company incorporated in the PRC in 1999, with its shares listed on the SHZ (Stock Code: 000099), and 42.18% of its equity interest was held by CITIC Zhonghaizhi as at the Latest Practicable Date;

"CITIC Construction"	CITIC Construction Co., Ltd., a company incorporated in the PRC in 2002 and a subsidiary of the Target Company;
"CITIC Dicastal"	CITIC Dicastal Co., Ltd., a company incorporated in the PRC in 1988 and a subsidiary of the Target Company;
"CITIC Engineering Design"	CITIC Engineering Design and Construction Co., Ltd., a company incorporated in the PRC in 2013 and a subsidiary of the Target Company;
"CITIC Enterprise Management"	Beijing CITIC Enterprise Management Co., Ltd., a company incorporated in the PRC in 2009 and held 0.1% equity interest of the Target Company as at the Latest Practicable Date;
"CITIC Finance"	CITIC Finance Company Limited, a company incorporated in the PRC in 2012 and a subsidiary of the Target Company;
"CITIC Futures"	CITIC Futures Company Limited, formerly CITIC Securities Futures Company Limited, a company incorporated in the PRC in 1993 and a subsidiary of CITIC Securities;
"CITIC Design"	CITIC General Institute of Architecture Design and Research Co., Ltd., a company incorporated in the PRC in 1990 and a subsidiary of the Target Company;
"CITIC Group"	CITIC Group Corporation, a state-owned company established in the PRC in 1979 and the controlling shareholder of CITIC Pacific, holding directly and indirectly 100% equity interest in the Target Company;
"CITIC Heavy Industries"	CITIC Heavy Industries Co., Ltd., a company incorporated in the PRC in 2008 with its shares listed on the SSE (Stock Code: 601608), and a subsidiary of the Target Company;
"CITIC Heye"	CITIC Heye Investment (Beijing) Co., Ltd., a company incorporated in the PRC in 2011 and a subsidiary of the Target Company;

"CITIC Holdings"	CITIC Holdings Co., Ltd., a company incorporated in the PRC in 2002 and a subsidiary of the Target Company;
"CITIC Hong Kong"	CITIC Hong Kong (Holdings) Limited, a company incorporated in Hong Kong in 1987 and a subsidiary of the Target Company;
"CITIC Industrial Investment"	CITIC Industrial Investment Group Corp., Ltd., a company incorporated in the PRC in 1997 and a subsidiary of the Target Company;
"CITIC Investment Holdings"	CITIC Investment Holdings Ltd., a company incorporated in the PRC in 2006 and a subsidiary of the Target Company;
"CITIC Kazakhstan"	CITIC Kazakhstan Limited Liability Partnership, a company incorporated in Kazakhstan in 2009 and a subsidiary of the Target Company;
"CITIC Kingview Capital"	CITIC Kingview Capital Management Co., Ltd., a company incorporated in the PRC in 2007 and a subsidiary of the Target Company;
"CITIC Limited Group" or "Target Group"	CITIC Limited and its subsidiaries, and for the purpose of this announcement, excluding the Group;
"CITIC Limited" or "Target Company"	CITIC Limited, a company incorporated in the PRC in 2011;
"CITIC Metal"	CITIC Metal Co., Ltd., a company incorporated in the PRC in 1988 and a subsidiary of the Target Company;
"CITIC Pacific" or "Company" or "Purchaser"	CITIC Pacific Limited, a company incorporated in Hong Kong in 1985 with its shares listed on the Stock Exchange (Stock Code: 00267);
"CITIC Press"	CITIC Press Corporation, a company incorporated in the PRC in 1993 and a subsidiary of the Target Company;
"CITIC Prudential"	CITIC Prudential Life Insurance Co., Ltd., a company incorporated in the PRC in 2000 and 50% of its equity interest was held by the Target Company as at the Latest Practicable Date;

"CITIC Prufunds"	CITIC-Prudential Fund Management Co., Ltd., a company incorporated in the PRC in 2005 and 49% of its equity interest was held by CITIC Trust as at the Latest Practicable Date;
"CITIC Real Estate"	CITIC Real Estate Co., Ltd., a company incorporated in the PRC in 1986 and a subsidiary of the Target Company;
"CITIC Resources"	CITIC Resources Holdings Limited, a company incorporated in Bermuda in 1997 with its shares listed on the Stock Exchange (Stock Code: 01205), and a subsidiary of the Target Company;
"CITIC Securities"	CITIC Securities Co., Ltd., a company incorporated in the PRC in 1995 with its H shares listed on the Stock Exchange (Stock Code: 06030) and A shares listed on the SSE (Stock Code: 600030), and 20.30% of its equity interest was held by the Target Company as at the Latest Practicable Date;
"CITIC Securities International"	CITIC Securities International Co., Ltd., a company incorporated in Hong Kong in 1998 and a subsidiary of CITIC Securities;
"CITIC Securities (Zhejiang)"	CITIC Securities (Zhejiang) Co., Ltd., a company incorporated in the PRC in 2002 and a subsidiary of CITIC Securities;
"CITIC Telecom International"	CITIC Telecom International Holdings Limited, a company incorporated in Hong Kong in 1997 with its shares listed on the Stock Exchange (Stock Code: 01883), and 18.33% and 41.27% of its equity interest was indirectly held by the Target Company and CITIC Pacific, respectively, as at the Latest Practicable Date;
"CITIC Tianjin"	CITIC Tianjin Investment Holding Co., Ltd., a company incorporated in the PRC in 2007 and a subsidiary of the Target Company;
"CITIC Tourism"	CITIC Tourism Group Co., Ltd., a company incorporated in the PRC in 1987 and a subsidiary of the Target Company;

"CITIC Trust"	CITIC Trust Co., Ltd., a company incorporated in the PRC in 1988 and a subsidiary of the Target Company;
"CITIC United Asia"	CITIC United Asia Investments Limited, a company incorporated in Hong Kong in 1991 and a subsidiary of the Target Company;
"CITIC Wantong"	CITIC Wantong Securities Co., Ltd., a company incorporated in the PRC in 1988 and a subsidiary of CITIC Securities;
"CITIC Zhonghaizhi"	CITIC Zhonghaizhi Corporation, a company incorporated in the PRC in 1983 and a subsidiary of the Target Company;
"CITIC-CP"	CITIC-CP Asset Management Company, a company incorporated in the PRC in 2013 and a subsidiary of the Target Company;
"Closing Date"	a date to be agreed in writing between the Purchaser and the Vendors following the fulfilment of all the conditions precedent to the Acquisition pursuant to the Share Transfer Agreement to the reasonable satisfaction of the Purchaser (or otherwise waived, if applicable);
"CLSA"	CLSA B.V., a company incorporated in the Netherlands in 1987 and a subsidiary of the CITIC Securities;
"CTM"	Companhia de Telecomunicações de Macau, S.A.R.L., a company incorporated in Macau in 1981 and a subsidiary of CITIC Telecom International;
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Share Transfer Agreement;
"Consideration Shares"	the Shares to be allotted and issued by CITIC Pacific to CITIC Group or its designated wholly-owned subsidiaries to settle the Share Consideration pursuant to the Share Transfer Agreement;
"controlling shareholder"	has the meanings as ascribed thereto under the Listing Rules;

"CSMDI"	Central and Southern China Municipal Engineering Design and Research Institute Co., Ltd., a company incorporated in the PRC in 1991 and a subsidiary of the Target Company;
"CSRC"	China Securities Regulatory Commission（中國證券監督管理委員會）;
"Director(s)"	the director(s) of CITIC Pacific;
"Enlarged Group"	CITIC Pacific and its subsidiaries upon Completion, which would include the Target Group;
"EGM"	the extraordinary general meeting to be convened by CITIC Pacific for the purpose of approving, among other things, the Acquisition, the issue of the Placing Shares and the Consideration Shares, the change of company name, and the amendment to the Articles of Association;
"Framework Agreement"	framework agreement dated March 26, 2014, entered into between the Vendors and the Purchaser in respect of the Acquisition;
"Goldstone Investment"	Goldstone Investment Ltd., a company incorporated in the PRC in 2007 and a subsidiary of the CITIC Securities;
"Group"	CITIC Pacific and its subsidiaries;
"Guoan Club"	Beijing Guoan Football Club Co., Ltd., a company incorporated in the PRC in 1993 and a subsidiary of the Target Company;
"HK dollar", "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Shareholders"	the shareholders of CITIC Pacific who are not required to abstain from voting under the Listing Rules at the EGM on the resolutions in respect of the Acquisition and the proposed specific mandate to issue Consideration Shares and the Placing Shares (which exclude CITIC Group and its associates);

"Latest Practicable Date"	April 11, 2014, being the latest practicable date prior to the publication of this announcement for ascertaining certain information contained herein;
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Long Stop Date"	12 months from the execution date of the Share Transfer Agreement (or such longer period as may be agreed upon among the Purchaser and the Vendors);
"MOF"	Ministry of Finance of the PRC（中華人民共和國財政部）;
"MOFCOM"	Ministry of Commerce of the PRC（中華人民共和國商務部）;
"New Shares"	the Consideration Shares and Placing Shares to be issued under the specific mandate;
"Parties"	the Purchaser and the Vendors;
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC;
"Placing"	placing of the Placing Shares pursuant to the terms as set out in this announcement and the specific mandate;
"Placing Price"	price per Placing Share;
"Placing Shares"	Shares to be placed pursuant to the terms as set out in this announcement and the specific mandate;
"PRC" or "China"	the People's Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;
"PRC Valuer"	China Enterprise Appraisals Co., Ltd., an independent third party of the Purchaser, the Vendors and the Target Company;
"Price per Consideration Share"	the unit price of the Shares issued by the Purchaser to satisfy the Share Consideration payable for the Transfer Consideration, which will be HK$13.48 per Consideration Share (subject to adjustment);

"Pricing Date"	March 24, 2014, being the last trading day of the Shares on the Stock Exchange prior to the date of the Framework Agreement;
"Purchaser's Equity Transfer"	Transfer of CITIC Limited's shareholdings in CITIC Pacific to CITIC Group or CITIC Group's overseas wholly-owned subsidiaries;
"Reference Date"	December 31, 2013;
"RMB"	Renminbi, the lawful currency of the PRC;
"ROE"	Return on equity;
"SFC"	Hong Kong Securities and Futures Commission;
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Share(s)"	the share(s) of CITIC Pacific;
"Shareholder(s)"	the shareholder(s) of CITIC Pacific;
"Share Consideration"	the portion of the Transfer Consideration to be satisfied by the issue of the Consideration Shares;
"Share Transfer Agreement"	the Share Transfer Agreement entered into among the Purchaser and the Vendors dated April 16, 2014, pursuant to which the Purchaser conditionally agrees to purchase and the Vendors conditionally agree to sell the Target Shares;
"SHZ"	Shenzhen Stock Exchange;
"SSE"	Shanghai Stock Exchange;
"State Council"	State Council of the PRC（中華人民共和國國務院）;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Group Members"	the Target Company and its principal subsidiaries as set out in note 55 to the financial statements of the Target Group as disclosed in this announcement;

"Target Shares"	139,000,000,000 shares of the Target Company at a par value of RMB1.00 per share held by the Vendors, representing 100% of the total issued share capital of the Target Company;
"Track Record Period"	the periods comprising the three financial years ended December 31, 2011, 2012 and 2013
"Transfer Consideration"	the total price to be paid by the Purchaser to the Vendors for the Target Shares in an aggregate amount of RMB226,929.8730 million (equivalent to approximately HK$286,502.2953 million) (subject to adjustment);
"USA" or "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"US dollars" or "US$"	United States dollars, the lawful currency of the United States;
"Vendors"	CITIC Group and CITIC Enterprise Management

Notes:

1. All times and dates in this announcement refer to Hong Kong local time and dates.
2. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

By Order of the Board
CITIC Pacific Limited
Chang Zhenming
Chairman

Hong Kong, April 16, 2014

As at the date of this announcement, the executive Directors of CITIC Pacific are Messrs Chang Zhenming (Chairman), Zhang Jijing, Vernon Francis Moore and Liu Jifu; the non-executive Directors of CITIC Pacific are Messrs André Desmarais, Ju Weimin, Yin Ke, Carl Yung Ming Jie and Peter Kruyt (alternate director to Mr. André Desmarais); and the independent non-executive Directors of CITIC Pacific are Messrs Alexander Reid Hamilton, Gregory Lynn Curl, Francis Siu Wai Keung and Dr Xu Jinwu.

A. Overview

CITIC Group was founded in 1979. After more than 30 years of rapid development, CITIC Group has become the largest international conglomerate in China. In *Fortune* magazine's lists of "Top 500 Global Companies" for 2011, 2012 and 2013, CITIC Group ranked 221st, 194th and 172nd, respectively, and ranked 21st, 20th and 20th among all Chinese enterprises included in the list for 2011, 2012 and 2013, respectively. CITIC Group conducts its business mainly through CITIC Limited Group, whose businesses extend globally covering financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing and other business segments. The assets, revenue and net profit of CITIC Limited Group accounted for a large proportion of the total assets, revenue and net profit of CITIC Group during the Track Record Period.

The following table sets out the principal operational entities of each business segment of CITIC Limited Group:

Business Segments	**Financial Services**	**Real Estate and Infrastructure**	**Engineering Contracting**	**Resources and Energy**	**Manufacturing**	**Others**
Principal operational entities	CITIC Bank	CITIC Real Estate	CITIC Construction	CITIC Resources	CITIC Heavy Industries	CITIC Telecom International
	CITIC Securities (Note1)	CITIC Heye	CITIC Engineering Design	CITIC United Asia	CITIC Dicastal	AsiaSat (Note 3)
	CITIC Trust	CITIC Industrial Investment		CITIC Metal		COHC
	CITIC Prudential (Note 2)					CITIC Press
	CITIC Kingview Capital					CITIC Tianjin
	CITIC Finance					CITIC Tourism
						Guoan Club

Notes:
1. As at the Latest Practicable Date, CITIC Limited held a 20.30% equity interest in CITIC Securities and was the largest shareholder of CITIC Securities.
2. As at the Latest Practicable Date, CITIC Limited held a 50% equity interest in CITIC Prudential.
3. As at the Latest Practicable Date, Bowenvale Limited held a 74.43% equity interest in AsiaSat. CITIC Limited held a 50.50% equity interest in Bowenvale Limited.

As at December 31, 2011, 2012 and 2013, the total assets of CITIC Limited Group were RMB3,014,697 million, RMB3,270,994 million and RMB3,965,703 million, respectively, and the equity attributable to the equity shareholders of CITIC Limited was RMB162,338 million, RMB192,800 million and RMB225,051 million, respectively. For the year ended December 31, 2011, 2012 and 2013, the revenue of CITIC Limited Group was RMB198,763 million, RMB222,590 million and RMB251,789 million, respectively; and the profit before tax was RMB60,822 million, RMB55,001 million and RMB66,177 million, respectively.

The following table sets out revenue of each business segment of CITIC Limited Group for the periods indicated:

	For the year ended December 31,					
Business Segments	**2011**		**2012**		**2013**	
	(in millions of RMB, except percentages)					
	Revenue	**% of total**	**Revenue**	**% of total**	**Revenue**	**% of total**
Financial Services	80,424	40.5	93,033	41.8	108,328	43.0
Real Estate and Infrastructure	16,635	8.4	12,926	5.8	27,202	10.8
Engineering Contracting	17,626	8.9	16,674	7.5	18,385	7.3
Resources and Energy	60,710	30.5	69,772	31.3	67,971	27.0
Manufacturing	16,385	8.2	19,757	8.9	19,121	7.6
Others (Note)	9,229	4.6	12,395	5.6	12,784	5.1
Unallocated	2,761	1.4	3,418	1.5	3,733	1.5
Elimination	(5,007)	(2.5)	(5,385)	(2.4)	(5,735)	(2.3)
Total	**198,763**	**100.0**	**222,590**	**100.0**	**251,789**	**100.0**

Note: Others include various businesses including aviation services, publication services and others.

The following table sets out the profit before tax of each business segment of CITIC Limited Group for the periods indicated:

Business Segments	For the year ended December 31, 2011		2012		2013	
	(in millions of RMB, except percentages)					
	Profit before tax	% of total	Profit before tax	% of total	Profit before tax	% of total
Financial Services	49,140	80.8	46,259	84.1	57,805	87.3
Real Estate and Infrastructure	3,872	6.4	4,402	8.0	4,390	6.6
Engineering Contracting	1,367	2.2	2,654	4.8	2,481	3.8
Resources and Energy	5,321	8.7	(363)	(0.7)	(128)	(0.2)
Manufacturing	1,356	2.2	1,313	2.4	1,001	1.5
Others (Note)	608	1.0	670	1.2	899	1.4
Unallocated	(315)	(0.5)	433	0.8	(337)	(0.5)
Elimination	(527)	(0.8)	(367)	(0.6)	66	0.1
Total	**60,822**	**100.0**	**55,001**	**100.0**	**66,177**	**100.0**

Note: Others include various businesses including aviation services, publication services and others
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B. COMPETITIVE STRENGTHS OF THE TARGET GROUP

The Target Group is a multi-industry conglomerate, managed by a team with a pervasive spirit for entrepreneurialism, innovation and creativity. It has diverse businesses aligned to the transitioning Chinese economy including traditional industries as well as emerging industries. The Target Group has the following competitive strengths:

The Target Group is the largest multi-industry conglomerate in China with leading positions across multiple industries. With its well-structured business profile and deep understanding and knowledge across the multiple industries, the Target Group is well-equipped to capture the opportunities arising from China's rapid economic development.

The Target Group is the largest multi-industry conglomerate in China. As at December 31, 2013, the total assets of the Target Group were RMB3,965,703 million and the equity attributable to the equity shareholders of the Target Company was RMB225,051 million. In 2013, the revenue of the Target Group was RMB251,789 million.

The Target Group has a well-structured business profile across the pillar industries and emerging industries in China. The Target Group's main businesses include financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing and other businesses. Among its main businesses, the Target Group has been engaged in emerging industries including emerging financial services, information industry and modern services.

The Target Group has secured leading positions in many of its main business segments:

- *Financial services business:* The Target Group has established a comprehensive financial service platform which enables it to leverage on its resources in sectors including banking, securities, trust and insurance. According to the world rankings of the top 1,000 banks published by the British magazine *The Banker* in 2013, CITIC Bank ranked 47th in terms of tier-one capital and 57th in terms of total assets. CITIC Securities is the largest securities company in China and maintains leading market positions in investment banking, brokerage, asset management as well as margin financing and securities lending businesses. According to *Wind*, in 2013, CITIC Securities' aggregate equity and debt securities underwriting value ranked first in the industry. According to statistical data from the China Trustee Association, CITIC Trust maintained a leading position in terms of trust AUM, revenue and net profit from 2010 to 2012 for three consecutive years (the industry statistics for 2013 have not been published). According to statistics from CIRC, CITIC Prudential ranked sixth among foreign-invested life insurance companies in China in terms of gross premium income in 2013.

- *Real estate and infrastructure business*: CITIC Real Estate is a leading real estate enterprise in China. According to China Real Estate Information Corporation (CRIC) in 2013, CITIC Real Estate ranked 14th by sales value and 17th by sales area among Chinese real estate enterprises.

- *Engineering contracting business*: CITIC Construction has developed into an international comprehensive service provider, adhering to its motto "Win mandates through investment, financing and service in early phases of a project and boost overall business growth with engineering contracting". According to "The Top 250 International Contractors" list released by American publication *Engineering News-Record* (ENR), CITIC Construction ranked 43rd in 2013, and ranked sixth among Chinese enterprises on the list.

- *Resources and energy business*: The platinum trading business of China Platinum, a subsidiary of CITIC United Asia, ranked first in China in 2013 in terms of sales volume according to the import statistics from the General Administration of Customs of the PRC. CITIC Metal held the largest market share in the ferroniobium trade business in China in 2013 in terms of sales volume according to the import statistics from the General Administration of Customs of the PRC.

- *Manufacturing business*: CITIC Heavy Industries is one of China's leading integrated, environmentally friendly, international, hi-tech manufacturers of mining and construction machinery equipment, and a market leader in China in terms of its technology in the field of environmental protection equipment manufacturing. CITIC Dicastal is one of the world's largest automobile aluminum wheel manufacturer and also one of the largest automobile aluminum chassis parts suppliers by global sales volume.

- *Other businesses*: in the telecommunications sector, CITIC Telecom International is the core supplier of Hong Kong's inter-operator SMS services. Its subsidiary, CTM, is the only full telecommunications service provider in Macau with a leading market position in mobile service, fixed-line service and internet service. In addition, a CITIC Telecom International's subsidiary is one of the few value-adding operators which hold a national VPN license in China independently, other than the three largest telecommunications operators, namely, China Mobile, China Unicom and China Telecom. In the general aviation sector, in 2013, COHC's market share ranked first in the offshore oil helicopter flight service market in China in terms of flying operation hours.

The Target Group's steady growth in profit can be attributed to its successful business model and its leading market positions. Since the establishment of CITIC Group, the accumulated cash investment made by the Chinese Government to CITIC Group was approximately RMB0.25 billion, and the total capital investment amount of the Chinese Government to CITIC Group was RMB8.25 billion (including asset transfer and other capital injections). From December 31, 2011 to December 31, 2013, the CAGR of the total assets of the Target Group was 14.7%; the CAGR of the total equity of the Target Group attributable to equity shareholders of CITIC Limited was 17.7%. During the Track Record Period, the CAGR of the revenue of the Target Group was 12.6%, and its ROE was maintained at a relatively high level, at 22%, 16% and 16% for the year ended December 31, 2011, 2012 and 2013, respectively. In the Track Record Period, the CAGR of the Target Group's assets, net assets and revenue were all higher than that of the GDP of China. Revenue of the Target Group does not hinge on a single business, which is conducive to the absorption of cyclical fluctuations in certain industries while maintaining the overall stability in financial strength and profitability.

One of the Target Group's core competitiveness is its ability to integrate resources. With a diversified portfolio of businesses and partnerships having cross-sector and cross-border characteristics, the Target Group has the ability to integrate existing resources promptly and efficiently for entry into new strategic sectors as well as to further develop its existing businesses. Many businesses of the Target Group have benefited from the sharing and integration of resources and cross-pollination of staff and experience, enabling them to compete in the fast changing market conditions. With a number of its businesses being a leader in the market industry, the management of CITIC Limited has deep understanding, local knowledge and foresight to take advantage of opportunities in new sectors as well as enhancement of existing business. Accordingly, the Target Group believes that it is well-equipped to capture future opportunities arising from China's economic growth and transition to create greater value for its shareholders.

The Target Group is a pioneer of China's economic reform and a market-oriented group with strong innovation capability.

The establishment and development of CITIC Group is closely connected to the process of "Reform and Opening up" in China. From the outset, CITIC Group pursued growth through innovation, creativity and embraced market principles. The majority of the industries in which CITIC Group operate are highly competitive. For over 30 years, CITIC Group has been operating in accordance with market regulations as well as adopting international best practice, and has been a pioneer in a series of unprecedented endeavors shown in various areas. CITIC Group has achieved a number of "firsts" in the market and has emerged as a formidable force amid intense market competitions.

- In the area of business expansion, CITIC Group is leading the markets:
  - In 1980, it became the first enterprise in China to develop an international economic consultancy business; and
  - In 1980, it became the first enterprise in China to develop a leasing business;
  - In 1987, it became one of the first group of enterprises to conduct commercial banking business in China ; and
  - In 1988, it became the first private operator in Asia to engage in regional satellite operations.
- In the area of financing, CITIC Group is a pioneer in initiating overseas debt financing as a Chinese enterprise.
  - In 1982, it issued enterprises bonds and became the first Chinese enterprise to issue bonds overseas; and
  - In 1993, it issued Yankee Bonds in the United States, which was the first bond issue in the United States capital market by Chinese enterprises since the establishment of China.
- In the area of investment, CITIC Group is among the earliest to strategically invest in the overseas market.
  - In 1985, it became one of the first batch of enterprises in China to make direct overseas investment; and
  - In 1986, it became the first enterprise in China to acquire overseas commercial banks.
- In the area of reform and mechanism innovation, CITIC Group is largely self-reliant.
  - In 2000, COHC was listed in SHZ, and remains the only listed company in the Chinese capital market whose main business is helicopter aviation services ;
  - In 2003, CITIC Securities became the first Chinese securities company to be listed through a public offering, laying a solid foundation for its future development. In 2011, CITIC Securities successfully completed its public offering in Hong Kong and became the first Chinese securities company listed in both China and abroad;
  - In 2007, without capital injections from the Chinese Government, CITIC Bank successfully completed the joint-stock reform and listed in Shanghai and Hong Kong; and
  - In 2012, CITIC Heavy Industries was listed in SSE, tapping into the Chinese capital market as a large mine machinery manufacturing company, adding new impetus for the development of a traditional industry.

- In the area of product, technology and service innovation, CITIC Group has maintained its innovative ability.
  - CITIC Trust launched the first land contractual right circulation trust in China "CITIC Rural Land Contractual Right Collective Trust Plan".
  - CITIC Construction reformed the conventional model of engineering contracting and pioneered in the "Big Engineering Project" strategy. By "Big Engineering Project Strategy", it means to invest at early-stage of the construction project by providing financing services, with the objective to bring in other businesses in relevant sectors through securing the engineering services provided by CITIC Construction.
  - CITIC Heavy Industries is one of very few enterprises globally to have mastered the high-end technology of slip ring motor and autogenous mill manufacturing and owns a national level laboratory in mining machinery equipment in China.
  - CITIC Dicastal is currently one of the few manufacturers in the world that is capable of providing all three types of automobile aluminum wheels. CITIC Dicastal's technology development center has the ability to engage in coordinated R&D activities with domestic and foreign automobile manufacturers. It is one of the first domestic manufacturers with the ability to synchronize the coordinated as well as the self-initiated design and development process for aluminum wheel products. Furthermore, CITIC Dicastal is able to meet all surface treatment requirements of existing automobile aluminum wheels.

The Target Group believes that its innovation capabilities and its endogenous power enable it to remain competitive and to maintain its market vitality.

The Target Group has an international platform and the ability to allocate resources globally.

The international platform owned by the Target Group and the ability to allocate resources globally are the core competitive advantages which distinguish it from the majority of Chinese enterprises.

The Target Group has an extensive global business network with operations covering multiple regions including Asia, Europe, South America, North America, Australia and Africa, and has accumulated significant experience in foreign investment management and talented personnel. In 2013, the Target Group's revenue from area outside China was RMB44,942 million, representing 17.8 % of the revenue of the Target Group.

The Target Group has various businesses operating internationally, including its financial services business, engineering contracting business, resources and energy business, manufacturing business and other businesses.

- In the financial services business, the Target Group has established international business platforms in banking and securities.

- For its banking business, CITIC Bank conducts its overseas banking business mainly through CBI, providing services including corporate finance, retail finance and asset management. As at December 31, 2013, CBI had 40 overseas branches, including 36 branches in Hong Kong, two branches in the United States, one branch in Macau and one branch in Singapore. In addition, CITIC Bank has been actively engaged in strategic cooperations with one of its major shareholders BBVA.

- For its securities business, CITIC Securities International, a subsidiary of CITIC Securities, conducts international securities business in Hong Kong. CITIC Securities completed the acquisition of CLSA in 2013 and has further expanded its overseas business channels and network. According to the rankings of global mergers and acquisitions transactions involving Chinese enterprises from *Bloomberg*, CITIC Securities ranked first in the financial advisory category by deal value and volume in 2013.

- In the engineering contracting business, CITIC Construction conducts its business in Angola, Venezuela, Brazil and other overseas markets. CITIC Construction has become one of the largest international project contractors and has successfully implemented various large-scale overseas projects recognized internationally, including the Algeria east-west expressway project, the Angola social housing project, the Venezuela social housing project, and the Brazil Candiota thermal power plant project.

- In the resources and energy business, CITIC Resources, CITIC United Asia and CITIC Metal have been actively engaged in overseas acquisitions and exploration of various mineral and oil resources, holding various interests in development projects in countries and regions which has rich resource reserve, including Indonesia, Kazakhstan, Australia, Brazil and Gabon.

- In the manufacturing business, in 2011, CITIC Heavy Industries completed the acquisition of Spanish Gandara Censa.S.A to enable it to control a mature manufacturing base overseas to tap into Europe, South America and South Africa where are rich in mineral resources. CITIC Heavy Industries has become the owner of the world's advanced mineral processing technology with its acquisition of all the intellectual property rights of Australia's SMCC Pty Ltd. CITIC Heavy Industries also has set up offices and project companies in Australia, Brazil, Chile, Canada, South Africa, India and Cambodia for the establishment of a global marketing and service network. CITIC Discastal has been the only Chinese company consecutively listed in the "Top 100 Auto Spare Parts and Accessories Suppliers", as published by the authoritative US magazine *Automotive News* since 2011. In 2011, CITIC Dicastal acquired Germany KSM Castings Group GmbH and established an overseas manufacturing base and further expand its global sales network of automobile aluminum wheels business in Asia, Europe, America and Oceania, serving clients including most of the renowned international automobile brands such as Daimler-Benz, BMW, Volkswagen (including Audi), General Motors, Ford, Toyota and Honda.

- For other businesses, CITIC Telecom International, a key telecommunications operator in Hong Kong and Macau, provides reliable and high quality telecommunications services to the Greater China region and overseas regions.

With the tightened link between the Chinese and global economy, the international knowledge of the Target Group will enable it to follow closely the development trend of both China and the rest of the world, and to remain competitive globally.

Ability to enhance existing businesses through optimization of business structure or business model and development of high value products and services through innovation and to focus on new investments in areas that maximizes returns.

In respect of its existing business, the Target Group has anticipated market demand and has optimized business structures or models and developed high value products and services through innovation to enhance quality and competiveness. The Target Group has also sought opportunities that provide greater integration and increased focus on consumption driven, environmental and new economy industries.

- The Target Group has optimized its business structure and continued to develop new opportunities in the financial services sector.

  - Optimizing conventional business structure: There has been a shift in CITIC Bank's corporate clients from enterprises in the manufacturing industry to enterprises in the modern service industry. As at December 31, 2013, the loan balance of CITIC Bank to the enterprises engaged in the modern services industry was RMB467.1 billion, up by 33.8% year-on-year. CITIC Bank has experienced a rapid development of its consumption financial business. As at December 31, 2013, the loan balance of CITIC Bank's consumption finance sector was RMB265,598 million, up by 21.9% year-on-year. CITIC Bank actively promotes its small enterprise finance business. As at December 31, 2013, the loan balance to small enterprises was RMB279,219 million, up by 31.6% year-on-year. CITIC Bank's financial services model has gradually shifted from being a traditional commercial bank to "a commercial bank plus an investment bank". In 2013, CITIC Bank realized net non-interest income of RMB4,048 million generated from its investment banking business, up by 53.3% year-on-year.

  - Accelerating the development of internet banking: CITIC Bank has formulated a goal of "Creating another CITIC Bank online" and has accelerated the development of its internet banking business. It has established three platforms including internet banking, mobile phone banking and the financial mall and actively developed specialty products for e-commerce, mobile payments and Internet loans. "Internet loans to POS merchants" were successfully launched, in which the whole process of providing loans to middle and small merchant customers can be operated online quickly and efficiently. CITIC Bank launched the NFC payment mode in cooperation with the three largest telecommunications operators in China and China Union Pay and independently developed the "Cyber Payment" products with a core function of cross-banks payment processing service. CITIC Bank also acts as the custodian bank for Alibaba's "Yu E Bao" business. In 2014, ChinaAMC, a subsidiary of CITIC Securities, launched Wechat wealth management channel "Wealth Money Fund Product" in cooperation with Tencent's Tenpay, and established concurrent cooperation relationships with all three of the Chinese internet giants, Baidu, Alibaba and Tencent.

- As part of the optimization of its business model, CITIC Construction has evolved from being a traditional project contractor to a large and comprehensive international service provider. CITIC Heavy Industries also transformed its operations from being a traditional equipment manufacturer to becoming a service provider who provides project-based solutions. CITIC Dicastal has adopted an asset-light development strategy.

  - CITIC Construction has implemented the "Big Engineering Project" strategy in which investment would be made at an early-stage of a construction project by providing financing services, with the objective to bring in other businesses in relevant sectors through securing the engineering services provided by CITIC Construction. In addition, CITIC Construction has integrated resources from other Chinese enterprises through the "Combined Team" model, by mobilizing and integrating services provided by a number of Chinese designers, building contractors and raw material suppliers, and forming capabilities for implementing large projects with a complete service chain.

  - CITIC Heavy Industries has adopted a "core manufacturing plus service package" business model to provide EPC services with regard to key technical equipments and projects and provide optimal solutions and "turn-key" projects to the industrial projects of customers. The value of orders for the packaged projects accounted for 60% of the total value of new orders received by CITIC Heavy Industries in 2013.

  - CITIC Dicastal has adopted a "headquarters core plus manufacturing bases" business model so as to coordinate the manufacturing, operation and management of the whole company, and created a business model with an asset-light development strategy.

- The Target Group has further developed its business in modern servicing sector with a focus on satisfying the rapidly changing and demanding needs of customers:

  - Further develop business in the telecommunications industry: CITIC Telecom International provides various services including voice, SMS, internet, leased line, VPN, cloud computing service, mobile value-added services for customers in the Greater China area. CITIC Telecom International provides advanced cloud computing services (SmartCLOUD™) through seven cloud service centers located in the Asia Pacific area through its subsidiaries.

  - Outstanding services in general aviation operations: COHC's offshore oil helicopter flight services covered the South China Seas, the East China Sea, and Bohai Sea. COHC provides offshore oil helicopter flight services to major domestic and foreign petroleum companies, including China National Offshore Oil Corp. and Canadian Husky Energy Inc. In the meantime, COHC also provides other general aviation flight service to China Central Television, State Oceanic Administration of the PRC , China Rescue and Salvage of Ministry of Transport of the PRC, State Grid Corporation of China and other institutions.

  - Publishing, tourism and comprehensive outsourcing businesses: CITIC Press actively develops online sales channels and operates nearly 120 CITIC bookstores in 13 airports in China. CITIC Tourism has definitive advantages in business travel and special travel services. CITIC Tianjin is one of the leading comprehensive outsourcing services providers in China. Guoan Club is the winner of several awards in China's top football leagues.

Maximizes conglomerate synergies with a strong ability to integrate resources

The Target Group has a strong synergy in terms of strategy, business, management, brand, talent and expertise, based on its strengths in business variety, clients, business network and other areas . The Target Group exerts the group's overall strength to mobilize the sharing of internal resources so as to maximize the group's overall value. The Target Group has accumulated a diversified client base in multiple industries and markets including a number of Fortune 500 enterprises, sector leading enterprises and high net worth clients both nationally and internationally.

The Target Group has established a work process to enable synergy across its subsidiaries and investee companies. The Target Group has consistently promoted innovative models for its group synergy, aiming to help in business expansion and to generate tangible benefits for the group.

- Provision of comprehensive services centered on clients: by signing strategic overall cooperation agreements with large enterprises, provincial and city local governments, the Target Group has been able to consolidate various resources within the group and win mandates for important projects and business opportunities. The Target Group is able to provide comprehensive financial resolutions to regionally important clients through joint marketing, and increase the contribution in value by high net worth clients and strengthen their loyalty through joint development of products and cross-selling by financial companies and featured and value-added services jointly developed by financial companies and industrial companies.

- Industrial business and financial business complement each other's advantages: companies provide industrial companies and their customers with comprehensive financial solutions and services; industrial companies provide financial companies with specialized support to enable the later to gain access to industry clients.

- Synergy among industrial businesses connecting industry chains: each entity exerts its advantages in products, services, talents and technology to achieve cooperation between the upstream and downstream industry players along the industry chains. The Target Group has been monitoring the emerging industries with national strategic importance in order to identify new areas of growth through group synergy. It also explores overseas markets based on a "Combined Team" model.

One of China's most recognized conglomerate brands

With a stable operation for more than 30 years, CITIC Group has established a series of "CITIC" linked and prestigious corporate brands in various business segments. The success of the "CITIC" brand allows its group companies to enjoy reputational advantages over its competitors, and provides a strong support in the development of its business. The reputation gained by the group members in their sectors have further strengthened the name of the "CITIC" brand.

- For the financial services business, on the list of "2014 Top 500 Global Banking Brands" published by the British magazine *The Banker*, the CITIC Bank brand ranked 72nd in the global banking industry with its brand value reaching up to US$3,040 million. In 2013, CITIC Bank was awarded "The Most Competitive Bank" co-sponsored by the Chinese Academy of Social Sciences and *Financial Times* (a Chinese newspaper). CITIC Securities was elected "Best Equity House in China", "Best Bond House in China" and "Best Local

Brokerage in China" for several times from 2010 to 2013 by *Asianmoney, Finance Asia* and *The Asset*. CITIC Trust has won, for consecutive years, "The Best Trust Company of the Year" co-sponsored by the *Financial Times* (a Chinese newspaper) and Chinese Academy of Social Sciences and was awarded "The Most Innovative Trust Company in 2013".

- For the real estate business, from 2010 to 2013, CITIC Real Estate was enlisted on the list of "China's Blue Chip Real Estate Enterprises" for four consecutive years, and won top accolades such as "Top 10 China Real Estate Enterprise Brand" and "China's Top 100 Real Estate Enterprises".

- For the engineering contracting business, in the list of "Top 250 International Contractors in 2013" by *ENR*, CITIC Construction ranked 43rd, and ranked sixth among Chinese enterprises on the list. CITIC Design has been awarded as the "100 Institutions of Contemporary Chinese Architecture Design".

- For the manufacturing business, CITIC Heavy Industries has won the award of "China's Top 100 Machinery Industry Enterprises of the Year 2012"; CITIC Dicastal was certified as the "National Auto Components Export Base" in 2006.

- For other businesses, a subsidiary of CITIC Telecom International was awarded Greater China "IP-VPN Market Excellent Growth Award" of "2013 Frost & Sullivan Asia Pacific Best Implementation Award"; COHC has won "Golden Seagull Cup of Aviation Safety" granted by Civil Aviation Administration of China for many times; CITIC Press won "National Top Book Publishing Institutions" in 2009; CITIC Tourism was accredited as a "5A Travel Agency".

The Target Group believes that its high brand awareness will help it to enter into new business areas and enhance the acceptance level of its group members among its customers and business partners.

A stable management with market-oriented management philosophy, an international vision and a corporate culture of pursing excellence

The Target Group's senior management team possesses a wealth of experience in managing large conglomerates, with average relevant industry experience of more than 30 years. The senior management team is stable and with management experience encompassing multiple industries and regions. Half of the members of the senior management team have served CITIC Group for over 20 years. The management team of the Target Group also has an international vision. Many members of the senior management team have worked or studied overseas. The Target Group believes that the stable management and its extensive expertise and operational experience have laid a solid foundation for the success of the Target Group.

In a long history of development, the Target Group, based on its development strategy, business characteristics and management style, has refined and established its own corporate culture with a core value concept of "Integrity, Innovation, Cohesion, Combination, Dedication and Excellence". The successful development of the Target Group is attributable to a corporate culture of pursing excellence, a market-oriented position and an innovative mind.

The Target Group actively fulfills its corporate responsibility and devotes itself into greening, environmental protection, education, poverty alleviation, disaster relief and other social public welfare matters. The Target Group has and maintains a good social image.

Prudent and comprehensive risk management system with a balanced emphasis on both control and efficiency.

The Target Group considers risk management one of its core competitiveness and has devoted resources to further improve the system. The Target Group has established a prudent and comprehensive risk management system covering all of its business segments. The Target Group consistently develops and improves its risk management framework and processes.

CITIC Limited has established a four-tier risk management framework consisting of the board, senior management, headquarter risk management function department and its subsidiaries, as well as “Three Defenses Lines” consisting of business operation departments, risk management function department and internal audit department, to effectively identify, audit, monitor and control various risks to ensure steady operation. CITIC Limited’s risk management department is accountable to the senior management and is tasked to oversee the establishment of risk management system. The risk management department also provides support and services to the risk and audit committee of the board of CITIC Limited, and at the same time, guides and supervises subsidiaries to conduct all-round risk management and to strengthen internal control.

CITIC Limited has also shifted its risk management function into the foreground with a risk management system where the main operational departments also undertake the responsibility of risk management. For example, the responsibility controlling the investment risk and financial risk has been moved forward to departments in charge of investments and finance.

CITIC Limited manages risks by establishing and strengthening various measures, balancing risks and benefits and ensuring value creation through effective risk management. CITIC Limited continuously optimizes its management and control model and business structures and ensures the work of its functions including strategic management, resource allocation, risk management, coordination and services, strengthens management of the profitability, liquidity and security of the assets to improve efficiency of supervision and management and controls legal, compliance and reputational risks to protect shareholders’ interests; strengthens internal audit function to supervise risk management and the effectiveness of internal control.

A fair portion of the Target Group’s assets are already listed, with its listed subsidiaries having established their own risk management systems which have withstood challenges from the markets. All the financial subsidiaries of the Target Group are subject to stringent industry regulations. Non-financial subsidiaries have been required to either establish risk management departments or have designated personnel responsible for risk management according to their own business needs.

C. STRATEGIES OF THE ENLARGED GROUP

As the largest multi-industry conglomerate in China, the Enlarged Group will continue to adopt its multi-sector business model. The Enlarged Group will strive to be the best in what it does and leaders in the fields it operates.

The Enlarged Group will (i) leverage its competitive strengths based on its scale, breadth, capability, resources, and brand built through 35 years of experience; (ii) seize opportunities brought by the evolution of the Chinese and global economies as a whole; and (iii) operate according to the principles of "innovation, reform, and openness".

Enhance existing businesses with renewed focus

- The Enlarged Group aims to maximize benefits of the CITIC brand and resources. It will strengthen its competitiveness by capitalizing on the value of the CITIC brand in China and overseas.

- By anticipating market demands, the Enlarged Group will develop high value products and services through innovation.

- The Enlarged Group will consolidate similar businesses to maximize synergies within the overall group.

- The Enlarged Group will enhance quality and competiveness, increase productivity and reduce cost.

Focus new investments in areas that will maximize returns

- The Enlarged Group will seek opportunities that provide greater integration and connectivity among its businesses.

- The Enlarged Group will leverage its strong competitive advantage to identify consolidation opportunities in China through mergers and acquisitions.

- The Enlarged Group will increase its focus on consumption-driven, environmental and new economy industries to align with China's future growth trajectory.

- The Enlarged Group will continue to invest internationally to further its businesses in an integrated fashion.

Disciplined allocation of capital to enhance long-term shareholder value

- The Enlarged Group will improve its capital efficiency and cash flow.

- The Enlarged Group will strengthen its capital raising capability and maintain strong credit profile.

- The Enlarged Group will continue to exercise stringent disciplines in capital allocation, focusing on high "return on capital" opportunities.

Enhance corporate governance framework to protect shareholder interests

- CITIC Pacific's established corporate governance framework will be extended to the Enlarged Group.

- The Enlarged Group will continue to improve its central oversight while giving its businesses clear parameters in which to operate.

- The Enlarged Group will ensure rights of all stakeholders are respected.

D. MAIN BUSINESSES OF CITIC LIMITED GROUP

The main businesses of CITIC Limited Group include the following:

Financial Services

CITIC Limited Group operates financial services businesses in different segments, including banking, securities, trust and insurance. CITIC Limited Group provides domestic and overseas banking services through CITIC Bank and its subsidiaries, securities services through CITIC Securities, trust services through CITIC Trust, and insurance services through CITIC Prudential.

Real Estate and Infrastructure

The real estate and infrastructure business of CITIC Limited Group consists mainly of development, sales and investment of properties, and the investment and management of infrastructure projects such as expressways and port terminals. The real estate business of CITIC Limited Group is predominately operated through CITIC Real Estate and CITIC Heye, while the infrastructure business of CITIC Limited Group is operated through CITIC Industrial Investment.

Engineering Contracting

The engineering contracting business of CITIC Limited Group consists mainly of contracting of infrastructure, housing and industrial construction, as well as engineering design. The engineering contracting business of CITIC Limited Group is operated through CITIC Construction and its engineering design business is operated through CITIC Engineering Design.

Resources and Energy

The resources and energy business of CITIC Limited Group is categorized into three segments: the resources development, which includes the exploration and production of crude oil, coal and other resources; the resources processing, which includes the production and processing of electrolytic aluminum in Australia; and the resources trading, which includes the trading of ferrocolumbium, iron ore, aluminum ingots, coal, platinum and other resources products. CITIC Limited Group predominately operates its resources and energy business through CITIC Resources, CITIC United Asia and CITIC Metal.

Manufacturing

The manufacturing business of CITIC Limited Group consists mainly of the manufacturing of heavy machineries, electronics power equipments, automobile aluminum wheels, automobile aluminum castings and other products. CITIC Limited Group conducts the manufacturing of heavy machineries and power electronic equipment and contracting services through its subsidiary CITIC Heavy Industries, while the manufacturing of automobile aluminum wheels and automobile aluminum castings is conducted through its subsidiary CITIC Dicastal.

Other Businesses

The other businesses of CITIC Limited Group include, among others things, telecommunications, leasing and sales of satellite transponders, general aviation, publishing, comprehensive outsourcing services, tourism and football club. These businesses are operated through CITIC Telecom International, AsiaSat, COHC, CITIC Press, CITIC Tianjin, CITIC Tourism and Guoan Club, respectively.

(A) Financial Services

a. Overview

CITIC Limited Group's financial services business has been in a market-leading position in China. CITIC Limited Group provides various financial services including, among other things, banking, securities, trust and insurance.

As at December 31, 2013, the total assets of CITIC Limited Group's financial services business were RMB3,655,558 million, representing 93.2% of CITIC Limited Group's total assets, with a CAGR of 15.2% from 2011 to 2013. In 2013, the revenue generated from CITIC Limited Group's financial services business was RMB108,328 million, representing 43.0% of CITIC Limited Group's revenue, with a CAGR of 16.1% from 2011 to 2013, and CITIC Limited Group's profit before tax generated from financial services business was RMB57,805 million, representing 87.3% of CITIC Limited Group's profit before tax, with a CAGR of 8.5% from 2011 to 2013.

The following table sets out the respective financial information of the principal operating entities of CITIC Limited Group's financial services business for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(in millions of RMB)					
	Revenue	Net Profit Attributable to Equity Shareholders	Revenue	Net Profit Attributable to Equity Shareholders	Revenue	Net Profit Attributable to Equity Shareholders
CITIC Bank	77,092	30,819	89,711	31,032	104,813	39,175
CITIC Securities (Note 1)	26,371	12,576	13,071	4,237	20,279	5,244
CITIC Trust	3,634	1,920	4,265	2,717	5,119	3,144
CITIC Prudential (Note 2)	4,144	321	4,455	298	5,185	204
CITIC Kingview Capital	54	43	285	161	127	70
CITIC Finance	-	-	8	4	127	56

Notes:
1. As at the Latest Practicable Date, CITIC Limited held 20.30% of CITIC Securities' equity interest and was its largest shareholder.
2. As at the Latest Practicable Date, CITIC Limited held 50% of CITIC Prudential's equity interest. The data set out in the table refers to gross written premium (GWP) and net profit of CITIC Prudential.

b. Competitive Strengths

Leveraging on the significant strengths established in each of the specialized segments of financial services businesses that it operates in, together with a broad range of financial service products, out-reaching networks, and synergies resulted from its unique business model, CITIC Limited Group is able to provide its clients with a range of comprehensive and financial services with competitive return.

Leading market positions in the relevant sector of each financial services business

CITIC Limited Group has established significant strengths in each of its financial services businesses:

Banking - the banking business plays an important role in the financial services sector of CITIC Limited Group. According to the British magazine *The Banker*, in 2013 CITIC Bank ranked 47th in terms of tier-one capital and 57th in terms of total assets among banks globally.

Securities - CITIC Securities was one of the first comprehensive securities companies approved to establish by CSRC, and is the largest securities company in terms of equity and debt underwriting value in 2013 in China. CITIC Securities is the largest securities company in China and maintains leading market positions in investment banking, brokerage, asset management as well as margin financing and securities lending businesses. According to Wind, in 2013, CITIC Securities' aggregate equity and debt securities underwriting value ranked first in the industry. According to the statistics of *Bloomberg*, in 2013, CITIC Securities also ranked first in the world both in terms of transaction value and number of deals completed for mergers and acquisitions involving Chinese enterprises. In 2013, CITIC securities ranked first in brokerage services in China in terms of its market share of the trading turnover of stocks and funds and in terms of debt trading turnover in the industry in China.

Trust - According to statistical data from the China Trustee Association, CITIC Trust maintained a leading position in terms of trust AUM, revenue and net profit from 2010 to 2012 for three consecutive years (the industry statistics for 2013 has not been published).

Insurance - According to data published by the CIRC, in 2013, CITIC Prudential ranked sixth among foreign-invested life insurance companies in China in terms of gross premium income.

Fund, investment and others - ChinaAMC is one of the first national fund management companies approved by the CSRC. As at December 31, 2013, ChinaAMC had an AUM amounting to RMB333,374 million, which was one of the largest among fund management companies in China, and was a leader in the industry. ChinaAMC has been engaged as an annuity investment manager by more than 30 out of the Fortune Global 500. As at December 31, 2013, CITIC Kingview Capital was entrusted to manage two equity trust funds, 24 domestic limited partnership equity funds and two overseas funds.

Great growth potential and profitability, with a strong and stable high-value client base

The financial services business operated by CITIC Limited Group has great growth potential and profitability. From 2011 to 2013, the CAGR of the revenue and profit before tax generated from financial services business achieved 16.1% and 8.5%, respectively.

The financial services business of CITIC Limited Group has a strong and stable high-value client base. As at December 31, 2013, CITIC Bank had approximately 340,000 corporate and institutional clients and approximately 290,000 individual clients with an AUM of each over RMB0.5 million. As at December 31, 2013, the number of beneficiaries of the trust plans of CITIC Trust reached nearly 28,000. As at December 31, 2013, CITIC Prudential had more than 690,000 individual and corporate clients.

Benefiting from its full range of financial services licenses, breadth of global business networks and accelerating international expansion, CITIC Limited Group has leading competitive advantages in the integrated financial services sector

As at December 31, 2013, the operating entities of CITIC Limited Group's financial services business had more than 1,300 business outlets, fully covering 30 provinces, autonomous regions and municipalities in China (except Tibet), which mainly concentrated in the developed southeast coastal cities. CITIC Limited Group also has the capability to provide cross-border services. With bases in China and Hong Kong, it provides financial services both domestically and abroad, and has been gradually extending the global reach in recent years.

CITIC Limited Group is a national leading provider of comprehensive and one-stop financial services:

Products innovation - The financial subsidiaries or investee companies of CITIC Limited are able to provide integrated financial instruments with innovative and customized financing and investment solutions where the traditional financing instruments such as bank loans and bonds cannot meet clients' needs, while constantly improving cooperation in practice. In order to meet the differing financial needs of clients, the subsidiaries and investee companies of CITIC Limited engaged in financial services work on the joint development of financial products. They have developed a business cooperation model in product development, sales and management, by utilizing the networks of CITIC Bank as primary sales and marketing channels, and the specialized professional knowledge and license resources of operating entities in the securities, trust, and fund management sectors. In 2013, CITIC Bank, together with CITIC Securities, CITIC Trust, and CITIC-CP, jointly developed 281 products with a total value of RMB140,746 million, an increase of RMB31.3 billion from 2012.

Coordinated marketing - Various subsidiaries and investee companies of CITIC Limited engaged in financial services business actively conduct coordinated marketing to meet the diversified needs of clients. Great achievements and breakthroughs have been made in the fields of debt securities underwriting, enterprise annuity, bank wealth management and trust wealth management plans. CITIC Limited Group is one of the few conglomerates which own full licenses of enterprise annuity businesses in the industry. Among them, CITIC Bank, CITIC Securities and CITIC Trust have the qualifications of custody, account manager, investment manager and trustee of enterprise annuity, respectively. In their long-term cooperation in joint bond underwriting business, CITIC Bank and CITIC Securities have gradually formed a mechanism of cooperation which complements each other's advantages and manages to clearly distribute interests between them. As at December 31, 2013, CITIC Bank, together with CITIC Securities and CITIC Trust and other financial subsidiaries or investee companies of CITIC Limited, had provided enterprise annuity service to 515 corporate clients with a total value of RMB11.2 billion. In 2013, CITIC Bank and CITIC Securities, as joint lead underwriters, underwrote debt securities for their clients with a total value of RMB16.8 billion, which helped to maintain their customer relationships and reinforce their respective positions in the bond underwriting market.

Cross-selling - The financial subsidiaries and investee companies of CITIC Limited conduct cross-selling through various channels including physical networks, marketing teams and electronic channels. In 2013, CITIC Bank sold through its physical networks and online banking channel: 21 products of CITIC Securities with a total value of RMB3,055 million; 36 products of CITIC Prudential with a total value of RMB1,262 million; 26 products of CITIC Prufunds with a total value of RMB3,946 million; and 37 products of ChinaAMC with a total value of RMB1,004 million. CITIC Securities is another important cross-selling channel of CITIC Limited Group. CITIC Securities has seized the early opportunities of the recent regulatory changes and acquired the qualification to engage in agency sales of all financial products in the market, thereby increasing its scope for cross-selling. The cooperation between CITIC Prudential and CITIC Bank also brought more potential increase in the cross selling through electronic channels.

Cross-border business cooperation - The Hong Kong subsidiaries and investee companies of CITIC Limited have established cross-border connections with domestic entities, and jointly provide services to clients, in which they have accumulated rich experience. CITIC Securities, CITIC Securities International and CBI have jointly established the "Integrated Platform of CITIC International Financial Services", to provide domestic and overseas securities trading, clearing services and other international financial investment plans to clients. CITIC Bank and CBI provide remote account opening services to private banking and high-end retail banking clients, and jointly provide cross-border value-added services, such as overseas investment and immigration consultancy services to clients.

Accelerating international expansion - CITIC Limited Group is committed to vigorously expanding its international business and building its overseas business platform. CITIC Group became the first Chinese company to acquire a commercial bank overseas as early as 1986. In 2009, CITIC Bank acquired a controlling interest in CIFH from CITIC Group. As an important overseas platform, CIFH has made important contributions to the development of the overseas financial services business of CITIC Limited Group. The predecessor of CIFH, Ka Wah Bank, set up its Los Angeles and New York branches early in 1982 and 1983, respectively. Besides, in addition to the US branch, overseas branches of CBI, a wholly-owned subsidiary of CIFH, include branches in Singapore and Macau. Currently, CBI mainly provides financing, trade financing and deposit services to its corporate clients. In addition, CITIC Bank also has been actively engaged in strategic cooperations with BBVA. CITIC Securities International, a subsidiary of CITIC Securities, carries on its international securities business in Hong Kong. In 2013, CITIC Securities completed the acquisition of CLSA's 100% equity through CITIC Securities International thus further expanded its business to markets outside of China. Currently, CITIC Securities comprehensively cooperates with CITIC Securities International and CLSA in every business line, and vigorously explores international businesses in cross-border public offerings and overseas acquisitions.

c. Banking

(a) Overview

CITIC Limited Group conducts its domestic and overseas banking business through CITIC Bank and its subsidiaries. As at the Latest Practicable Date, CITIC Limited Group held a 66.95% equity interest in CITIC Bank. CITIC Bank is a national joint-stock commercial bank characterised by rapid growth and strong integrated competitive strength. CITIC Bank's main businesses include corporate finance, personal finance and financial market.

As at December 31, 2013, the consolidated total assets of CITIC Bank and its subsidiaries were RMB3,641,193 million. For the years ended December 31, 2011, 2012 and 2013, CITIC Bank and its subsidiaries achieved a consolidated revenue of RMB77,092 million, RMB89,711 million and RMB104,813 million, respectively, with a CAGR of 16.6%, and realized a net profit attributable to equity shareholders of CITIC Bank of RMB30,819 million, RMB31,032 million and RMB39,175 million, respectively, with a CAGR of 12.7%.

Since 2011, and in particular during 2013, CITIC Bank has successfully implemented its strategic transformation including a business restructuring which (i) moved towards a "olive-shaped" customer structure, (ii) increased its offering of less capital intensive products, and (iii) altered its region and industry targeting. CITIC Bank also carried out structural adjustments to its business, moving the management of corporate customers upward to its head office and that of retail customers downward to its branches. CITIC Bank is rapidly developing its key strategic business and strengthening its non-core business. CITIC Bank has already adjusted its corporate structure to enhance the management ability of the head office, and the integration of front, middle and back offices. For further information regarding the strategic transformation of CITIC Bank, please refer to "Strategic Transformation of CITIC Bank".

The following table sets out the major consolidated financial and regulatory indicators of CITIC Bank and its subsidiaries during the periods indicated:

Major Operational Indicator	**As at December 31,**		
	2011	**2012**	**2013**
	(in millions of RMB)		
Revenue	77,092	89,711	104,813
Profit before tax	41,590	41,609	52,549
Net profit attributable to equity shareholders of CITIC Bank	30,819	31,032	39,175
Return on average assets (ROAA) (%) (Note 1)	1.27	1.10	1.20
Return on average equity (ROAE) (%) (Note 2)	20.92	16.65	18.48
Cost-to-income ratio (%) (Note 3)	29.88	31.58	31.43
Net interest spread (%) (Note 4)	2.85	2.61	2.40
Net interest margin (%) (Note 5)	3.00	2.81	2.60

Notes:
1. ROAA = Net profit of CITIC Bank / (total assets at the beginning of the period plus total assets at the end of the period) / 2
2. ROAE = Net profit attributable to equity shareholders of CITIC Bank / (total equity attributable to equity shareholders of CITIC Bank at the beginning of the period plus total equity attributable to equity shareholders of CITIC Bank at the end of the period) / 2
3. Cost-to-income ratio = (Operating expense minus business tax and surcharges) / revenue
4. Net interest spread represents the difference between the average yield of total interest-earning assets and the average cost rate of total interest-bearing liabilities.
5. Net interest margin = Net interest income / (balance of total interest-earning assets at the beginning of the year plus balance of total interest-earning assets at the end of the period) / 2

Major Scale Indicator	As at December 31,		
	2011	2012	2013
	(in millions of RMB)		
Total assets	2,765,881	2,959,939	3,641,193
Total loans and advances to customers	1,434,037	1,662,901	1,941,175
Total liabilities	2,587,100	2,756,853	3,410,468
Deposits	1,968,051	2,255,141	2,651,678
Equity attributable to equity shareholders of CITIC Bank	174,496	198,356	225,601

Major Regulatory Indicator (%)	As at December 31,		
	2011	2012	2013
Non-performing loans (NPL) ratio	0.60	0.74	1.03
Provision coverage ratio	272.31	288.25	206.62
Provision to loan ratio	1.62	2.12	2.13
Capital adequacy ratio	12.27 (Note 1)	13.44 (Note 1)	11.24 (Note 2)
Core capital adequacy ratio	9.91 (Note 1)	9.89 (Note 1)	____
Tier-one capital adequacy ratio	____	____	8.78 (Note 2)
Core tier-one capital adequacy ratio	____	____	8.78 (Note 2)

Notes :
1. Calculated in accordance with the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks* (Order of the CBRC No.2 2004) (as amended from time to time) promulgated by the CBRC in 2004.
2. Calculated in accordance with the *Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)* (Order of the CBRC No.1 2012) promulgated by the CBRC in 2012.

(b) Main Businesses

The following table sets out the consolidated revenue of CITIC Bank and its subsidiaries for the periods indicated:

Business Segments (Note 1)	For the year ended December 31,			
	2012		2013	
	(in millions of RMB, except percentages)			
	Revenue	% of total	Revenue	% of total
Corporate banking (Note 2)	63,190	70.4	68,116	65.0
Personal banking (Note 2)	15,228	17.0	20,470	19.5
Treasury business	10,997	12.3	13,184	12.6
Others and unallocated	296	0.3	3,043	2.9
Total	**89,711**	**100.0**	**104,813**	**100.0**

Notes:
1. In 2012, CITIC Bank changed its business segments to: a corporate banking business, a personal banking business, a treasury business, others and unallocated.
2. In 2013, CITIC Bank moved its small enterprise business from corporate banking to personal banking for evaluation and management and the disclosure of business segments for financial reporting purposes was changed accordingly. This change has not been applied in compiling the data for 2012. Small enterprise customers of CITIC Bank include small and micro enterprise legal person customers and customers of personal business loans (excluding commercial housing and commercial vehicle business). Small and micro enterprise legal person customers refer to small and micro enterprises within the meaning of the *Notification in relation to the Publication of the Standard for the Small and Micro Enterprises by the Four Ministry of Industry and Information, National Bureau of Statistics of PRC, National Development and Reform Commission and MOF* and each of which has been granted a credit limit of RMB10 million or less.

Business Segments	For the year ended December 31, 2011	
	(in millions of RMB, except percentages)	
	Revenue	% of total
Corporate banking	55,404	71.9
Personal banking	10,427	13.5
Treasury business	8,994	11.7
Overseas subsidiaries (Note 1)	3,002	3.9
Others and unallocated (Note 2)	(735)	(1.0)
Total	**77,092**	**100.0**

Notes:
1. CITIC Bank acquired CIFH in 2009 and manages it as a separate business segment. Since 2012, CITIC Bank segregates CIFH into the others and unallocated category mentioned above.
2. This item includes equity investment, assets, liabilities, revenue and expenditure of CITIC Bank and its subsidiaries which cannot be directly attributed or reasonably allocated to a certain business segment, and adjustment items arising from differences in management accounting and financial accounting methods.

i. Corporate finance

The corporate finance business of CITIC Bank has traditionally been a competitive strength of it. It offers a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing services, deposit, agency services, remittance and settlement services and guarantee services. In recent years, CITIC Bank has continuously reinforced its traditional strength in this segment and accelerated adjustments of its corporate banking business structure, customer composition and income structure. CITIC Bank enhanced the sustainable development ability of its corporate finance business by developing emerging businesses including investment banking, supply chain financing, and cash management.

For the year ended December 31, 2011, 2012 and 2013: the revenue generated from corporate banking business was RMB55,404 million, RMB63,190 million and RMB68,116 million, respectively, with a CAGR of 10.9%, representing 71.9%, 70.4% and 65.0% of CITIC Bank's revenue, respectively; and net non-interest income generated from corporate banking business was RMB6,013 million, RMB7,573 million and RMB10,357 million, respectively, with a CAGR of 31.2%.

CITIC Bank places priority on the optimal adjustment of its corporate customer composition. Centring on the requirements of the "olive-shaped" corporate customer structure, CITIC Bank gradually moved the management centre of strategic corporate customers upward from sub-branches to branches. In 2013, CITIC Bank established a new Group Customer Department in its head office with a clear direction of concentrated operation of its strategic customers. By moving the management centre of strategic customers upwards to branches, CITIC Bank is able to concentrate its resources on high-quality strategic customers according to its capabilities. On the other hand, CITIC Bank has established a corporate customer base with small and medium enterprises at its core. Through the comprehensive service model of "traditional credit-granting + transaction banking", CITIC Bank provides convenient and speedy financing services and transaction banking services including cash management and trade financing to its corporate customers tailored to their different development stages, business requirements and industry characteristics, thereby constantly improving its marketing and service capabilities toward medium enterprise customers.

From 2011 to 2013, CITIC Bank maintained its excellent reputation in the corporate financing business, receiving a number of awards, including "Excellent Competitive Corporate Banking Service Provider", "Best Supply Chain Financing Bank", "Best Cash Management Bank", "Best Syndicated Loan Program" and "Innovation Award for Corporate Banking".

ii. Retail finance

As part of CITIC Bank's strategic transformation, retail finance business has become one of the key development areas of CITIC Bank in recent years. CITIC Bank provides various services to retail finance customers, including personal deposits and loans, wealth management, credit cards, consumption financing and small enterprise financing. Consistent with the "client-focus" business concept in its retail finance business, and in combination with the rapid development of its internet financing, CITIC Bank is committed to the development of retail finance business, and has been constantly launching innovative products that cater to the demand of the retail banking market in recent years, including innovative wealth management products, house-backed loans and "Internet Loans to POS Merchants". For the year ended December 31, 2011, 2012 and 2013: the revenue generated from personal banking business of CITIC Bank was RMB10,427 million, RMB15,228 million and RMB20,470 million, respectively, representing 13.5%, 17.0% and 19.5% of CITIC Bank's revenue, respectively; and the net non-interest income was RMB3,085 million, RMB4,607 million and RMB6,856 million, respectively, with a CAGR of 49.1%.

CITIC Bank has won various honours for its personal banking business at nation-wide award events. From 2011 to 2013, CITIC Bank received the "Best Retail Bank" award from both the "Most Respected Banks Initiative" hosted by *Moneyweek* and the "Golden Diamond Award Initiative" hosted by *Netease*. The "2011 China Business News Financial Value List" named CITIC Bank "Innovative Retail Bank of the Year". For retail banking products, the "Personal House Mortgage Loan" of CITIC Bank was honoured "Best Mortgage Project of China in 2011 (among national joint-stock commercial banks)" by *The Asian Banker*. Other awards received by CITIC Bank include, among other things, "Best SME Financial Service Innovative Award", "Best Assets Custody Bank", "Best Wealth and Capital Management Bank", "Best Private Banking", "The Most Complete Product Line of Private Banking", "Private Banking with the Highest Customers Satisfaction" and "Golden Medal for the Return on Private Banking for the Year".

iii. Financial market

In 2013, CITIC Bank integrated its existing transaction resources (in terms of operational infrastructure, client base and service capability) and established a new financial market business sector out of the original fund and financial market business sector, which includes the financial market business and interbank business.

The financial market business of CITIC Bank consists primarily of providing capital products and services to corporate and individual customers, and proprietary management and trading. Principal products provided by financial market business include foreign currency, wealth management products, precious metal products and derivatives, as well as risk management, investment and financing services provided to retail, corporate and financial institutions customers. Proprietary management and trading refers to the investment and trading of capital market instruments, and securities. Furthermore, CITIC Bank has explored new cooperation models and constructed financial platforms for its interbank business, focusing on eight types of customers, namely, banks, securities companies, finance companies, fund management companies, trust companies, insurance companies, financial leasing companies and futures companies.

For the year ended December 31, 2011, 2012 and 2013, CITIC Bank's treasury business achieved an revenue of RMB8,994 million, RMB10,997 million and RMB13,184 million, respectively, representing 11.7%, 12.3% and 12.6% of CITIC Bank's revenue, and realized a non-interest income of RMB1,284 million, RMB1,768 million and RMB1,818 million, respectively.

Since 2011, the foreign currency business of CITIC Bank has received several awards, including awards from *Asianmoney*. CITIC Bank has also been awarded "Best Market Maker of the Year" and "Most Popular Market Maker of the Year" by China Foreign Exchange Trade System for foreign currency business, and "Best Market Maker" by the PBOC for RMB interest rate market making.

(c) Business Networks

i. Branches

CITIC Bank continued to improve the geographic layout of its branches by filling gaps in outlet establishment in provincial capitals, further speeding up branch development in economically developed prefecture-level municipalities and increasing the density of its outlets in key areas. As at December 31, 2013, CITIC Bank had 1,073 branches and sub-branches in China, including 42 tier-one branches, 69 tier-two branches and 962 sub-branches.

CBI conducts commercial banking business in Hong Kong and overseas countries and regions. As at December 31, 2013, CBI had 36 physical outlets in Hong Kong and also established overseas branches in Macau, Singapore, New York and Los Angeles.

ii. Self-service outlets and self-service terminals

Self-service terminals can provide customers with convenient and efficient services and reduce the operational expenses at the same time. In 2013, in parallel with enhanced risk prevention in self-service banking, CITIC Bank made efforts to expand the distribution network of self-service terminals and raise the substitution rate of self-service terminals in transactions. As at December 31, 2013, CITIC Bank had established 2,360 self-service banks and installed 8,433 units of self-service terminals (ATM, CDM and CRS) in China.

iii. Telephone banking

CITIC Bank provides telephone banking service through client service hotline "95558". In 2013, the Client Service Centre of CITIC Bank received 49.06 million incoming calls, of which 42.83 million were self-service voice service and 6.23 million were manual service. 90.1% of the manual service calls were picked up within 20 seconds, the satisfaction rate of which was 98.8% and satisfaction rate of handling client complaints is 98.1%, which is a comparatively high level in the industry.

iv. Online banking

Based on the strategic vision of "creating another CITIC Bank online", CITIC Bank drives forward its efforts to enhance internet-based financial business and finance-based internet business, in order to maintain the momentum of its rapid growth of all business lines. In 2013, CITIC Bank achieved a total of RMB774 million of fee and commission income from its online banking business, up by 141.1% year-on-year. CITIC Bank was honoured with many awards including "Best Internet Financial Service Bank" and "China's Best Mobile Finance Brand" in 2013.

(i) Internet-based financial business

CITIC Bank is enthusiastic in its efforts to promote internet-based financial services business, guiding customers to buy financial products, carry out financial transactions and obtain financial services through the internet so as to improve efficiency of customer service and reduce customer transaction cost. As at December, 31, 2013 CITIC Bank had: 10,311,400 personal internet banking customers; 215,100 corporate e-banking customers; and 3,418,800 personal mobile banking customers. Throughout the year of 2013, CITIC Bank received 4.93 million online applications for credit cards and made 1.24 million online card issuances. In addition, CITIC Bank has established strategic cooperative relations with leading internet enterprises, including Tencent, Taobao and Baidu. In the future, CITIC Bank will continue its internet-based financial innovation.

(ii) Finance-based Internet business

CITIC Bank devotes itself to providing the internet economy with financial solutions. Through service solutions such as "Cyber Payment", internet lending, and fund supervision and settlement, CITIC Bank serves multiple customers including "online stores, internet enterprises, online government and internet users (netizens)". CITIC Bank's "Cyber Payment" covers a series of new payment services including QR code payment, NFC (Near Field Communication) mobile payment and cross-bank bill collection. For Internet lending, CITIC Bank has put in place a preliminary new business model which covers online applications, acceptance, review and approval of applications and disbursement of loans, thereby providing convenient financing services to small and micro enterprise owner or individual businesses with demand of current capital for their operations.

In 2013, CITIC Bank established new cooperation relationships with 224 e-commerce enterprises, including 38 non-financial payment institutions and 186 directly-linked enterprises.

(d) Strategic Transformation of CITIC Bank

At the end of 2012, CITIC Bank put forward its strategic vision of building a first-class commercial bank with unique market value, emphasizing support for the substantive economy, full-scale entrance into the modern service industry, and vigorous development of the small and medium enterprises financing business and online banking business. CITIC Bank re-adjusted and improved its business segments of corporate finance, retail finance and financial market, and launched a matrix authorization management system to enhance management throughout the bank. CITIC Bank initiated a program to reform risk management system, which highlights a double-line reporting system for and two-way performance evaluation of the Chief Risk Officer, and put forward a new system for vertical management and full coverage of comprehensive risks. A laboratory for internet product innovation was established to push forward the construction of new core systems. Considerable efforts were also made to promote comprehensive application of management accounting in performance evaluation of business lines, the process of credit approval and assessment of customer contribution to income. In addition, multiple measures including credit, capital, expenses, interest rate and FTP (Funds Transfer Pricing) were used to optimize resources allocation.

i. Business structure adjustment

CITIC Bank accelerated its business restructuring based on its "olive-shaped" customer positioning, "low capital consumption" product positioning and "characteristic" industry targeting. In 2013, the proportion of non-interest income in CITIC Bank's revenue reached 18.2%, up by 2.3% year-on-year. At the end of 2013, the outstanding balance of loans to small and micro enterprises and medium enterprises increased 31.6% and 15.5%, over the end of 2012, respectively, representing 15.2% and 30.2% of the balance of total loans of CITIC Bank as at the end of 2013; the outstanding personal business loans and credit card loans increased 53.9% and 59.9% over the end of 2012, higher than the average growth rate of the loans bank-wide. In 2013, CITIC Bank took the initiative and entered into the modern services industry, and the outstanding loans increased RMB118.0 billion or 33.8% over the end of 2012. At the same time, CITIC Bank took the initiative to reduce credit facility and loans to the local government financing vehicles, real estate and photovoltaic industries, each experiencing a decrease in outstanding loan amounts of RMB22.3

billion, RMB10.4 billion, and RMB1.45 billion, respectively. All these facilitated the optimization of CITIC Bank's loan industry structure.

ii. "Drive the management centre of corporate customers upward and that of retail customers downward"

In furtherance of its financial service model of "commercial banking + investment banking", CITIC Bank has set up a Group Customer Department at its head office to focus on the professional and differentiated operation and management. The management centre of large, high-value customers has been shifted from sub-branches upward to branches and the head office, while the sub-branches shift their service priority to small and medium enterprises and retail customers. CITIC Bank has set up a new Consumer Financing Department, merged Wealth Management Department and Private Banking Department into one, and incorporated its small enterprise financing business into its retail banking business. Vigorous efforts were also made to promote the transformation of outlets, build flagship outlets, and gradually transforms sub-branches into financial sales platforms that offer full-range financial products including personal loans, credit cards, small enterprise financing products, wealth management products and automobile financing products, in an attempt to shift the focus of sales outlets of branches to small and medium enterprises and retail customers.

iii. Rapid development in key strategic business areas

As part of its efforts to accelerate entry into the modern services sector, CITIC Bank set up specialized divisions or teams for modern financial services at its head office and branches, and defined key target customers from seven major categories of core sub-sectors. As at December 31, 2013, CITIC Bank had approximately 41,000 modern service customers, up by 15.8% from the end of 2012; the average daily balance of deposits was RMB546.25 billion, up by 27.5% from the end of 2012; the value of outstanding loans was RMB467.15 billion, up by 33.8% from the end of 2012, and 21.3 percentage points higher than the average growth rate of CITIC Bank's corporate loans. All these indicate a good beginning towards a sound layout in the modern services sector.

Under the development concept of "finance-based internet business, and internet-based financial business", CITIC Bank accelerates its development of online banking. Following the trend of internet financing and consumer economy, CITIC Bank independently developed the "Cyber Payment" product series with a core function of cross-banks acquiring service and achieved a breakthrough in the application of new technologies. It also launched a series of online loan products including the "Internet loans to POS merchants", and created a one-stop mall for financial products sales, thereby laying out the preliminary blueprint for online banking in the Big Data era.

iv. Development of non-mainstream businesses

With the stable development of China's banking sector, the homogeneity of industry competition is also increasingly prominent. To achieve differentiated competition, CITIC Bank put forward the strategy of focusing on non-mainstream businesses and vigorously developed businesses including safekeeping services, factoring, agency sales, custody services and discounted bills business.

d. Securities

(a) Overview

As at the Latest Practicable Date, CITIC Limited held 20.30% of CITIC Securities' equity interest as the largest shareholder. CITIC Securities is one of the first comprehensive securities companies approved by the CSRC. Its main businesses include brokerage, investment banking, trading, asset management and others. Principal subsidiaries of CITIC Securities include CITIC Securities (Zhejiang), CITIC Wantong, CITIC Securities International, CITIC Futures, CITIC Securities Investment Limited, Goldstone Investment and ChinaAMC.

The following table sets out major financial and regulatory indicators of CITIC Securities during the periods indicated:

Financial Indicator	**As at December 31,**		
	2011	**2012**	**2013**
	(in millions of RMB)		
Total assets	148,280	168,508	271,354
Total equity attributable to equity shareholders of CITIC Securities	86,587	86,465	87,688
Revenue	26,371	13,071	20,279
Profit before tax	15,031	5,487	6,846
Net profit attributable to equity shareholders of CITIC Securities	12,576	4,237	5,244

Principal Regulatory Indicator	**As at December 31,**		
	2011	**2012**	**2013**
	(in millions of RMB, except percentages)		
Net capital	50,627.97	40,471.73	34,796.49
Net capital / total risk capital reserves (%)	2,246.27	1,333.00	849.74
Net capital / net assets (%)	68.63	55.75	48.54
Net capital / total liabilities (%)	216.24	94.81	33.15
Net assets / total liabilities (%)	315.09	170.05	68.29
Value of equity securities and derivatives held (stock index futures inclusive) / net capital (%)	51.33	69.55	76.11
Value of fixed income securities held/net capital (%)	52.12	91.82	176.88

(b) Main Businesses

The following table sets out the revenue generated from various businesses of CITIC Securities during the indicated period:

Fees and Commissions Income	As at December 31,		
	2011	2012	2013
	(in millions of RMB)		
Brokerage	4,518	3,603	6,493
Investment banking	1,983	2,754	2,217
Trading	-	238	399
Asset management	3,097	320	1,489
Others	115	175	101
Fee and commission expenditure	1,067	801	1,061
Net fee and commission income	8,646	6,289	9,638

i. Brokerage

CITIC Securities provides brokerage services to companies, institutions and individual customers, including trading of stocks, bonds, mutual fund rights, warrants, futures and other tradable securities, and obtains commissions by implementing and clearing customers' trades and selling financial wealth management products for cooperative entities. As at December 31, 2013， the total trading turnover of its stocks and funds took 6.2% of the market share in China, ranking first in the market.

With diversified financial products and professional service, CITIC Securities made rapid development in its value-added services for customers such as financing, wealth management and consulting. Value-added service has become a driving force for the income of brokerage business. In 2013, CITIC Securities, together with CITIC Securities (Zhejiang) and CITIC Wantong, sold financial products with a total value of RMB113,903 million . CITIC Securities' brokerage platform has strong capacity in resources integration by constantly attracting high-quality clients and providing them with various kinds of investment and financing services.

ii. Investment banking

CITIC Securities provides financing and financial advisory services to all kinds of enterprises and institutional clients in China and abroad. In China, CITIC Securities is in an advantageous position serving leading clients and obtaining large projects, and is also committed to meeting the diversified financing needs of small and medium enterprises and emerging enterprises.

(i) Equity business

The equity financing business of CITIC Securities, which is comprised mainly of its initial public offering (IPO), follow-on offering and issuance of convertible bonds, has maintained its market leading position for many years. Based on its principle of "being client-oriented with comprehensive services, maximizing the efficiency of resources allocation, and improving the quality of customer services", CITIC Securities aims to maximize business opportunities through comprehensive products coverage and professional customer services.

From 2011 to 2013, CITIC Securities: completed 24 A share IPO underwriting projects, with a total underwriting amount of RMB50,438 million; and completed 28 follow-on offerings projects with a total underwriting amount of RMB71,021 million as lead underwriter. According to *Wind*, from 2011 to 2013, the aggregate equity underwriting amount by CITIC Securities ranked first in China. In addition, from 2011 to 2013, CITIC Securities International (including CLSA) completed 16 IPO underwriting projects and 19 follow-on offering projects in Hong Kong, with an underwriting amount of USD27.69 billion (or HK$214.62 billion).

(ii) Debt securities

CITIC Securities' debt securities businesses are divided into three categories, i.e. underwriting of bonds, structured financing and asset-backed securities, and have experienced a fast growth in recent years. In 2013, CITIC Securities completed a total of 141 debt securities transactions with a lead underwriting amount of RMB159,537 million. CITIC Securities' structured financing business has enhanced its diversity in both product model and structure. In 2013, CITIC Securities completed 37 structured financing projects, with an aggregate financing amount of approximately RMB13.2 billion and became the frontrunner among peers. According to *Wind*, in 2013, three out of five credit asset-backed security products issued in China (excluding railway special credit asset-backed securities) was completed by CITIC Securities, with a total financing amount of RMB7,773 million, accounting for 80.2% market share.

(iii) Financial advisory services

CITIC Securities' financial advisory services include financial advisory for cross-border and domestic M&A projects as well as M&A investment and financing. In 2013, according to the ranking as compiled by *Bloomberg* in terms of mergers and acquisitions in which Chinese company participated, CITIC Securities ranked first in the world in term of the value of financial advisory services with an aggregate value amounting to RMB157,839 million. CITIC Securities has been in the first place in terms of the number of transactions since 2011.

iii. Trading

CITIC Securities' trading businesses include sale and trade of stocks and fixed income products, alternative investment, quantitative investment , and margin financing and securities lending.

As a member of the underwriting syndicate, CITIC Securities provides services for various government issuers in issuing fixed income products in the public market. CITIC Securities is an A level member of the underwriting syndicate appointed by the MOF to issue government bonds and a first tier trader of PBOC bills in the public market appointed by PBOC. CITIC Securities also participates in the distribution of the policy financial bonds of the Agricultural Development Bank of China, the Export-Import Bank of China and the China Development Bank as a member of the underwriting syndicate.

Besides conventional proprietary trading, CITIC Securities received stable gains with low risk and low market correlation through means such as hedging, arbitrage and quantitative investment by leveraging on the inefficiency across the domestic and international markets.

CITIC Securities started to provide margin financing and securities lending services in March 2010 as one of the first six securities companies approved for such service in China. According to public information from the SSE and SHZ, as at December 31, 2013, the balance of the margin financing and securities lending of CITIC Securities, CITIC Securities (Zhejiang) and CITIC Wantong amounted to a total of RMB33.42 billion, accounting for a market share of 9.6% and ranking first.

iv. Asset management

With the encouragement of industrial innovation from the regulatory agencies, CITIC Securities' asset management business grew fast in recent years. CITIC Securities' total asset under management increased from RMB62,008 million by the end of 2011 to RMB504,858 million by the end of 2013. As at December 31, 2013, collateral asset management, targeted asset management (including enterprise annuity and national social security fund) and special asset management amounted to RMB33,064 million, RMB468,965 million and RMB2,829 million, respectively.

v. Other businesses

CITIC Securities' other businesses mainly include private equity investment, principal investments and others. CITIC Securities will invest in projects that will promote the business of its own or has potential in value increase. CITIC Securities also invests and manages private equity funds in Hong Kong.

vi. Research business

CITIC Securities' research business has established a team renowned for their macro, strategy, financial products and quantitative studies, and composed of nearly 100 industry research analysts constantly providing timely, comprehensive and profound research reports and recommendations to domestic and overseas institutional investors and high-net-worth clients, covering almost 1,000 A share companies, more than 70 A+H share companies and more than 180 overseas Chinese concept stock companies. According to *New Fortune*, CITIC Securities' research department was consecutively ranked first among China's security company research departments from 2006 to 2012, and ranked second in 2013, with multiple industry research analysts ranking first.

In addition, CLSA was elected as one of the leading stock research institutions by institutional investors in Asia, which is renowned for its independent research, economic analysis and stock strategy.

vii. International businesses

CITIC Securities completed the acquisition of 100% equity interest in CLSA in 2013, which further confirmed its strategy of expanding the business to overseas market and developing an overseas business platform. CLSA, founded in 1986 and headquartered in Hong Kong, is mainly engaged in brokerage, investment banking and private investment businesses in Asia Pacific. Following the acquisition, CITIC Securities' business coverage expanded to markets such as United States, Great Britain, Japan, Australia, Singapore, India, South Korea, the Philippines, Malaysia, Indonesia and Thailand. CITIC Securities is the first mainland securities company that has branches in all the principal markets around the world, bringing new opportunities for its internationalization.

(c) Business Network

As at December 31, 2013, together with its holding companies, CITIC Securities had 222 domestic and foreign securities sales departments, among which there are four Hong Kong branches. CITIC Securities also provides clients with financial services through electronic channels, such as the Internet and telephone. Clients have access to various services and products online including brokerage, financial management, corporate financing and research products.

(d) CITIC Futures

CITIC Futures is a wholly-owned subsidiary of CITIC Securities and was previously known as China Futures. Its headquarters is in Shenzhen and its registered capital is RMB1,500 million, with a regulatory grade of AA in A class since 2012. CITIC Futures owns the member qualification of General Clearing in the China Financial Futures Exchange, Shanghai Futures Exchange, Zhengzhou Commodity Exchange, and Dalian Commodity Exchange. It owns full licensing business qualifications in commodity futures, financial futures brokerage business, clearing business agent of financial futures, futures investment advisory services and asset management business, and has the qualifications to set up risk management subsidiaries. CITIC Futures has 32 branches presently, among which seven are under construction. Its branches cover major large- and middle-sized cities in China and the number ranks among the top.

(e) ChinaAMC

As at the Latest Practicable Date, CITIC Securities held 62.20% equity interest in ChinaAMC. ChinaAMC is one of the first batch of national fund management companies approved by the CSRC, and is one of the fund management companies with the largest AUM and takes a leading position in the industry. As at December 31, 2013, the AUM of ChinaAMC amounted to RMB333,374 million, up by 12.0% year on year. The AUM of mutual funds was RMB244,715 million, up by 4.0% year–on-year. The AUM of institutional business was RMB88,658 million, up by 42.4% year-on-year, of which the AUM of enterprise annuity was RMB50,114 million.

(f) Goldstone Investment

Goldstone Investment, a wholly-owned subsidiary of CITIC Securities, adopts a mixed investment strategy of direct investment and fund investment. Facilitated by the operating network of CITIC Securities, the investment team of Goldstone Investment and the resources of the invested RMB private equity fund projects, Goldstone Investment targets to invest in large equity financing opportunities in Chinese market. The main investment projects are focused in manufacturing, information & technology, financial & insurance business, agriculture, forestry, animal husbandry, fishery and chemical industry.

In June, 2012, Goldstone Investment was sanctioned to establish the CITIC Merger and Acquisition Fund, which is the first merger and acquisition fund set up by a domestic securities company approved by the CSRC.

e. Trust

(a) Overview

CITIC Limited Group conducts trust business through CITIC Trust, the equity of which is owned by CITIC Limited and CITIC Industrial Investment as to 80% and 20%, respectively. CITIC Trust has the most comprehensive line of trust products in the industry, covering products including private equity funds, industry investment funds, assets securitization, non-performing assets liquidation, enterprise annuities, equity trust and asset management for QDII (Qualified Domestic Institutional Investor). CITIC Trust has also introduced various trust products in various fields, including those in relation to infrastructure, securities market, industrial and commercial enterprises, and real estate.

CITIC Trust has been enjoying a leading position due to its largest trust AUM, formidable research team, advanced innovative concepts and unique risk management system. According to statistical data from the China Trustee Association, CITIC Trust maintained a leading position in terms of trust AUM, revenue and net profit from 2010 to 2012 for three consecutive years (the industry statistics for 2013 has not been published). As the leader of the industry, CITIC Trust has played an important role in promoting the development of China's trust regulatory system through its promotion of innovations in the trust industry. CITIC Trust's comprehensive personnel risk management system, which applies to all personnel and business processes, ensures the effective identification and management of risks pursuant to corresponding risk management rules, from the start to the end of each business line.

As at December 31, 2013, the AUM of CITIC Trust totaled RMB817.4 billion, of which the trust AUM amounted to RMB729.7 billion. In 2013: the revenue was RMB5,119 million, of which the fee income accounted for RMB4,625 million, and the net profit attributable to equity shareholders of CITIC Trust was RMB3,144 million while the ROE was 27.4%. The CAGR for the net profit attributable to the equity shareholders of CITIC Trust and the AUM from 2011 to 2013 was 28.0% and 35.1%, respectively.

The following table sets out the principal financial indicators of CITIC Trust for the periods indicated:

Indicator	For the year ended December 31,		
	2011	2012	2013
	(in millions of RMB)		
Total assets	8,889	11,823	14,887
Net assets	7,141	9,938	13,029
Revenue	3,634	4,265	5,119
Total profit	2,561	3,608	4,194
Net profit attributable to equity shareholders of CITIC Trust	1,920	2,717	3,144
Outstanding trust AUM	399,969	591,349	729,661

(b) Main Businesses

CITIC Trust has fully realized the merits of the trust system by integrating various financial functions to provide comprehensive financial solutions to clients. CITIC Trust's business consists of trust business, inherent business and intermediary business. Trust business and inherent business are similar from an assets utilization perspective and differ mainly in the assets source. The assets managed in trust business originate from the clients, and require the setting up of related arrangements such as trust product design, structural arrangements for trust product transactions, sales of trust products, beneficiary rights management (customer relationship management), information disclosure, trust establishment, trust termination and liquidation. The assets of inherent business originate from funds owned by CITIC Trust itself, thus the inherent business has no arrangements related to clients' assets. The intermediary business mainly comprises financial consultancy services.

i. Trust

The trust business is the main source of CITIC Trust's income. For the years ended December 31, 2011, 2012 and 2013, income generated from CITIC Trust's trust business was RMB2,447 million, RMB3,141 million and RMB4,502 million, respectively. As at December 31, 2013, CITIC Trust had approximately 18,000 principals.

(i) Classification based on trust capital utilization

CITIC Trust's trust business can be classified into financing-related trust business, investment related trust business, non-discretionary trust business and other businesses based on capital utilization methods. The principal financial instruments used in direct investment and financing activities include loans, direct equity investments, investments with beneficial rights in specific assets.

The following table sets out the information of the trust AUM of CITIC Trust based on the capital utilization method for the periods indicated:

		For the year ended December 31,					
		2011		2012		2013	
		(in millions of RMB, except percentages)					
		Amount	%of total	Amount	%of total	Amount	%of total
Investment related	Securities investment	142,664	35.7	188,223	31.8	204,482	28.0
	Equity investment	64,110	16.0	48,905	8.3	39,546	5.4
Financing-related		38,860	9.7	97,065	16.4	131,412	18.0
Non-discretionary		154,336	38.6	257,155	43.5	354,222	48.6
Other		-	-	-	-	-	-
Total		**399,969**	**100.0**	**591,349**	**100.0**	**729,661**	**100.0**

- Investment related trust business

CITIC Trust's investment related trust business is divided into the equity investment business and the securities investment business. The equity investment business involves the equity investment of trust funds, exercise of shareholders' rights and participation in the operational management of the invested company for the benefit of the beneficiaries or a specific purpose to obtain greater economic benefits. The securities investment business comprises investment activities in which the trust capital is invested in stocks with established secondary markets, securities investment funds, bonds, central bank notes, bonds repurchase, trust products, trust loans and equity investment trusts.

As at December 31, 2011, 2012 and 2013, the trust AUM of CITIC Trust's investment related trust business was RMB206,774 million, RMB237,128 million and RMB244,028 million, respectively.

- Financing-related trust business

CITIC Trust's financing-related trust business mainly provides mid- to long-term loan facilities to borrowers with additional full guarantee and a fixed interest rate and maturity date. CITIC Trust is the trustee, lender and loan servicer in this line of business and is responsible for the due diligence of financing projects' screening and recommendation, deal structuring, and the management of creditors' rights and collaterals.

As at December 31, 2011, 2012 and 2013, the trust AUM of CITIC Trust's financing-related trust business was RMB38,860 million, RMB97,065 million and RMB131,412 million, respectively.

- Non-discretionary trust business

CITIC Trust's non-discretionary trust business refers to the trust business where clients hand over property to a trust company and appoint a trust company to conduct non-discretionary trust business to accomplish trust purposes. In non-discretionary trust business, clients make independent decisions on matters such as trust establishment, target applications of trust property and, trust property management methods relating to application and disposal. The trustee is mainly responsible for account management, clearing and distribution and provides or issues necessary documents to coordinate the management of the client's trust property. CITIC Trust mainly acts as a trustee, account manager and financial consultant, executing or providing suggestions according to the trust agreement and clients' instruction.

As at December 31, 2011, 2012 and 2013, the trust AUM of CITIC Trust's non-discretionary trust business was RMB154,336 million, RMB257,155 million and RMB354,222 million, respectively.

(ii) Classification based on sources of trust assets

CITIC Trust's trust operations can be classified based on sources into individual trusts, collective trusts and property management trusts. An individual-fund trust is set up by a single principal who's trust property is managed independently by the trustee, representing a strict one-to-one arrangement between the trustee and principal. A collective-fund trust is a trust where the trustee combines and manages a number of clients' trust property as a whole. A property rights trust refers to a trust where the trust property of institutions is entrusted in the care and management of the trust company, including the business generating liquidity from assets for the purpose of financing.

The following table sets out the information on the trust CITIC Trust based on the sources of trust property for the periods indicated:

	For the year ended December 31,					
	2011		**2012**		**2013**	
	(in millions of RMB, except percentages)					
	Amount	**%of total**	**Amount**	**%of total**	**Amount**	**%of total**
Individual-fund trust	290,591	72.7	420,021	71.0	511,757	70.2
Collective-fund trust	99,728	24.9	113,783	19.3	119,833	16.4
Property rights trust	9,651	2.4	57,545	9.7	98,070	13.4
Total	**399,969**	**100.0**	**591,349**	**100.0**	**729,661**	**100.0**

(iii) Classification based on trust capital utilization by industry

In the trust business, the major industries for direct investment and financing businesses include infrastructure, real estate, energy and resources, manufacturing, agriculture and financial institutions (share equity). The major investments for the financial investment business are securities (bonds, funds and stock), commercial bank debt instruments, and trust beneficiary rights.

The following table shows the trust AUM of CITIC Trust based on the capital utilization by industry for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(in millions of RMB, except percentages)					
	Amount	%of total	Amount	%of total	Amount	%of total
Infrastructure	72,460	18.1	198,060	33.5	299,735	41.1
Real estate	73,141	18.3	63,329	10.7	56,223	7.7
Securities market	31,034	7.8	57,528	9.7	65,177	9.0
Industries	28,469	7.1	53,095	9.0	93,548	12.8
Financial institutions	9,855	2.4	9,723	1.6	163,650	22.4
Other	185,010	46.3	209,614	35.5	51,328	7.0
Total	**399,969**	**100.0**	**591,349**	**100.0**	**729,661**	**100.0**

In recent years, in order to reduce the adverse impact brought about by changes in the real estate industry, CITIC Trust has gradually reduced the proportion of trust capital invested in the real estate industry and adopted a series of measures to control the risk of exposure to the real estate trust business. CITIC Trust prioritizes selection of large real estate enterprises with top rankings in China, and selection of projects located in first and second tier cities with good business prospects. According to the nature of projects, CITIC Trust combines the use of equity investment, loans and other diversified financial instruments. Through various means including project pledging, share pledging and equity transfer, CITIC Trust effectively controls the core assets of trade counterparties. In the meantime, CITIC Trust conducts tight on-site supervision, including supervision of company seals, chops and account, to effectively guarantee the value of controllable assets.

Faced with increasing market concerns regarding loan business risks associated with local government financing vehicles, CITIC Trust is focused on bolstering its analysis of the financial strength, credit rating and solvency risk of its local government counterparties. CITIC Trust is committed to strengthening risk management by raising the business access threshold, controlling the regional concentration of financing, tightening risk control conditions, and implementing local sales.

ii. Inherent business

CITIC Trust's inherent business includes financing-related business, investment-related business, fund lending and guarantee business. CITIC Trust actively uses its own capital to provide its customers with financing and comprehensive financial services. Financiers usually provide a pledge guarantee with assets such as movable and immovable assets. When CITIC Trust provides its customers with liquidity support, it also takes the further step of helping them design customized asset debt restructuring plans and offering them appropriate access to its pledging services. CITIC Trust utilizes its inherent assets on a stable and prudent basis to provide comprehensive financial services to various kinds of enterprises, which improves the efficiency of inherent fund utilization and its revenue generating ability, and promotes a synergic development between the inherent business and trust business.

iii. Intermediary business

The intermediary business of CITIC Trust mainly includes the financial consultancy business, which applies CITIC Trust's internal and external resources and advantages, including its talent, networks, capital, experience, information towards the provision of financial services to provide investment, management, brokerage and information services which are tailored according to customers' specific business operations, management needs and financial conditions.

(c) Research and Innovative Ability of CITIC Trust

The development process of trust companies is about being at the forefront of industry trends, discovery and excavation of the market, and constant innovation. Therefore, the research and innovative ability of a trust company plays a crucial role in its long-term development. CITIC Trust has been the industry leader since its establishment due to its innovative ability. The following is a summary of some of CITIC Trust's representative innovative products.

i. Land circulation trust

On October 10, 2013, CITIC Trust cooperated with Yongqiao District Government, Suzhou, Anhui province and officially launched the country's first land circulation trust "CITIC • Rural Land Contractual Right Collective Trust 1301", with the aim of leveraging on the merits of the land trust system and promoting reasonable and efficient utilization of rural land, guaranteeing steady and consistent interests for farmers, and mobilizing the development of the agricultural industry and vast rural areas.

Without changing the ownership of the land, the land circulation trust establishes the "land keeper" mechanism to encourage farmers to actively participate in and exercise their rights to realize the sustainable utilization of rural land resources. Through the land circulation trust various land resources can be consolidated and operated through a centralized management system, which promotes benefits from economies of scale and contributes towards the overall development of the agricultural industry. By adopting a trust model to deal with the financing problems associated with rural land development, the land circulation trust has brought about a significant change in the process and prospects connected with rural land development, which realizes effective circulation of land resources and maximizes economies of scale.

CITIC Trust, centering on the land circulation trust, launched an "agriculture trust" by bringing in professional agriculture service providers to improve agricultural operation levels. At present, CITIC Trust has signed a strategic cooperation agreement with Anhui Tianhe Agriculture Technology Co., Ltd., in which the parties will cooperate to create "grain production and supply chain operation management" and initiate the country's "grain production and supply chain important resource collection platform".

ii. Consumption trust

In December, 2013, CITIC Trust, together with China Merchants Bank, launched the first batch of its series of consumption trust. Subscribers can enjoy tourism, vacation and other relevant services in Jia Lize international health island within five years. Unlike traditional projects, the function of the trust plan is not to capture gains from capital appreciation but to help consumers select better merchants and service institutions, gain favorable prices through centralized purchasing, monitor the application of advanced funds, and ultimately make beneficiaries gain high quality and cost-effective services while offering sufficient customer protection at the same time. The consumption trust enables the extension of scope of beneficiary interests from capital gains to consumption rights for the first time and is a significant reform of the traditional trust service model.

iii. Family trust

In January, 2014, CITIC Trust launched the first "Family Office" trust plans, the business objective of which is to grow and maintain the value of family businesses and assets, by offering products and services which are tailored to each client's needs. The services cover investment and financing strategy combinations, advices on legal and taxation matters, education inheritance, charity management, investment in artworks and antiques, and tailored travel management.

iv. Asset securitization

As one of the first batch of trust companies approved to conduct asset securitization business in China, CITIC Trust consistently takes the leading position in the industry. In 2012, CITIC Trust issued the first product after asset securitization restarted in China, i.e. the "Kaiyuan 2012-1 Credit Asset-backed Securities" with a total amount of RMB10,166 million. In 2013, six products were launched in the Chinese credit asset securitization market, among which CITIC Trust acted as the trustee and issuer for four products with a total amount of RMB10,814 million with a market share of 68.6%.

(d) Business Network

CITIC Trust strives to achieve a comprehensive sales strategy by using various sales tools such as direct sales, indirect sales through banking agents and online malls and endeavors to enhance the influence of its brand in the public investors. Through improving the information service platform, centralizing the trading platform and the databases and system for client analysis, CITIC Trust will provide high-end tailored financial planning services to become a true provider of asset management products and solutions to private banking customers. CITIC Trust has in recent years directed efforts towards establishing its own direct sales system. At present, CITIC Trust has established wealth management centers in Beijing, Guangzhou, Shanghai and Tianjin, with a rapidly growing value of direct sales.

(e) CITIC Prufunds

CITIC Prufunds is a sino-foreign joint venture set up by CITIC Trust, UK Prudential Co., Ltd. and Zhongxin Suzhou Industrial Zone Venture Capital Investment Co., Ltd. CITIC Trust has a 49% interest in CITIC Prufunds. As at December 31, 2013, CITIC Prufunds has successfully launched 28 fund products, including 15 stock funds, one hybrid fund and 12 fixed-income funds, and has established a relatively complete product range. As at December 31, 2013, the value of public funds under management was RMB18,450 million, a steady growth of 47% compared with that at the end of 2011.

f. Insurance

(a) Overview

CITIC Prudential is a joint venture set up by CITIC Limited Group and UK Prudential Co, Ltd, both of whom hold 50% equity interest. CITIC Prudential is primarily engaged in the business of providing life insurance, health insurance and accident insurance, as well as reinsurance of the above categories. According to statistics from the CIRC, for the year ended December 31, 2013, CITIC Prudential ranked sixth among foreign-invested life insurance companies in terms of gross premium income.

The following table sets out the main financial indicators of CITIC Prudential for the periods indicated:

Indicator	For the year ended December 31,		
	2011	2012	2013
	(in millions of RMB, except percentages)		
Total assets	17,343	22,573	28,462
Net assets	1,907	2,275	2,483
GWP	3,431	3,624	4,133
Net profit	321	298	204

The following table sets out the main regulatory and operating indicators of CITIC Prudential for the periods indicated:

Indicator	For the year ended December 31,		
	2011	2012	2013
	(in millions of RMB, except percentages)		
Liability-to-asset ratio (%) (Note 1)	89.0	89.9	91.3
Liquidity ratio (%)(Note 2)	150.6	136.0	150.9
Solvency margin ratio (%) (Note 3)	185	205	181
Cancellation rate (%) (Note 4)	2.4	2.2	2.0

Notes:
1. Liability-to-asset ratio = Total liabilities / Total assets
2. Liquidity ratio = Current assets / Current liabilities
3. Solvency margin ratio = Actual capital / Minimum capital
4. Cancellation rate = Surrender value of the current year / (Balance of the liability provision for the life insurance and long-term health insurance at the beginning of the current year plus balance of the liability provision for the life insurance and long-term health insurance at the end of the current year) / 2

(b) Main Businesses

i. Classification by products

CITIC Prudential's products mainly include life insurance, accident insurance and health insurance, among which life insurance is its major source of revenue. The following is a summary of some of CITIC Prudential's main products:

- Life insurance: includes traditional life insurance, participating life insurance, universal life insurance and investment-linked insurance, among which participating life insurance products generate the majority of the GWP of CITIC Prudential. Participating life insurance combines the features of traditional life insurance and investment products and can cater to the client's requirements for insurance, savings and investments in one product. Due to the improvement in the investment ability, the sales volume of universal life insurance and investment-linked insurance has increased gradually.

- Accident insurance: provides compensation for the death or disability of policy holders due to an accident or other incident specified by the policy.

- Health insurance: provides policy holders with insurance for illness and medical treatment and is divided into short-term health insurance and long-term health insurance.

The following table sets out the breakdown of CITIC Prudential's GWP by product during the periods indicated:

Product	For the year ended December 31					
	2011		2012		2013	
	(in millions of RMB, except percentages)					
	Amount	% of total	Amount	% of total	Amount	% of total
Life insurance						
Traditional life insurance	153	4.5	173	4.8	311	7.5
Participating life insurance	2,565	74.8	2,639	72.8	2,866	69.3
Universal life Insurance	5	0.1	7	0.2	8	0.2
Investment-linked insurance	51	1.5	60	1.7	67	1.6
Total	**2,774**	**80.9**	**2,879**	**79.5**	**3,252**	**78.6**
Health insurance						
Short-term health insurance	209	6.1	236	6.5	286	6.9
Long-term health insurance	355	10.3	406	11.2	481	11.7
Total	**564**	**16.4**	**642**	**17.7**	**767**	**18.6**
Accident insurance	**93**	**2.7**	**103**	**2.8**	**114**	**2.8**
Total	**3,431**	**100.0**	**3,624**	**100.0**	**4,133**	**100.0**

ii. Classification by clients

CITIC Prudential's business can be divided into individual life insurance and group life insurance by clients. As at December 31, 2013, CITIC Prudential had 686,221 individuals clients and 7,415 group clients.

(i) Individual life insurance

Individual life insurance is the main source of GWP for CITIC Prudential. The principal products of individual life insurance are ordinary life insurance, health insurance, accident insurance, investment-linked insurance, participating insurance and universal insurance. For the years ended December 31, 2011, 2012 and 2013, GWP generated from individual life insurance was RMB3,330 million, RMB3,496 million and RMB3,948 million, respectively, representing 97.1%, 96.5% and 95.5% of the total GWP.

The following table sets out GWP generated from individual life insurance business by products for the periods indicated:

Product	For the Year ended December 31,					
	2011		2012		2013	
	(in millions of RMB, except percentages)					
	Amount	% of total	Amount	% of total	Amount	% of total
Life insurance						
Traditional life insurance	148	4.4	166	4.7	300	7.6
Participating life insurance	2,565	77.0	2,639	75.5	2,866	72.6
Universal life insurance	5	0.2	7	0.2	8	0.2
Investment-linked insurance	51	1.5	59	1.7	67	1.7
Total	**2,769**	**83.1**	**2,871**	**82.1**	**3,241**	**82.1**
Health insurance						
Long-term health insurance	355	10.7	406	11.6	481	12.2
Short-term health insurance	141	4.2	149	4.3	153	3.9
Total	**496**	**14.9**	**555**	**15.9**	**634**	**16.1**
Accident insurance	**65**	**2.0**	**70**	**2.0**	**73**	**1.8**
Total	**3,330**	**100.0**	**3,496**	**100.0**	**3,948**	**100.0**

(ii) Group insurance

The group insurance business of CITIC Prudential has developed rapidly in recent years and has already formed a competitive business development model. For the year ended December 31, 2013, the GWP generated from the group life insurance business of CITIC Prudential was RMB185 million, representing a CAGR of 35.4% from 2011 to 2013.

CITIC Prudential is striving to become the best provider of employee welfare plans in the insurance market, which offer pension, medical insurance, accident insurance and other insurances. CITIC Prudential actively pursues opportunities within the CITIC Limited Group and has become the major supplier of employee welfare insurance in CITIC Limited Group. Through utilizing cooperation with other subsidiaries of CITIC Limited, CITIC Prudential explores opportunities with large, high profile corporate clients. The principal products of group insurances are life insurance, health insurance and accident insurance.

The following table sets out the GWP generated from the group life insurance by product during the periods indicated:

Product	For the Year ended December 31,					
	2011		2012		2013	
	(in millions of RMB, except percentages)					
	Amount	% of total	Amount	% of total	Amount	% of total
Life insurance	6	5.9	8	6.2	12	6.5
Health insurance	67	66.4	87	68.0	132	71.3
Accident insurance	28	27.7	33	25.8	41	22.2
Total	**101**	**100.0**	**128**	**100.0**	**185**	**100.0**

(c) Business Network

As at December 31, 2013, CITIC Prudential has spread its insurance business into Guangdong, Beijing, Jiangsu, Shanghai, Hubei, Shandong, Zhejiang, Tianjin, Guangxi, Fujian, Hebei, and Liaoning, covering eight provinces, three municipalities, one autonomous region and 55 cities, with a total of 13 branches and 138 sales service centers. In addition, its Shanxi branch is under construction.

The marketing channel of CITIC Prudential comprises individual insurance agents, bancassurance, group sales representatives and direct sales. Individual insurance products are mainly sold through individual insurance agents, bancassurance and direct sales channels. Group insurance products are mainly sold to institutional clients through CITIC Prudential's group insurance sales representatives, individual insurance agents and bancassurance.

Individual insurance agents channel is one of the major marketing and sales channels. As at December 31, 2011, 2012 and 2013, CITIC Prudential had 14,435, 10,679 and 10,253 individual insurance agents, respectively, and GWP generated from the individual insurance agents channel was RMB2,244 million, RMB2,430 million and RMB2,786 million, respectively, representing 65.4%, 67.1% and 67.4% of the total GWP of CITIC Prudential for the relevant year.

Bancassurance channel is also an important sales channel for CITIC Prudential. As at December 31, 2013, CITIC Prudential has signed cooperation agreements for agency sales of insurance products with 25 banks and one securities company. In addition, CITIC Prudential is among the first insurance companies who have signed agency sales agreement with securities companies. In 2013, CITIC Prudential signed the overall business cooperation agreement with CITIC Securities, exploring new markets for agency sale of insurance products. For the year ended December 31, 2011, 2012 and 2013, GWP generated from bancassurance channel was RMB1,097 million, RMB1,074 million and RMB1,157 million, respectively, representing 32.0%, 29.6% and 28.0% of the total GWP of CITIC Prudential for the relevant year.

In addition, CITIC Prudential actively explores diversified sales channel. For example, together with CITIC Bank, CITIC Prudential has cooperatively developed telephone marketing channel and online sales services.

The following table sets out the breakdown of GWP by distribution channel during the periods indicated:

Sales Channel	For the Year ended December 31,					
	2011		2012		2013	
	(in millions of RMB, except percentages)					
	Amount	% of total	Amount	% of total	Amount	% of total
Individual insurance agents	2,244	65.4	2,430	67.1	2,786	67.4
Bancassurance	1,097	32.0	1,074	29.6	1,157	28.0
Direct sales channels	62	1.8	81	2.2	125	3.0
Other channels	28	0.8	39	1.1	65	1.6
Total	**3,431**	**100.0**	**3,624**	**100.0**	**4,133**	**100.0**

g. Other Financial Services

Other financial services of CITIC Limited Group include funds and capital management.

CITIC Kingview Capital was established by CITIC Limited, CITIC Trust, and CITIC Capital in 2007, in which CITIC Limited has a 30% equity interest, CITIC Trust has a 40% equity interest and CITIC Capital has a 30% equity interest. As at December 31, 2013, CITIC Kingview capital was entrusted to manage two equity trust funds, 24 domestic limited partnership equity fund projects and two overseas funds, the accumulated value of the funds was up to RMB26,652 million

CITIC Finance was established in November 2012, and is a wholly-owned subsidiary of CITIC Limited. CITIC Finance is positioned to provide a centralized management of funds from the non-financial members of CITIC Limited Group and investment and financing services to the non-financial members CITIC Limited Group. From its establishment to the end of 2013, the total amount of deposits received by CITIC Finance had reached RMB58.0 billion and the total amount of loans (including entrusted loans) granted by CITIC Finance had reached RMB14.0 billion. In that same period, CITIC Finance had conducted 3,182 settlement transactions (with a total amount of RMB151.9 billion). In 2013, the net profit attributable to equity shareholders of CITIC Finance was RMB55.75 million. CITIC Finance is committed to establishing a uniform platform for fund collection and settlement, building and improving its comprehensive risk control system and centralized management system of internal funds.

(B) Real Estate and Infrastructure

a. Overview

The real estate and infrastructure business of CITIC Limited Group includes:

- Development, sales, operation and management of residential and commercial real estate properties, which are mainly operated by CITIC Real Estate (in which CITIC Limited directly and indirectly has a 88.37% equity interest) and CITIC Heye, which is a wholly-owned subsidiary of CITIC Limited.

- Infrastructure investment, including the construction and operation of expressways and port terminals, which is operated by CITIC Industrial Investment, a wholly-owned subsidiary of CITIC Limited.

For the year ended December 31, 2011, 2012 and 2013, respectively, the revenue from the real estate and infrastructure business of CITIC Limited Group amounted to RMB16,635 million, RMB12,926 million and RMB27,202 million, respectively, representing 8.4%, 5.8% and 10.8% of the revenue of CITIC Limited Group, and profit before tax was RMB3,872 million, RMB4,402 million and RMB4,390 million, respectively, representing 6.4%, 8.0% and 6.6% of the profit before tax of CITIC Limited Group.

The following table sets out the respective financial information of each of the principal operating entities of the real estate and infrastructure business for the periods indicated:

	For the year ended December 31					
	2011		2012		2013	
	Revenue	Net Profit attributable to equity shareholders	Revenue	Net Profit attributable to equity shareholders	Revenue	Net Profit attributable to equity shareholders
	(in millions of RMB)					
CITIC Real Estate	14,821	1,511	12,175	461	26,526	1,180
CITIC Industrial Investment	5,705	1,042	5,693	2,576	3,653	1,976

b. Competitive Strengths

Sufficient land bank at reasonable costs providing sustainable development and growth opportunities for the real estate business

CITIC Limited Group has acquired sufficient land bank at reasonable costs for future development. As at December 31, 2013, CITIC Real Estate's plot GFA (gross floor area) under planning was 20.91 million square meters, mainly located in the Bohai rim, Yangtze River Delta, Pearl River Delta and other economically developed regions, which laid a solid foundation for a continuing and rapid development of CITIC Limited Group's real estate business.

Enormous commercial opportunities brought by innovative city development model

The potential of land development in China will further increase due to the likely accelerated urbanization process. City development model focuses on generating land value, and sharing land value appreciation with municipalities. The differentiating business model is becoming one of the key competitive strengths of real estate enterprises. The city development model of CITIC Real Estate is a comprehensive city development and operation process based on forward-looking schemes and city planning, which improves functional scale and brings resources to target cities through land consolidation, construction of public infrastructures, business sourcing and other resource integration measures, to obtain land premium and value added investment returns. In recent years, CITIC Limited Group has entered into strategic cooperation framework agreements with various provincial governments. Based on these aforementioned agreements, CITIC Real Estate has commenced comprehensive cooperation with the relevant provincial governments on multiple fronts including land operation, finance and industry development. With CITIC Limited Group's brand and finance platform advantages, and its real estate development and management experience, CITIC Real Estate actively promotes the innovation and development of land operation business and will share the land premium and investment returns created by China's urbanization and the growth of city economies through urban land operation.

Comprehensive real estate services under the CITIC brand

CITIC Group is one of the earliest companies to have commenced real estate business, with many years of experience. The extensive project experience and in-depth understanding of the Chinese market help create CITIC Limited Group's professional real estate business development capabilities, enabling it to seize opportunities in fierce market competition. The "Zhongguo Zun"(「中國尊」) project currently under construction is the tallest of all buildings that have been planned or are under construction in Beijing.

Due to the strong reputation of the CITIC brand, local government and enterprises are more willing to cooperate with CITIC Limited Group in the real estate business. The strong overall strength of CITIC Limited Group provides its real estate business with unique advantages in financing, management expertise and customer relationships, thereby creating the pre-conditions for further increasing the depth of professional services and the potentials of development capabilities.

Strong investment, construction, operation and management capabilities in infrastructure

The market entry threshold for the expressway and port terminal business is comparatively high and CITIC Industrial Investment started its business operations in these industries at an early stage. Since then, CITIC Limited Group has built up a highly experienced management team with good investment, construction, operation and management capabilities, as well as distinct strengths in project financing, technical standards and government relations, thereby enabling it to manage and operate the infrastructure projects efficiently and effectively.

Capturing infrastructure business opportunities in regions with high economy growth in China

The three expressways operated by CITIC Limited Group are all part of the national expressway connecting Chongqing and its major surrounding cities. They are particularly well placed to capture the opportunities brought by the rapid economic growth in the region. The port terminals operated by CITIC Limited Group are located on Daxie Island, Ningbo, Zhejiang Province, which benefit from economic development opportunities brought by the entire Yangtze River Delta.

Innovative business models for large-scale infrastructure projects

Relying on its integrated platform, CITIC Limited Group has the ability to adopt innovative business models when investing in large-scale infrastructure projects. In the construction of the Shanghai-Chongqing Expressway, CITIC Industrial Investment cooperated with CITIC Construction and adopted a business model of BOT (Build Operation Transfer)+ EPC (Engineering Procurement Construction), which was unprecedented in China and has brought merits such as lowering construction risks and shortening the construction period.

c. Real Estate Business

(a) Development and Sale of Property

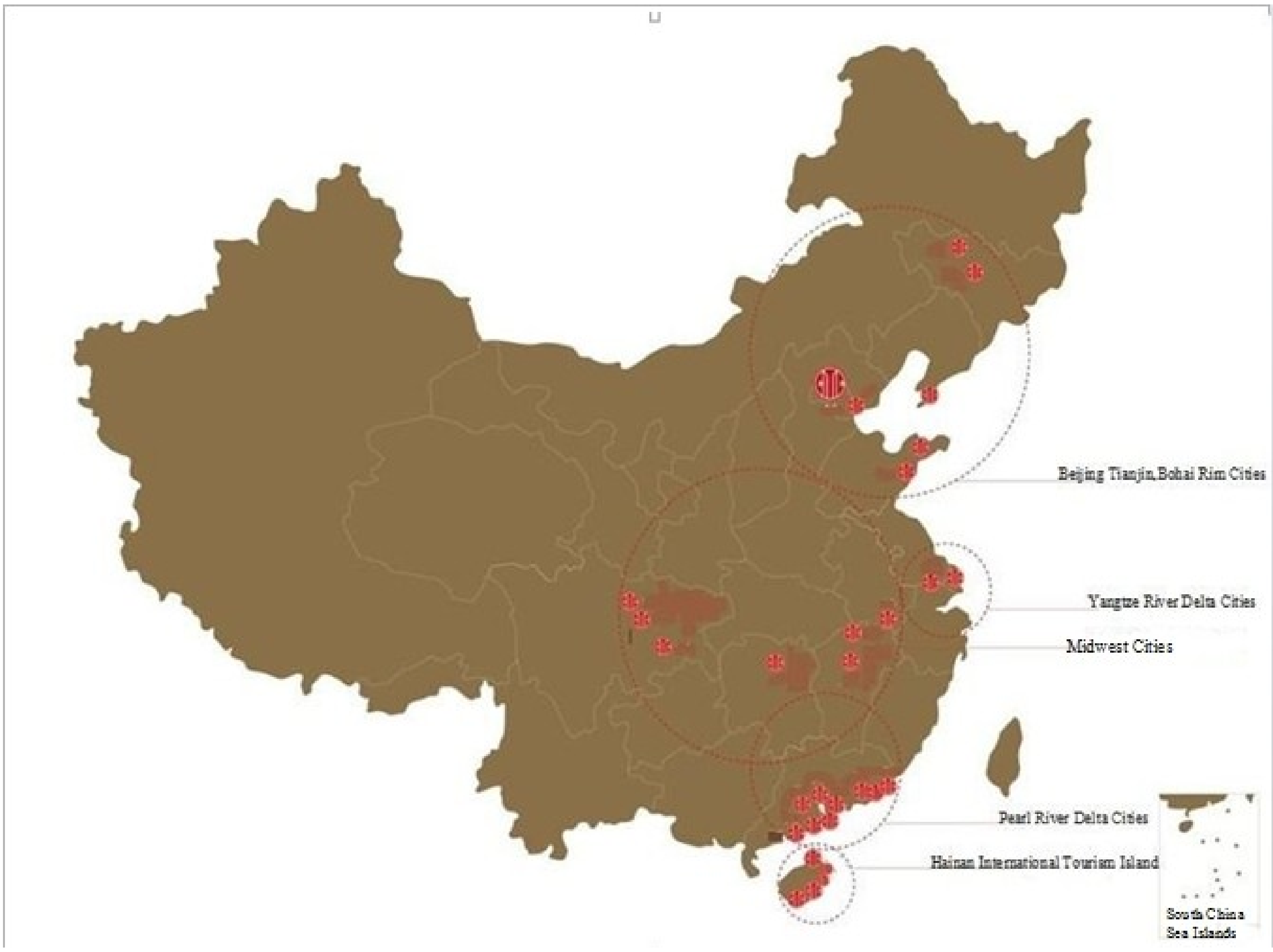
CITIC Limited Group is engaged in the development and sale of properties, mainly through CITIC Real Estate. In 2011, 2012 and 2013, CITIC Real Estate's contract sales were RMB25,016 million, RMB23,474 million and RMB38,410 million, respectively; the contract sales GFA were 1.96 million square meters, 2.31 million square meters and 2.87 million square meters, respectively.

For the year ended 2011, 2012 and 2013, respectively, the revenues from sale of properties of CITIC Real Estate were RMB14,263 million, RMB11,323 million and RMB23,332 million, respectively, and the recognized GFA were 1.09 million square meters, 1.12 million square meters and 2.06 million square meters, respectively.

The following table sets out the recognized revenue and GFA of CITIC Real Estate by region for the periods indicated:

	Revenue from Sales of Property			**GFA Sold**		
	2011	**2012**	**2013**	**2011**	**2012**	**2013**
	(in millions of RMB)			**(1,000 square meters)**		
Beijing, Tianjin and the Bohai rim region	5,636	3,726	9,942	293	347	651
Pearl River Delta region	4,012	5,160	10,534	361	473	1,090
Yangtze River Delta region	1,265	320	834	48	14	64
Hainan province region	1,962	629	129	161	25	3
The Midwest and other regions	1,388	1,487	1,893	230	257	254
Total	**14,263**	**11,323**	**23,332**	**1,094**	**1,116**	**2,062**

CITIC Real Estate has business operations in 29 cities in China. As at December 31, 2013, the total planned GFA of projects that are planned or under construction by CITIC Real Estate was 32.41 million square meters, covering Beijing, Tianjin and Bohai rim region, the Pearl River Delta region, the Yangtze River Delta region, the Hainan province region, the Midwest and other regions.



(b) Property Investments

CITIC Limited Group selectively owns and operates a few high-quality properties, which are mainly operated by its subsidiaries such as CITIC Heye.

"Zhongguo Zun", located in the prime location of the central business district of Chaoyang, Beijing, is a super high-rise commercial office building with a designed height of 528 meters, which is the tallest in Beijing. Being developed by CITIC Heye, "Zhongguo Zun" is expected to be completed in 2019, and will become a new landmark in Beijing.

d. Infrastructure Business

(a) Overview

CITIC Limited Group operates and invests in the infrastructure business, which includes expressway and port terminal projects, mainly through CITIC Industrial Investment.

CITIC Industrial Investment currently operates three expressways projects including the Chongqing segment of the Chongqing-Guizhou Expressway, the Shanghai-Chongqing Expressway (downtown Chongqing-Fuling segment of the Chongqing Riverside Expressway) and the Chongqing segment of the Chengdu-Chongqing Expressway. The expressways are operated through the business models of TOT (Transfer-Operate-Transfer) and BOT. Revenue from this business is mainly generated from vehicle tolls.

The following table sets out the main expressway projects operated by CITIC Industrial Investment:

Project	**Concession Period**	**Equity Interest held by CITIC Industrial Investment**	**Main business revenue in 2013 (in millions of RMB)**
Chongqing-Guizhou Expressway	30 years (March 17, 2007 - March 16, 2037)	52%(Note1)	502
Shanghai-Chongqing Expressway	30 years (December 23, 2013 - December 22, 2043)	32%(Note2)	-
Chengdu-Chongqing Expressway	25 years (December 23, 1999 - December 22, 2024)	39.2%(Note3)	990

Notes:
1.Chongqing-Guizhou Expressway, 20% of whose equity interest is owned by CITIC Industrial Investment and 40% is owned by CITIC Infrastructure Investment Co., Ltd. CITIC Limited and CITIC Industrial Investment hold 20% and 80% of the equity interest of CITIC Infrastructure Investment Co., Ltd., respectively.
2.Shanghai-Chongqing Expressway, 20% of whose equity interest is owned by CITIC Construction and 40% is owned by CITIC Infrastructure Investment Co., Ltd.
3.Chengdu-Chongqing Expressway, 49% of whose equity interest is owned by CITIC Infrastructure Investment Co., Ltd.

CITIC Industrial Investment invests in and operates the port terminal projects through acquisitions and constructions. The port operation of CITIC Industrial Investment is positioned in oil port warehousing business, providing services to companies engaged in petrochemical production, trade and logistics. The oil port warehousing business consists of loading/unloading and warehousing business. The loading/unloading business consists of providing loading and unloading services to customers in CITIC Industrial Investment's ports, thereby charging loading and unloading fees. The warehousing business consists of providing warehousing services to customers after transporting their goods through special transportation channels to the storage tanks, thereby charging storage fees.

The following table sets out the main port terminal projects operated by CITIC Industrial Investment:

Project	Project Type	Equity Interest held by CITIC Industrial Investment	Revenue in 2013 (in millions of RMB)
Ningbo Daxie PetroChina Fuel Oil Terminal Co., Ltd. (300,000 ton grade)	Oil terminal	42%	67
Ningbo Daxie Guanwai oil port terminal (50,000 ton grade)	Oil terminal	100%	2
Ningbo Daxie Gangfa oil port terminal (50,000 ton grade)	Oil terminal	20%	46
Ningbo Daxie China Merchants International Container Terminal	Container terminal	20%	611
Ningbo Daxie Development Zone Xinhai Oil Terminal Co., Ltd.	Oil storage	30%	Under construction

(b) Principal Investment Projects

- Chongqing Segment of the Chongqing-Guizhou Expressway

In 2007, CITIC Industrial Investment, together with Chongqing Expressway Group Co., Ltd, established a joint venture company named Chongqing CITIC Chongqing-Guizhou Expressway Co., Ltd., which acquired all the assets of the Chongqing segment of the Chongqing-Guizhou Expressway via TOT (Transfer-Operate-Transfer). The overall length of the Chongqing Segment of the Chongqing-Guizhou Expressway is 90.42 kilometers, stretching from the cross junction of the Chongqing-Guizhou Expressway and Chongqing City Ring Expressway to the Chongxi River in Chongqing. The Chongqing Segment of Chongqing-Guizhou Expressway forms a part of the national expressway system from Lanzhou to Haikou, which is an important route connecting southwest China to the coasts.

The following table sets out the traffic flow and annual toll revenues for the Chongqing segment of the Chongqing-Guizhou Expressway for the periods indicated:

	2011	2012	2013
Traffic flow (thousand cars)(Note)	8,750	9,020	10,040
Annual toll revenues (in millions of RMB)	438	451	502

Note: Calculated at a toll fee of RMB50 per vehicle.

- Shanghai-Chongqing Expressway

CITIC Industrial Investment and CITIC Construction formed a consortium with Chongqing Expressway Group Co., Ltd. in 2009 and successfully won the bid for the BOT project of the Shanghai-Chongqing Expressway (downtown Chongqing-Fuling segment of the Chongqing Riverside Expressway). For this project, CITIC Industrial Investment achieved a breakthrough in transitioning its expressway investment from TOT to BOT. The overall length of the first-stage of the Shanghai-Chongqing Expressway is 86 kilometers and the total investment amounts to approximately RMB 8,659 million. The project was the first to adopt the BOT + EPC model in China, market-oriented resources integration has reduced cost and shortened the construction cycle while ensuring quality and safety. The project was completed and commenced operation at the end of 2013.

- Chongqing Segment of the Chengdu-Chongqing Expressway

CITIC Industrial Investment, together with Chongqing Expressway Group Co., Ltd., established Chongqing Chengdu-Chongqing Expressway Co., Ltd. as the operating entity for the Chengdu-Chongqing Expressway in 1999. The four lanes Chongqing segment of the Chengdu-Chongqing Expressway is part of the Chongqing-Kunming Expressway, with an overall length of 114.2 kilometers.

The following table sets out traffic flow and annual toll revenues for the Chongqing segment of the Chengdu-Chongqing Expressway for the periods indicated.

	2011	2012	2013
Traffic flow (thousand cars)(Note)	12,986	13,657	14,143
Annual toll revenues (in millions of RMB)	909	956	990

Note: Calculated at a toll fee of RMB70 per vehicle.

- PetroChina Fuel Port Terminal (300,000 Ton Grade)

Petro China fuel port terminal (300,000 ton grade) is one of the largest oil ports in China. The port terminal has good channel and water depth conditions. Deep water (around 27.5 meters surrounding the terminal) provides ideal conditions for an annual handling capacity of 11 million tons, and can accommodate the world's largest oil tankers (450,000 tons). The port terminal mainly provides services to PetroChina Daxie's 1.3 million cubic meter oil depot.

- Guanwai Oil Port Terminal (50,000 Ton Grade)

The Guanwai oil port terminal (50,000 ton grade) has good channel and water depth conditions, with water depth of 17.5 meters and annual handling capacity of 1.8 million tons, and the terminal can accommodate liquefied chemical tankers of up to 65,000 tons. It mainly provides services to China National Offshore Oil Corporation and the chemical storage tank zone in Daxie. The port terminal is one of the few public ports that specialize in loading and unloading of liquefied goods in the Ningbo-Zhoushan port area.

(C) Engineering Contracting

a. Overview

CITIC Limited Group's engineering contracting business mainly comprises the following:

- Engineering contracting, operated by CITIC Construction, a wholly-owned subsidiary of CITIC Limited, provides engineering contracting services both domestically and internationally, and engages in infrastructure, housing and industrial construction projects.

- Engineering design, operated by CITIC Engineering Design, a wholly-owned subsidiary of CITIC Limited, provides urban and architectural planning design services.

For the year ended December 31, 2011, 2012 and 2013, respectively, revenue from the engineering contracting business totaled RMB17,626 million, RMB16,674 million and RMB18,385 million, respectively, representing 8.9%, 7.5% and 7.3% of the total income of CITIC Limited Group, respectively. For the same period, profit before tax totaled RMB1,367 million, RMB2,654 million and RMB2,481 million, respectively, representing 2.2%, 4.8% and 3.8% of the profit before tax of CITIC Limited Group, respectively.
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The following table sets out the respective financial information for each operating entity of the engineering contracting and design business of CITIC Limited Group for the periods indicated:

	For the year ended December 31					
	2011		**2012**		**2013**	
	Revenue	**Net Profit Attributable to Equity Shareholders**	**Revenue**	**Net Profit Attributable to Equity Shareholders**	**Revenue**	**Net Profit Attributable to Equity Shareholders**
	(in millions of RMB)					
CITIC Construction	16,274	753	15,090	1,507	16,489	1,588
CITIC Engineering Design (Note)	-	-	-	-	1,501	278

Note: CITIC Engineering Design was established in December 2013.

b. Competitive Strengths

Unique business model and successful implementation of the "Going Global" strategy

As a major business platform of CITIC Limited Group's engineering contracting business, CITIC Construction has grown rapidly. Unlike traditional engineering contracting enterprises, CITIC Construction does not rely on labor outsourcing or general contracting, but focuses on high value-added services in areas such as project planning, design, management, procurement, operations, maintenance and finance. CITIC Construction differentiates itself by providing a full spectrum of integrated services to customers, adopting a "Big Project Engineering" model that integrates the four aspects of "Engineering, Finance, Resource and Industry".

In order to complete large-scale projects and provide comprehensive services, CITIC Construction created the "Combined Team" model which allows both CITIC Construction and its third-party partners to realize mutual benefits. CITIC Construction fully leveraged its strengths in commerce, contract and international talents to form a powerful team with China Railway Construction Corporation Limited, and was awarded the US$3,807 million contract of constructing the western portion of the Algeria Expressway.

With its innovative business model, CITIC Construction is widely regarded as one of most successful Chinese enterprises that have implemented the "Going Global" strategy. As at December 31, 2013, the contract value of CITIC Construction's projects under construction amounted to US$22,230 million. CITIC Construction has established stable and strategic cooperative relationships with leading domestic enterprises in various sectors. CITIC Construction has also successfully introduced Chinese technology, standards, finance, design, construction, mechanical and electrical products, machinery and equipment to the world.

In-depth experience in executing overseas projects

In developing its overseas business, CITIC Construction has accumulated rich experience in executing overseas projects, including design management, on-site construction, equipment procurement, and resource logistics management. CITIC Construction can provide comprehensive service solutions customized to the needs of clients in different countries, allowing it to stand out among its domestic and international competitors. *US Engineering News Record (ENR)* ranked CITIC Construction 43rd among the top 250 international contractors and 6th among China-based international contractors in 2013.

Leading engineering design service with professional qualification and excellent track records

CITIC Engineering Design, a subsidiary of CITIC Limited Group, owns two engineering design and research institutes, CSMDI and CITIC Design, which both hold China's Grade A design qualification. CSMDI principally engages in municipal engineering design services and has a strong overall strength among all national municipal engineering design institutes. CITIC Design principally engages in large-scale comprehensive architectural design services and was included among China's Top 60 Enterprises Group for seven consecutive times. CITIC Design had won hundreds awards in aggregate including national and provincial design awards as well as awards for technology progress. CITIC Design's strong capabilities in municipal engineering design and architectural engineering design has laid a solid foundation for CITIC Limited Group to expand its domestic and international market share.

c. Engineering Contracting

(a) Overview

CITIC Construction is a leading international comprehensive engineering service provider, mainly operates through EPC, BOT and PPP (Public Private Partnership) models. Overseas engineering contracting is the core business of CITIC Construction, which mainly includes infrastructure, housing and industrial construction contracting.

Through its innovative commercial model, CITIC Construction has steadily improved its competitiveness and influence within and outside of China by engaging in a large number of projects. CITIC Construction has established businesses mainly including infrastructure, housing and industrial construction contracting, and the import-export trade of machinery equipment. It maintains an overseas business presence mainly in regions including Africa and Latin America.

As at December 31, 2013, CITIC Construction has expanded its business to 14 countries, with Africa as its largest market. By leveraging on its existing projects, CITIC Construction has engaged in an in-depth development in two key markets, Angola and Venezuela, while developing businesses in various overseas markets including Brazil.

(b)Principal Projects

The following table sets out the representative domestic and international engineering contracting projects:

Completed projects as at December 31, 2013:

Project	Completion Date	Contract Value (in millions of US$)
Chongqing Riverside Expressway	December 31, 2013	910
Kazakhstan Asphalt Plant	December 20, 2013	97
Three Cement Production Line Project in Belarus	October 15, 2013	621
Angola K.K Social Housing Phase 1	September 17, 2012	4,237
Brazil Candiota thermal power plant	December 29, 2010	569
Algeria East-West Expressway	The western segment (359km) was completed on October 10, 2010, while the middle segment (169km) was completed on April 14, 2012.	3,807
National Stadium (Bird's Nest)	June 27, 2008.	-

Ongoing projects:

Project	As at December 31, 2013	
	Contract Value	Estimated Backlog
	(in millions of US$)	
Venezuela TIUNA Social Housing	1,568	1,240
Angola Great Valley RED	1,469	605
Angola Malanje Agriculture Development	119	34

(c) Contracts Under Implementation

Contracts under implementation refer to contracts in the implementation stage that are signed and effective, and which have not been terminated, discharged or revoked. The total contract amount of contracts under implementation refers to the total contract value of all the contracts under implementation as at a certain date.

The total contract amount of contracts under implementation is not a measure defined by generally accepted accounting principles. CITIC Construction uses this measure to analyze the characteristics of contracts under implementation. Therefore, it may not be comparable to other similarly titled measures used by other companies and also may not serve as an indicator for future operating performance.

The relevant contracts under implementation may not necessarily provide for a fixed amount of work to be performed and may be subject to modification or termination by customers. The termination or modification of any one or more sizeable contracts or the addition of other contracts may have certain effects on CITIC Construction's total contract amount of contracts under implementation.

As at December 31, 2011, 2012 and 2013, respectively, the total value of CITIC Construction's contracts under implementation was approximately US$14,305 million, US$22,954 million and US$22,229 million, respectively.

(d) Newly Signed Contracts

i. Signed and effective contracts

Signed and effective contracts refer to project contracts that are signed within a certain period which have satisfied all the conditions precedent stipulated in the contracts so as to become effective within that period.

For the years ended December 31, 2011, 2012 and 2013, the total value of CITIC Construction's signed and effective contracts was approximately US$306 million, US$5,904 million and US$101 million, respectively.

ii. Signed contracts pending to be effective

Signed contracts pending to be effective refer to contracts signed by CITIC Construction within a certain period, but which have not satisfied the conditions precedents stipulated in the contracts to become effective. Signed contracts pending to be effective will become effective upon satisfaction of the relevant conditions precedent in the contract. Conditions precedent may include, among others, the grant of an export buyer's credit, receipt of an advance payment or performance bond, and receipt of governmental or regulatory approvals.

As at December 31, 2011, 2012 and 2013, respectively, the total value of CITIC Construction's signed contracts pending to be effective was approximately US$3,701 million, US$12,910 million and US$9,383 million, respectively.

d. Engineering Design

CITIC Engineering Design was formed at the end of 2013 through the integration of CITIC Design and CSMDI. The main business of CITIC Engineering Design includes municipal engineering design and architectural design. In the fields of urban planning and architectural design as well as municipal engineering design, CITIC Engineering Design owns a number of patents and has participated in setting a number of national standards and norms, it is a leading municipal engineering design institute in China.

(a) Principal Qualifications

As at December 31, 2013, CITIC Engineering Design owns the following principle qualification certificates:

Qualification	Class
Municipal industry	Class A
Construction industry (architectural engineering)	Class A
Water conservancy industry (urban flood control)	Class A
Expressway industry (expressways)	Class A
Urban and rural planning	Class A
Engineering investigation	Class A
Engineering consultation	Class A
Landscape architecture	Class A
Project supervision	Class A
Sanitary sewage operation	Class A
Construction industry (civil air defense engineering design)	Class B
Commercial grain industry (wholesale distribution and logistics storage engineering)	Class B
Cost consultation	Class B
Petroleum and natural (offshore oil) gas industry and pipeline transportation	Class B
Environmental engineering special Class B (solid waste disposal engineering, water pollution prevention and control engineering)	Class B
Pressure pipeline design qualification (GA1)	GA1(1)、GA2； GB1、GB2； GC1(2)(3)、GC2、GC3； GD1、GD2

(b) Municipal Engineering Design Business

The municipal engineering design business of CITIC Engineering Design is principally operated by CSMDI. The mainstay business of the municipal engineering design segment includes water supply, drainage, and street and bridge design.

The traditional markets of CSMDI are located in south central China. As other regional markets in China opened up, CSMDI's business gradually expanded to the whole country. It has established presence in the Pearl River Delta, Yangtze River Delta, Hainan, Fujian, Chongqing, Yunnan, as well as other regions in southwest China. At the same time, CSMDI has developed business operations in Sichuan, Shaanxi, Gansu, Shandong and other regions, which can bring new business growth to CSMDI.

CSMDI has abundant experience in water engineering. CSMDI's design of utilizing surface water as a water source has been adopted throughout major rivers and lakes in China. CSMDI's water treatment technology holds a leading position in the industry and a number of patents. CSMDI has a specialized scientific research department which mainly undertakes major, national scientific research projects and has participated in the plan and formulation of the national standard and specifications of the water treatment industry. In the field of drainage engineering in particular, CSMDI has strong technical expertise in drainage system planning, flood control, draining subsurface water and rain pipes design. CSMDI also has significant design experience in areas relating to special industrial wastewater, such as high concentration chemical fibers, synthetic rubber, petrochemicals, organic phosphorus pesticide wastewater, printing and dyeing wastewater, brewing industry, gourmet powder factory and other treatment of organic wastewater. In addition, CSMDI possesses strong technical capabilities in road and bridge design, as well as sanitation (solid waste disposal).

(c) Urban Planning and Architectural Design Business

CITIC Engineering Design's urban planning and architectural design business is principally operated by CITIC Design and mainly focuses on public architectures. It has gradually undertaken a number of influential projects, such as skyscrapers, large-scale construction and ultra-large integrated construction. CITIC Design strives to become a strong, comprehensive and distinctive "CITIC Architectural Design Brand".

CITIC Design has expanded its urban planning and architectural design business to more than 20 provinces, autonomous regions and municipalities. CITIC Design has established branches in Beijing, Shanghai, Shenzhen, Hainan and Zhuhai, to expand its local businesses. CITIC Design values the cultivation of original design capability, and has a strong overall strength in planning and architectural design in China. CITIC Design has won several bids in international and domestic design tendering with its own design plans, and has undertaken and completed the design of a number of landmark planning and architecture projects, such as large passenger railway hub stations, large international exhibition centers and important regional overall planning projects.

In addition, as a general design contractor, CITIC Design has participated in a variety of foreign aid projects led by the MOC and its design has been applied in more than 30 countries in Asia, Africa, Oceania, and Latin America.

CITIC Design adheres to the design philosophy of "environment-friendly building" during its design process, and through its architectural scientific research institution actively explores and conducts research on energy conservation and other environment-friendly building techniques. CITIC Design actively adopts renewable energy sources such as solar energy and geothermal heat pump, advanced energy conservation and other environment-friendly building techniques such as the "low energy consumption, high environmental protection" technology, which will be collectively applied to the construction of new buildings. In addition, CITIC Design owns a series of patents and proprietary know-how in the fields of special structure and super high rise structure analyses and design.

(d) Contracts

The following table sets out the details of the amount of CITIC Engineering Design's newly signed contracts for the periods indicated:

	For the year ended December 31, 2013		
	2011	2012	2013
	(in millions of RMB)		
CSMDI	903	1,203	1,207
CITIC Design	818	883	1,062

As at December 31, 2013, CSMDI's and CITIC Design's backlog contract amounts were RMB2,655 million and RMB1,496 million, respectively. Backlog contract amount refers to the estimate of the contract value that remains to be completed at a certain date, which includes the newly effective contract value during a specific period but excludes the contract value of the contracts that have been entered into but have not become effective.

(D) Resources and Energy

a. Overview

CITIC Limited Group's resources and energy business is primarily consist of development of resources and energy, processing of resources and energy, and trading of resources and energy. CITIC Limited Group operates its resources and energy business mainly through CITIC Resources, CITIC United Asia and CITIC Metal.

CITIC Resources is a subsidiary of CITIC Limited. As at December 31, 2013, CITIC Limited indirectly held a 59.41% equity interest in CITIC Resources. CITIC Resources (stock code: 01205) is listed on the Stock Exchange. CITIC United Asia and CITIC Metal are both wholly-owned subsidiaries of CITIC Limited. CITIC Resources and CITIC Metal hold an approximately 39% and 10% equity interest, respectively, in CITIC Dameng Holdings Limited. CITIC Dameng Holdings Limited is not consolidated as a subsidiary of CITIC Limited.

For the years ended December 31, 2011, 2012 and 2013, revenue from CITIC Limited Group's resources and energy business amounted to RMB60,710 million, RMB69,772 million and RMB67,971 million, respectively, accounting for 30.5%, 31.3% and 27.0%, respectively, of CITIC Limited Group's total revenue. The operating profit before tax of CITIC Limited Group's resources and energy business amounted RMB5,321 million while the operating loss before tax amounted to RMB363 million and RMB128 million, respectively.

The following table sets out the respective financial information of the principal operating entities of CITIC Limited Group's resources and energy business for the periods indicated:

	For the year ended December 31					
	2011		2012		2013	
	Revenue	Net Profit Attributable to Equity Shareholders	Revenue	Net Profit / (Loss) Attributable to Equity Shareholders	Revenue	Net Profit / (Loss) Attributable to Equity Shareholders
	(in millions)					
CITIC Resources (HK$) (Note)	33,160	2,099	42,747	(1,284)	39,319	(1,465)
CITIC United Asia (HK$)	18,384	168	16,961	17	20,691	122
CITIC Metal (RMB)	20,255	501	22,643	230	20,053	450

Note: The figures of revenue and net profit / (loss) attributable to equity shareholders of CITIC Resources in 2011 and 2012 are restated figures.

b. Competitive Strengths

Access to natural resources with advantages in capital resources and costs management supported by the overall strength and synergies of CITIC Limited Group

The growth and development of CITIC Limited Group's resources and energy business rely on the group's consolidated strength and synergies. As part of a large conglomerate, CITIC Limited Group's resources and energy business has definitive financial advantages in terms of its access to natural resources. During cyclical fluctuations in the international commodities and energy markets, CITIC Limited Group is able to seize high-quality projects at reasonable prices by mobilizing all of its resources, including funds, human resources and business relationships. Relying on its consolidated strength, CITIC Limited Group had made a number of strategic natural resources business investments, including (i) CITIC Group's 10% equity investment in Australia Portland Aluminum Smelter in the 1980's (CITIC Limited subsequently transferred this investment to CITIC Resources), (ii) CITIC Metal's 15% equity investment in CBMM (Companhia Brasileira de Metalurgia e Mineração) through China Niobium Investment Holdings Limited in 2011, and (iii) the acquisition of approximately 13.6% of the shares of Australian company Alumina Limited Company by CITIC Resources and CITIC Limited in 2013.

International project operating experience and professional project execution capabilities

CITIC Limited Group relies on its consolidated strength and adheres to the principles of globalization and being market-oriented to gradually establish a unique business model of simultaneously engaging in investment, development and trade. CITIC Limited Group has engaged in a number of foreign energy and mineral resource development projects. As at the end of 2013, CITIC Group Limited has a variety of oil and gas and mineral resource development projects with interests in Indonesia, Kazakhstan, Australia, the Philippines, Brazil, Gabon in Africa and numerous other countries and regions overseas with energy-rich reserves and abundant mineral reserves.

CITIC Limited Group has long-term experience operating in the international resources and energy markets, as well as cooperative relationships with international resources and energy companies including CBMM. These experiences have allowed CITIC Limited Group to form a team with international vision, professionalism and specialized skills. CITIC Limited Group also benefits from a unique corporate culture and a loyal resources and energy team, which ensures that CITIC Limited Group's long-term strategy can be effectively implemented.

Established long-term working relationship with valuable customers in different regions

CITIC Limited Group has established long-term relationships with several Chinese and international customers in the resources and energy business, and has gained customer recognition for its product and service quality. In particular, CITIC Metal is the core Chinese distributor of CBMM, the world's largest supplier of niobium, and has maintained a long-term domestic market share of approximately 85% in China. CITIC Limited Group believes that its working relationships with industry leading customers and their recognition of CITIC Limited Group's product and services demonstrate its ability to meet customer requirements. CITIC Limited Group's oil and gas development partners include: (i) KazMunayGas, (ii) Kuwait National Petroleum Company, and (iii) China National Petroleum Corporation. Its resource investment partners include: (i) Australia Alumina Company, (ii) Peabody Energy Corporation, and (iii) other internationally-renowned mining companies.

Meanwhile, CITIC Limited Group's customers have widely-distributed operations across industries worldwide, including steel, metallurgy, and trade. CITIC Limited Group believes that its broad customer base can help to reduce its reliance on sales to customers in a specific industry, and also to alleviate adverse effects brought by any economic downturn in a particular region or industry.

c. CITIC Resources

CITIC Resources principally engages in the exploration, mining and marketing of crude oil and coal, investments of electrolytic aluminum, and the import and export business.

The following table sets out CITIC Resources' revenue and segment performance attributed to external customers for the periods indicated:

	For the year ended December 31					
	2011 (Note 4)		2012 (Note 4)		2013	
	Revenue	Segment Performance (Note 1)	Revenue	Segment Performance (Note 1)	Revenue	Segment Performance (Note 1)
	(in millions of HK$)					
Electrolytic aluminum (Note 2)	1,339	90	1,222	71	1,066	93
Coal (Note 3)	529	125	476	7	735	(104)
Import and Export Commodities	30,829	349	40,545	559	37,198	397
Crude oil	463	(21)	504	(169)	320	(146)
Total	**33,160**	**543**	**42,747**	**468**	**39,319**	**240**

Notes:
1. Management of CITIC Resources monitors the results of its operating segments separately for the purposes of resource-allocation decision-making and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the CITIC Resources' profit/(loss) before tax except that interest income, finance costs, dividend income, fair value gains or losses from the CITIC Resources' derivative financial instruments not relating to the operations, one-off gains from assets disposal and impairment on assets as well as head office and corporate expenses are excluded from such measurement.
2. The aluminum business is mainly located in Australia.
3. The coal business is mainly located in Australia.
4. The 2011 and 2012 segment income and segment performance figures are restated figures.

d. CITIC United Asia

(a) Overview

CITIC United Asia mainly engages in mineral exploration and marketing, and the import and export of platinum.

(b) Main Businesses

i. Resources and energy development

CITIC United Asia holds two exploration and mining rights in Dinagat Island of Surigao (located in the Philippines) through its 50% shareholding in AAM. The mining operation of this project has been contracted to a professional mining company since 2008.

ii. Resources and energy trading

China Platinum is China's largest platinum importor. CITIC United Asia, together with CITIC Metal, holds a 52% equity interest in China Platinum. CITIC United Asia consolidates China Platinum as its subsidiary through its effective equity interests of 36.4% in China Platinum. China Platinum, together with the Shanghai Gold Exchange, maintains a stable supply of platinum in China. The platinum import business operates under a consignment model, and domestic sales of platinum is mainly traded on the Shanghai Gold Exchange. In 2013, China Platinum imported 45.5 tons of platinum. China Platinum's market share in China has been increasing steadily and it currently possesses approximately 48.9% market share in China.

e. CITIC Metal

(a) Overview

CITIC Metal mainly engages in the resources trading business, including trading in ferroniobium, iron ore, steel, nonferrous metals and coal, as well as the strategic resources investment business.

(b) Main Businesses

i. Resources and energy development

CITIC Metal is China Niobium Investment Holdings Limited's largest shareholder, and holds a 33.3% equity interest therein. China Niobium Investment Holdings Limited holds a 15% equity interest in CBMM, which produces more than 80% of global ferroniobium products. CBMM's ferroniobium mine contains high-grade ferroniobium ore, with a long-term mine life and low mining costs, making it suitable for mineral development. Due to its investment in the upstream market and good working relationships with core resource companies, CITIC Metal is able to acquire a sufficient and stable ferroniobium supply for external sales each year.

The following table sets out certain key information for CITIC Metal's mineral resource interests as at December 31, 2013:

Mineral Resources Project Name	Percentage of interest	Type of interest	Proved reserves of resources (million tons)	Annual production volume (tons)	Mining method	Development status
CBMM	5%	Interests in share	19.07	Ferroniobium: 90,000	Open-pit mining	In operation

ii. Resources and energy trading

CITIC Metal is CBMM's core distributor in China. Its sales coverage of ferroniobium across most of the medium- to large-scale steel enterprises in China and allows CITIC Metal to maintain an approximate 85% market share in ferroniobium sales annually.

CITIC Metal is one of China's major iron ore importers. CITIC Metal mainly imports products from renowned mineral mining enterprises located in Australia, Brazil and South Africa, including VALE, Rio Tinto, BHP Billiton and Kumba. It imports large quantities of iron ore annually for national medium- to large-scale steel enterprises. CITIC Metal is the management unit of the iron ore branch of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, and is also one of the first 14 enterprises constituting the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters to receive an AAA credit rating.

CITIC Metal, together with CITIC Trust, holds a 67.0% equity interest in Tianjin Metal Exchange Limited, which principally engages in spot and futures transactions of silver, platinum, palladium, nickel, copper and other minerals. It is currently the leading silver exchange platform in terms of trading volume in China. Its scope of services covers major provinces, municipalities and self-autonomous regions in China. As at the end of February 2014, Tianjin Metal Exchange Limited had 110 members.

(c) Procurement and Supply

CITIC Metal maintains procurement channels and reduces procurement costs by establishing long-term working relationships and monitoring the procurement admittance mechanism. In China, the procurement admittance mechanism is implemented in the domestic procurement process, which means selecting partner enterprises with similar objectives and comparable skills to become qualified suppliers of a company. CITIC Metal continues to optimize and evaluate its suppliers to achieve a stable and timely supply of high-quality and low-cost resources. For foreign imports of mineral products, CITIC Metal establishes long-term and stable strategic alliances with large global mineral vendors to ensure a stable supply of bulk imported raw materials.

(d) Customers, Sales and Marketing

For more than ten years, CITIC Metal has adopted a technology-driven sales strategy and established an advisory team of domestic and international metallurgical experts dedicated to the technological development, promotion and application of ferroniobium. In addition, by establishing scholarships in Beijing University of Science and Technology, Shanghai University and other universities, CITIC Metal encourages academic research on product applications of ferroniobium and together with the relevant industry associations, actively promotes more reasonable product standards. CITIC Metal participates in the nurturing and development of the ferroniobium market, and effectively promotes reform of the current Chinese industrial product mix and the improvement of Chinese steel products. Currently, CITIC Metal’s customer base in China covers most major steel companies, including Baoshan Iron and Steel, Anshan Iron and Steel, Taiyuan Iron and Steel and Capital Steel.

(E) Manufacturing

a. Overview

CITIC Limited Group’s manufacturing business mainly comprises production and manufacture of heavy machineries, power electronic equipments, automobile aluminum wheels and automobile aluminum castings.

- CITIC Limited Group, through CITIC Heavy Industries, engages in the manufacturing and general contracting of heavy machinery, including coal related equipment, mining equipment, metallurgical equipment, construction materials equipment, power generation equipment, nonferrous metals related equipment, power electronic equipment and environmental and energy conservation equipment. As at December 31, 2013, CITIC Limited Group, directly and indirectly, held a 71.04% equity interest in CITIC Heavy Industries, CITIC Heavy Industries (stock code: 601608) is listed on the SSE;

- CITIC Limited Group engages in the manufacturing of automobile aluminum wheels and automobile aluminum castings through CITIC Dicastal. As at December 31, 2013, CITIC Limited Group indirectly held a 100% equity interest in CITIC Dicastal.

For the years ended December 31, 2011, 2012 and 2013, the revenue generated from CITIC Limited Group's manufacturing business was RMB16,385 million, RMB19,757 million and RMB19,121 million, respectively, accounting for 8.2%, 8.9% and 7.6%, respectively, of CITIC Limited Group's total revenue; profit before tax generated from CITIC Limited Group's manufacturing business was RMB1,356 million, RMB1,313 million and RMB1,001 million, respectively, accounting for 2.2%, 2.4% and 1.5%, respectively, of CITIC Limited Group's profit before tax.

The following table sets out the financial information of the respective principle operating entities of CITIC Limited Group's manufacturing business for the periods indicated:

	For the year ended December 31					
	2011		2012		2013	
	Revenue	Net Profit Attributable to Equity Shareholders	Revenue	Net Profit Attributable to Equity Shareholders	Revenue	Net Profit Attributable to Equity Shareholders
	(in millions of RMB)					
CITIC Heavy Industries	7,041	818	7,236	871	5,083	500
CITIC Dicastal	8,302	197	11,848	400	13,232	462

b. Competitive Strengths

Leading industry position and leading market share

CITIC Limited Group's manufacturing business, comprising manufacturing of heavy machinery, automobile aluminum wheels and automobile aluminum castings, is in a leading market position in China. According to China Building Material Machinery Association, CITIC Heavy Industries was named the *Leading Cement Machinery Manufacturer of China* as one of the top 20 building materials equipment manufacturers in China in 2011, and had a leading position in its market share among its peers in China in terms of industrial output value for its cement-making equipment, which has a daily production capacity of more than 5,000 tons. According to China Heavy Machinery Industry Association, CITIC Heavy Industries was the second largest metallurgical and mining equipment manufacturer in China, with a market share of 3.33% in terms of total industrial output value in 2012. It is equipped with world-class electric power equipment manufacturing technologies. In particular, its hydraulic floating ship-lift for power station equipment is among the most advanced of its type in the world. Its large cement plant, with its dual-pressure & low temperature waste heat power generation technology and processing urban waste cement kiln technology, also contributes to its leading position in China.

CITIC Dicastal is one of the first companies to manufacture automobile aluminum wheels in China. It is also one of the world's largest automobile aluminum wheel manufacturing companies and one of the world's largest automobile aluminum wheel suppliers in the OEM accessory parts market. It is one of the few automobile aluminum wheel companies with the capacity to supply automobile accessory parts in China. According to data published by the world's major automobile wheel manufacturers, its sales volume of automobile aluminum wheels has consecutively ranked first in the world, accounting for approximately 15% of the market share for five consecutive years since 2008. It has been consecutively listed and being the only Chinese company in the "Top 100 Auto Spare Parts and Accessories Suppliers", as published by the authoritative US car magazine, *Automotive News* since 2011.

Strong R&D capabilities, advanced technologies and scientific production model

CITIC Heavy Industries and CITIC Dicastal have more advanced technologies compared to most of their competitors. In a number of specialized fields, CITIC Heavy Industries and CITIC Dicastal have world-class technologies. CITIC Heavy Industries' technology center is one of the 40 state-certified enterprise technology centers in China. Its subsidiary, Luoyang Mining Machinery Engineering Design Institute Co., Ltd., has the first enterprise-owned, key and national-level laboratory in the field of mining equipments. Its gearless-driven grinding mill, which is independently developed with full ownership over the intellectual property rights by CITIC Heavy Industries, has a diameter of 12.2 meter and a length of 11.0 meter, making it one of the world's largest and most advanced milling equipments. Currently, only very few heavy-machinery manufacturers in the world, including CITIC Heavy Industries, possess the R&D and production capabilities to produce such milling equipment. It also independently designed and manufactured the 18,500 tons hydraulic machine, which is currently one of the world's largest free-forging equipment for heavy machinery. In addition, it owns leading manufacuring technologies relating to the rotary product manufacturing technologies in China. It can independently manufacture products through its industry chain in areas which require key technologies in order to ensure the product quality.

CITIC Dicastal's technology development center has the ability to engage in R&D activities simultaneously with domestic and international automobile manufacturers. It is one of the first domestic manufacturers with the ability to simultaneously working with automobile manufacturers, or independently design and develop automobile aluminum wheel products. It has been recognized and rated as an excellent vendor and strategic partner by many international automobile manufacturers with brands including Benz, BMW, Volkswagen, Audi, General Motors, Ford, Fiat-Chrysler, Toyota, Honda and Renault-Nissan. Currently, CITIC Heavy Industries and CITIC Dicastal have participated in the plan and formulation of more than 20 national-level industrial standards, which demonstrates their solid foundation and in-depth knowledge in R&D. In addition, CITIC Heavy Industries and CITIC Dicastal are able to rapidly expand their production capacity and increase their efficiency while ensuring high product quality, which is achieved through various methods including cross-border acquisitions, domestic associations and self-built industrial parks.

Globalizing production facilities, R&D bases, and sales channels

CITIC Heavy Industries and CITIC Dicastal have extensive overseas resources in terms of production, R&D and marketing, including quality facilities, R&D platforms and sales channels . In recent years, CITIC Heavy Industries and CITIC Dicastal respectively completed the acquisition and integration of Spanish Gandara Censa.S.A. and German KSM Castings Group GmbH, which have (i) enriched their sales channels, (ii) reinforced their R&D capabilities, (iii) extended their respective protfolio of products, and (iv) expanded their production base layout. From 2011 to 2013, CITIC Heavy Industries' overseas revenue as a percentage of its total revenue gradually increased, and had steadily increased to approximately 15% in 2013 while CITIC Dicastal's overseas revenue as a percentage of its total revenue consistently remained above 45%, and increased to approximately 60% in 2012 and 2013. With a further global expansion of CITIC Limited Group's manufacturing business, CITIC Heavy Industries and CITIC Dicastal will use their existing overseas platforms to further get access to advanced technologies and optimize the allocation of resources to achieve better business efficiencies.

Diversified product portfolio and revenue sources

CITIC Heavy Industries and CITIC Dicastal provide products to a variety of industries including coal, mining, metallurgy, building materials, power generation, nonferrous metals, power electronic, energy conservation and environment protection and automobile. In particular, CITIC Heavy Industries is able to satisfy clients' needs in different industries and fields with its own core technologies, including: design and manufacturing technology for a large, powerful vertical shaft drilling machine for oversized mines and a fully hydraulic-driven system with an annual output of 10 million tons; design and manufacturing technology for penetrating ultra-deep mines with an annual output of 10 million tons and the complete set of hoisting equipment; design and manufacturing technology for a mobile or semi-mobile crusher station with an annual output of 10 million tons; design and manufacturing technology for the complete equipment set for a 5,000 to 12,000 tons per day dry process cement production line; a dual pressure waste heat power generation system; the complete process and equipment technology for the CDQ waste heat power generation; design and manufacturing technology for the complete equipment set for a 800 to 1,200 tons per day low-energy consumption active lime production line; design and manufacturing technology for the slag grinding system with an annual output of 1.2 to 3 million tons; design and manufacturing technology for the comprehensive utilization of steel slag and the oversized ore concentration equipment with an annual output of 20 million tons; design and manufacturing technology for the low-speed, heavy-load, high-power reducer; design and manufacturing technology for the complete equipment set of a rolling mill for large-sized pipes and plates, electrohydraulic transmission and control technology for heavy mining equipment; design and manufacturing technology for the complete equipment set of an oxidized pellet production line with annual output of 3 to 6 million tons; design and manufacturing technology for the lignite-upgrading process and equipment set with annual output of 20 million tons; design and manufacturing technology for disposing of municipal solid waste by cement kiln; design and manufacturing technology for the high-pressure grinding roll with annual output of 6 million tons; steady-braking and smart-gating technology for greater-inertia, heavy equipment; design and manufacturing technology for a four-dimensional convertor of high voltage, super power and energy feedback; 400 tons large-scale forging and manufacturing technique; 500 tons large-scale steel casting manufacturing technique; 150 tons ductile iron manufacturing technique; experimental model selection technology for the mining process and mining equipment; telemetry and remote monitoring for mining equipment; remote diagnosis; remote service technology, and integrated information management based on cloud theory. CITIC Dicastal is able to provide customized automobile aluminum wheels based on customers' requirements. It can also produce automotive chassis and other aluminum casting products. CITIC Heavy Industries and CITIC Dicastal benefit from different growth opportunities from the large, wide-ranging market. CITIC Heavy Industries and CITIC Dicastal each has a diversified product portfolio, which is helpful in their serving separate market segments and as the end market can be affected by different factors. In addition, CITIC Heavy Industries' and CITIC Dicastal's products are consumables and need to be replaced regularly due to natural wear and tear of the products, which may ensure that these products are able to generate steady and regular after-sales revenue.

c. CITIC Heavy Industries

(a) Overview

CITIC Heavy Industries mainly supplies heavy machineries, including large-scale equipment and large sets of technical equipment, and also engages in the R&D and sales of large castings and forgings in industries relating to coal, mining, metallurgy, power generation, nonferrous metals, power electronic, and energy conservation and environmental protection. CITIC Heavy Industries adopts a "core manufacturing plus service package" business model with a balance between R&D and marketing services.

(b) Products and Production

CITIC Heavy Industries maintains the "core manufacturing plus service package" business model to provide various lines of products across different industries. The business model covers a comprehensive industrial chain including design, production of the key prototypes, heat treatment, mechanical processing, installation and after-sales services. The value of its package equipments orders accounted for 60% of the total value of new orders and the value of export equipments accounted for 50% of the total value of new orders in 2013. It is an industry leader in the manufacturing and technology development of mill and rotary products in China.

As at the Latest Practicable Date, CITIC Heavy Industries' main products included the following:

- Construction materials equipment: new dry cement equipment sets (including cement mill for construction materials, large roller presses and rotary kilns) and large, vertical mill grinding systems;

- Mining equipment: coal equipment and metal and non-metallic mining equipment. Among these equipment types, mining equipment mainly includes sets of machines and equipment for large-scale open-pit crushing plants, mine hoists, ultra-deep wells rigs for mine construction and coal upgrading; metals and non-metallic mining equipment. Crushing equipment, grinding equipment, ultra high-pressure roller mill crushing equipment and large, efficient washing equipment;

- Metallurgical equipment: sets of large, active lime technology and equipment, sets of pellet sintering outfit, large straightening machines, punching machines, large converters, large, non-ferrous metallurgical furnaces, heavy plate mills, stickle mills and cold-drawing equipment;

- Electrical equipment: large lifts, hoists, machines for power station rotor forgings and hydro- and nuclear forgings;

- Our power electronic products mainly include: AC-AC frequency conversion equipments for large mine hoist; high, medium and low voltage AC-DC-AC frequency conversion devices; and electric control equipments for DC systems and AC systems; frequency-variable transmission equipments for large belt conveyor; electric control devices for integrated digitalization and informatization of coal mine; control equipments for large-scale complete sets of building materials, metallurgy and power industries, and hydraulic explosion-proof hoist and winch; CHIC1000 series 10kV high-voltage inverters, 6kV high-voltage inverters, and 10kV-input 6kV-output high-voltage inverters and other products;

- Energy-saving equipment: dual-pressure, pure low-temperature waste heat power generation system technologies and equipment, cement kilns consumptive urban waste technologies and process equipment, cement vertical mill, high roller presses, high pressure roller mills, efficient crushers, bottom-blown oxygen furnace, high-frequency control technology and equipment, steel slag processing equipment, slag processing equipment, and disc filters.

CITIC Heavy Industries' main manufacturing facilities are located in Luoyang City in Henan Province, Lianyungang City in Jiangsu Province and Vigo in Spain, and comprise a total area of approximately 1,740,000 square meters. It has more than 2,700 units of production equipment, including 18500T free-forging hydraulic oil press, 750T•m manipulator, 80T electric furnace, 150T ladle refining furnace, the largest pit-style, car-bottom type of heat-treatment furnaces in Asia, Φ6.5×18M and Φ9×30M series double gantry mobile boring milling machine, Φ260MM and Φ320MM series double column CNC floor-type boring milling machine, Φ260MM double column CNC floor-type boring milling machine, Φ22M single column CNC vertical lathe, Φ4.2M by 18M series CNC horizontal lathe, Φ10M and Φ16M series CNC gear hub machine, Φ12M gear comb machine, and Φ2M to Φ5M series gear grinding machine. CITIC Heavy Industries' production equipments are mostly purchased from well-known, domestic and overseas manufacturers of machine tools and CNC equipment.

In 2013, CITIC Heavy Industries proposed a strategic transformation in three aspects, namely the transformation to a high-tech company from a manufacturing company, the transformation to a full set equipment provider from a main machine supplier, and the transformation to an international enterprise from a local enterprise. With its breakthroughs in the power electronic industries, CITIC Heavy Industries has already successfully developed multi-species and multi-series high-voltage converter equipments.

(c) Customers, Sales and Marketing

CITIC Heavy Industries is one of the domestic enterprises in China with the capability to design and manufacture cement and mining equipment in accordance with European Union (EU) and US standards. It has more than 60 large customer groups formed by high-end customers in the coal and mining industries, metallurgical industry, construction materials industry, power generation industry, nonferrous metals industry, power electronic industry and the energy-saving and environmental protection industry. These customers include, among others, BHP Billiton, VALE, China Shenhua Energy Company Limited, China Huaneng Group, China National Gold Group Corporation, Anhui Conch Cement Company, Lafarge S.A., Holcim Ltd, Cemex SAB de CV, HeidelbergCement AG and Italcementi Group. Its revenue from top ten customers accounted for more than 20% of its total revenue from 2011 to 2013.

The following table sets out CITIC Heavy Industries' revenue from the domestic and overseas markets of the total revenue for the periods indicated:

	2011	2012	2013
Domestic revenue (%)	91.4	85.8	86.8
Overseas revenue (%)	8.6	14.2	13.2

(d) R&D and Intellectual Property

CITIC Heavy Industries has the first state-certified national enterprise technology centre owned by an enterprise in the field of heavy mining equipment and other R&D facilities. It has established overseas R&D centres for heavy machinery in Australia, and is planning to establish a R&D centre for casting in North America. It also conducts extensive research projects in the fields of engineering design, product design and manufacturing processes of heavy machineries with Tsinghua University, University of Queensland and more than 20 other institutions. In 2013, it reached corporation intentions with 10 academics from the Chinese Academy of Engineering, and 3 experts designated as "Academic Leaders" by the Chinese Academy of Sciences and the Chinese Academy of Engineering. This further enhanced CITIC Heavy Industries' capabilities in technology, R&D, and technology transformation, and formed an open R&D platform catering to both domestic and overseas interactions.

From 2011 to 2013, CITIC Heavy Industries was responsible for the research and development of two projects from "National Twelfth Five Scientific and Technological Supporting Projects" and two projects for developing new national products. It also participated in the formulation of 14 national and industry standards in China. As at December 31, 2013, CITIC Heavy Industries owned 19 registered trademarks and 356 patents in China, including 88 invention patents, 264 utility model patents, and 4 design patents.

d. CITIC Dicastal

(a) Overview

CITIC Dicastal mainly provides automobile aluminium wheels and automobile aluminium castings to automobile manufacturers. CITIC Dicastal has formed a business model of "headquarters core plus manufacturing bases" with a "one-stop" service from product design to production.

(b) Products and Production

i. Automobile aluminum wheels

CITIC Dicastal produces three main types of automobile aluminum wheels, namely cast wheels, forged wheels and cast flow-forming wheels. It is currently one of the few manufacturers in the world that is capable of providing all three types of automobile aluminum wheels. Furthermore it is able to meet all surface treatment requirements of existing automobile aluminum wheels.

As at December 31, 2013, CITIC Dicastal's automobile aluminum wheel business had 15 manufacturing bases in a number of regions, including Qinhuangdao, Sanmenxia, Wuxi and Ningbo, and it imports different manufacturing equipments from Germany, the US and Japan. The first phase of CITIC Dicastal's industrial park, which was completed in 2012, has the world's advanced automobile aluminum wheels production lines and supporting facilities with and combining the functions of intelligent manufacturing, advanced management and low-carbon environmental protection.

CITIC Dicastal adopts the "headquarters core plus manufacturing bases" business model, which means its headquarters is responsible for brand maintenance, synchronous design and development of products, manufacturing and testing of products, quality assurance, system supply, market services and various other functions and the manufacturing bases are responsible for manufacturing functions. CITIC Dicastal adheres to the "Five Unity" principle in coordinating the overall manufacturing operations, which means a "unified product development, unified brand, unified technical quality management, unified production planning arrangements and unified sales". This greatly expanded production capacity in a short period of time with the business model with an asset-light development strategy.

ii. Automobile aluminum castings

CITIC Dicastal produces three main types of automobile aluminum castings, namely chassis segment, powertrain segment and automobile body parts. CITIC Dicastal conducts automobile aluminum castings mainly through KSM Castings Group GmbH, which was acquired in 2011. KSM Castings Group GmbH was established in 1947, which mainly produces chassis and powertrain segments, and is a technology-advanced company in the high-end market of automobile aluminum castings, one of the largest aluminum chassis segment suppliers in the world and one of the leading powertrain segment suppliers in Europe. The major automobile aluminum castings products of CITIC Discastal include:

- The chassis segment, is subdivided into wheel carriers/frame products (such as wheel carriers, rear axle carriers, front axle subframe and steering knuckle) and steering / pedal (such as pedal bracket, steering valve, steering gear box and drive end of the housing).

- The powertrain segment, comprises products for transmission (such as transmission housings, clutch housings, valve housings, piston housings) and engine peripheral applications (like camshaft carriers, and oil and diesel pump housings, cylinder head cover, oil / water pump housings).

- Automotive body parts, as newly developed structural components, including nodes, pillars and shock absorbers bearing applications.

Currently, CITIC Dicastal has eight manufacturing bases for automobile aluminum castings in Germany, the Czech Republic, China and the US with a total area of approximately 300,000 square meters .

(c) Customers, Sales and Marketing

CITIC Dicastal's major customers for automobile aluminium wheels are leading, global automobile manufacturers with brands including Daimler-Benz, BMW, Volkswagen (including Audi), Citroen-Peugeot, Renault-Nissan, General Motors, Ford, Fiat-Chrysler, Toyota, Honda, Mazda, Mitsubishi, Hyundai and Kia and domestic automobile manufacturers including FAW Group, Shanghai Automobile Group, Donfeng Motor Group, Guangzhou Automobile Group, Beijing Automotive, Chang'an Automobile Group and Geely Volvo Car. It has set up a market system based on its relationship with the aforesaid customers from Europe, US, Japan, Korea and China. Sales of automobile aluminium wheels to its top ten customers has consistently accounted for over 60% of its total revenue from 2012 to 2013.

CITIC Dicastal's automobile aluminium casting business focuses on high-tech products that utilize advanced technologies. Its major customers are leading, global automobile manufacturers with brands including Mercedes-Benz, BMW, Volkswagen, Audi, and tier one suppliers in the automotive industry including TRW, ZF and Bosch. Automobile aluminium castings revenue from its top ten customers has consistently accounted for over 86% of its total revenue from 2011 to 2013.

CITIC Dicastal's automobile aluminium wheels business and automobile aluminium castings business both adopt an OEM vehicle matching sales model, which means that CITIC Dicastal is involved in the vehicle design, offering and bidding stages, while being engaged in simultaneous development work. Meanwhile, to satisfy the delivery requirements of JIT (Just-In-Time) to OEMs, CITIC Dicastal usually rents warehouses near the relevant vehicle plants to satisfy customers' changing requirements. Its on-site supporting staff can provide on-site support for technical issues, quality-assurance and after-sales services.

The following table sets out CITIC Dicastal's revenue from the domestic and overseas market as a percentage of its total revenue for the periods indicated:

	2011	**2012**	**2013**
Domestic revenue (%)	52.0	39.8	45.0
Overseas revenue (%)	48.0	60.2	55.0

(d) R&D and Intellectual Property

Currently, CITIC Dicastal owns one state-certified enterprise technology center in China and R&D institutions in the EU and North America. It is the first domestic automobile aluminum wheels manufacturer that is able to synchronize its manufacturing process with that of foreign automobile manufacturers. It established one national automobile aluminum wheel test center, which supervises and implements automobile wheel standards approved by the China Association of Automobile Manufacturers. It was awarded the "Asia Brand Innovation Award" jointly by the Asia International Brand Certification Supervision Center, the State-owned Assets Supervision and Administration Commission and *China Industry and Commerce Times* for its automobile aluminum wheels products. It was certified as a national automobile components export base by MOFCOM in August 2006.

CITIC Dicastal has 72 registered trademarks and 468 patents (21 of which are inventions and 215 are utility models) in China. In addition, CITIC Dicastal develops more than 400 types of new products annually, making it one of the companies that develop the largest number of new products in the Chinese automobile wheels industry.

As at the end of February 2014, CITIC Dicastal has participated in the formulation of ten national and industry standards (five of which are already published and five are being drafted or waiting to be published) in the automobile industry.

(F) Other Businesses

CITIC Limited Group's other businesses include, among others, information services, general aviation services, publishing services, comprehensive outsourcing services, tourism services and football club, which are operated through the following operating entities:

- The information services of CITIC Limited Group include telecommunication services operated by CITIC Telecom International and the leasing and sales of satellite transponders operated by AsiaSat. CITIC Telecom International (stock code: 01883) and AsiaSat (stock code: 01135) are both listed on the Stock Exchange.

- The general aviation services of CITIC Limited Group are mainly operated by COHC. COHC (stock code: 000099) is listed on the SHZ.

- The publishing services, comprehensive outsourcing services, tourism services, and football club business of CITIC Limited Group are operated by CITIC Press, CITIC Tianjin, CITIC Tourism, and Guoan Club, respectively.

For the years ended December 31, 2011, 2012, and 2013, the revenue generated from the other businesses of CITIC Limited Group was RMB9,229 million, RMB12,395 million, and RMB12,784 million, respectively, representing 4.6%, 5.6% and 5.1%, respectively, of CITIC Limited Group's total revenue. Profit before tax generated from CITIC Limited Group's other businesses was RMB608 million, RMB670 million and RMB899 million, respectively, accounting for 1.0%, 1.2% and 1.4%, respectively, of CITIC Limited Group's profit before tax.

a. Information Services

(a) CITIC Telecom International

For the years ended December 31, 2011, 2012 and 2013, the revenue of CITIC Telecom International was HK$3,197 million, HK$3,610 million, and HK$6,019 million, respectively, and net profit attributable to shareholders of CITIC Telecom International was HK$458 million, HK$461 million and HK$1,068 million, respectively.

CTM, a subsidiary of CITIC Telecom International, is the only full telecommunications service provider in Macau. CITIC Telecom International holds a 99% equity interest in CTM. CITIC Telecom International owns and operates telecom hubs focusing on the mainland China and Hong Kong telecommunications markets, and interconnects with worldwide telecommunications operators through its subsidiaries.

The following table sets out CITIC Telecom International's revenue by business segments for the periods indicated:

	For the year ended December 31					
	2011		2012		2013	
	Revenue	Percentage (%)	Revenue	Percentage (%)	Revenue	Percentage (%)
	(in millions of HK$, except percentages)					
CTM (Note 1)	-	-	-	-	2,464	41.0
CITIC Telecom (Note 2)	2,530	79.1	2,706	75.0	2,374	39.4
CPC (Note 3)	667	20.9	904	25.0	1,181	19.6
Total	**3,197**	**100.0**	**3,610**	**100.0**	**6,019**	**100.0**

Notes:
1. Mainly engaged in the provision of fixed line services, mobile services, internet services and data, enterprise solutions services and other services in Macau, and CITIC Telecom International completed the acquisition of CTM in 2013.
2. Mainly engaged in the provision of hubbing services.
3. Mainly engaged in the provision of data services in Hong Kong and China.

i. Competitive strengths

CTM's leading market share and significant geographical advantages

CTM is the only full telecommunications service operator in Macau providing mobile service, fixed-line service and internet service. As at December 31, 2013, CTM maintained a leading market position in each of the three market segments, with a market share of 45.8% in the mobile services segment, 100% in the fixed-line services segment and 100% in the internet services segment. CTM enjoys a long-term and stable cash flow attributable to Macau's vibrant tourism industry.

Wide telecommunications network coverage, connecting the Greater China area and the rest of the world

Hong Kong is the communication service center of CITIC Telecom International's telecommunications hub business. Its telecommunications networks connects main telecommunications operators worldwide and provides customers with stable and reliable telecommunications services, including voice services, SMS (Short Message Service) and mobile VAS (value added services). According to statistics from TeleGeography, CITIC Telecom International was ranked among the top 20 major, international telecommunications operators from 2010 to 2012 in terms of voice traffic. CITIC Telecom International is also a leading supplier in the Hong Kong inter-operator SMS market.

Scarcity of data service licenses and leading cloud services technology

CITIC Telecom International's data services are comprised of VPN (Virtual Private Network) services and cloud computing services, which were mainly operated through its subsidiary, China Enterprise ICT Solutions Limited. China Enterprise ICT Solutions Limited is one of the very few value-added service providers who has a nationwide VPN license apart from the three largest telecommunications operators in China, namely China Mobile, China Unicom and China Telecom. CITIC Telecom International currently operates seven cloud service centers in Beijing, Shanghai, Guangzhou, Hong Kong, and Singapore through one of its subsidiaries. CITIC Telecom International provides seamless connectivity and inter-regional cloud computing services to enterprises through SmartCLOUD™.

ii. Business and products

CTM mainly provides mobile services, fixed-line services, internet services, and enterprise solutions services.

Telecommunications hub services include voice services, SMS services, and mobile VAS. China is one of the largest telecommunications markets in the world. CITIC Telecom International's close working relationship with China's major telecommunications operators has allowed it to become one of the largest international telecommunications hubs connecting mainland China with the rest of the world, placing it in an advantageous position to gain further benefits in the future.

Data services include the provision of VPN services, information security services, and cloud computing services.

iii. Customer, sales and marketing

From 2011 to 2013, there was no significant change in CITIC Telecom International's customer base by business segment and geographical region. However, after the acquisition of CTM in 2013, there had been a gradual increase in the proportion of retail customers.

CTM promotes its telecommunications networks and equipment sales services mainly through its sales managers, retail shops, sales and marketing team and website. For telecommunications operators who are main customers of its voice services business, CITIC Telecom International has adopted a direct sales strategy by directly contacting the operators to establish closer relationships and obtain first-hand information, which results in more effective product promotion. VPN services are marketed to multinational corporations by the company's direct sales team together with other telecommunications operation partners. CITIC Telecom International also expects to expand its market through the acquisition of other companies.

iv. R&D of new products and technologies

CITIC Telecom International actively develops new technologies and products in response to market demands and changes. For its telecommunications services in Macau, CITIC Telecom International has started providing a three in one network service after the launch of a new cloud service, further expanded its Wi-Fi network and acquired a cable television license. For its telecommunications hub business, CITIC Telecom International utilizes its established global mobile IPX platform in order to further launch a series of innovative international transfer businesses and services, including international VoLTE voice service, integrated communication, instant messaging for mobile operators, and develops products based on smart phone application technologies. In order to cater to 4G communications businesses, CITIC Telecom International also provides number management services, international internet roaming services, unified communication services and video communication services. For data services, CITIC Telecom International has further improved its VPN services and launched the "SmartCLOUD™ VC" video conferencing service, which provides multi-point video conferencing services to customers any time, anywhere, and CITIC Telecom International also provides hosted value added services including data center equipments deposit service, local internet service and video conference management service in order to reinforce the company's competitive position in the market.

(b) AsiaSat

CITIC Limited Group's satellite transponder leasing and sales business is operated by its jointly controlled entity, AsiaSat. As at December 31, 2013, Bowenvale Limited held a 74.43% of equity interest in AsiaSat, and CITIC Limited held a 50.5% equity interest in Bowenvale Limited. AsiaSat is not consolidated as a subsidiary of CITIC Limited.

AsiaSat's business includes the leasing and sale of satellite transponders to customers, broadcasting, communications and data uploading and downloading services. A service fee is charged based on the number of transponders leased or usage volume. The satellites owned and operated by AsiaSat provide high performance satellite transponder resources and services for its television broadcasting and communications users, and are capable of satisfying customer demands for a fast and efficient satellite communications network.

b. General Aviation

(a) Overview

CITIC Limited Group's general aviation business is primarily operated through its subsidiary, COHC, and provides general aviation services (offshore helicopter oil flight services and other general aviation flight services) and general aviation maintenance services. As at December 31, 2013, CITIC Limited held a 51.03% equity interest in CITIC Zhonghaizhi, which held a 42.18% of equity interest in COHC.

The following table sets out the revenue and net profit attributable to equity shareholders of COHC for the periods indicated:

	For the years ended December 31,					
	2011		2012		2013	
	Revenue	Net Profit Attributable to Equity Shareholders	Revenue	Net Profit Attributable to Equity Shareholders	Revenue	Net Profit Attributable to Equity Shareholders
	(in millions of RMB)					
COHC	987	139	1,091	143	1,187	192

(b) Competitive Strengths

Sizable aircraft fleet and highly qualified pilots

As at December 31, 2013, COHC has 52 registered airworthy aircrafts, 33 of which are self-owned helicopters, ten are leased, and nine are managed on behalf of customers. In addition, COHC has a leading general aviation crew of 157 pilots, many of whom hold medals of honor, and helicopter licenses from the EU and the US. The aircrafts can handle customers' demands for different types of flight missions, including regulatory enforcement inspections or scientific investigations.

Leading market share in the general aviation flight services market and excellent safety records

In the field of general aviation flight services, COHC is the leading offshore oil helicopter flight service provider in China. In 2013, COHC's market share ranked first in the offshore oil helicopter flight service market in China in terms of flying operation hours. COHC has abided by and surpassed the safety standards formulated by the Civil Aviation Administration of China in all respects in 2012 and 2013, and has maintained a leading safety record among its domestic peers.

Nationwide base network and complete general aviation maintenance qualifications

COHC has a main operations base in Shenzhen. Its base network covers three sea areas, namely the South China Sea, the East China Sea and the Bohai Sea, as well as economically-developed areas in China including the Yangtze River Delta and the Pearl River Delta. In the field of general aviation maintenance services, COHC operates the only authorized repair center for Airbus Helicopters (formerly known as Eurocopters) in China. COHC also holds maintenance licenses issued by multiple international professional organizations. With its vast and in-depth know-how expertise and a highly-qualified maintenance team, COHC is well-equipped to provide professional support services to different types of military and civilian helicopters.

(c) Services and Products

COHC provides the following services:

- Offshore oil helicopter flight services, including the transportation of personnel and materials to offshore oil platforms or oil mining vessels, and other services required by offshore platforms, including VIP flight services, emergency medical aid, and typhoon evacuation services;
- Other general aviation flight services, including aerial photography, maritime patrol, maritime surveillance, maritime search and rescue, polar route operations, police aviation, fishery, aerial forest protection, electricity and other flight operations; and
- General aviation maintenance services, including helicopter overhaul, helicopter mechanical component maintenance, aircraft equipment maintenance, helicopter refit, development of helicopter test equipment and on-site technical support services.

(d) Customers, Sales and Marketing

COHC's marketing strategy typically involves making sales to large institutional customers. Over the years, COHC has leveraged its rich operational experience to maintain a track record of safe operations and long-standing, amicable and collaborative relationships with major customers, while keeping close track of the market demand and engaging in timely exploration of new customer needs.

In 2013, COHC's offshore oil helicopter flight services covered the eastern and western regions of the South China Sea, the East China Sea and the Bohai Sea. COHC provides long-term helicopter flight services to major domestic and foreign petroleum companies, including China National Offshore Oil Corporation and other major petroleum companies. COHC also provides short-term helicopter flight services to Canadian Husky Energy Inc., CGGV, among other companies.

In 2013, COHC's general aviation flight business provided helicopter enforcement and leasing services to a number of customers, including, among others, China Central Television, the State Oceanic Administration of the PRC, the Polar Research Institute of China, the Guangdong Maritime Safety Administration, China Southwest Airlines Ranger Station, China Rescue & Salvage Bureau of Ministry of Transport of the PRC. COHC has sent helicopters to participate in China's North Pole and South Pole scientific expeditions on multiple occasions since 2009 as the designated provider of general aviation services.

(e) R&D and Technical Reserves

In terms of pilots training, COHC's pilots are of leading international technical standards and possess extensive flying experience. COHC has also developed a rigorous flight training system and regularly provides overseas training for its pilots.

In terms of R&D and technical reserves, the general aviation maintenance technology and testing equipment used by COHC is the most advanced among its peers in the industry. COHC obtains an expansive range of aviation maintenance licenses and continuously upgrades its technological expertise to enhance the operations of its routine maintenance business. Furthermore, it has developed a general purpose ATE (automated test equipment) platform for the maintenance and inspection of different aviation models and devices.

c. Publishing

CITIC Limited Group's publishing business is operated through its subsidiary, CITIC Press. CITIC Press holds all required licenses for publishing, distribution and retail granted by the State Administration of Press, Publication, Radio, Film and Television.

In the field of publishing, CITIC Press is a leading Chinese publication brand for books on economics and management. In 2013, CITIC Press published 614 books with a total sales volume of 14.21 million copies, with 24 books winning 32 national awards in the process.

In the field of distribution, CITIC Press maintains traditional retail channels while actively developing online sales channels. In 2013, approximately half of CITIC Press's revenue is generated from sales through online bookstores. CITIC Press has also cooperated with China Mobile, China Telecom, and China Unicom, the three major telecommunications operators, to open CITIC book zones in their mobile reading malls.

In the field of retailing, as at December 31, 2013, CITIC Press was operating nearly 120 CITIC Press bookstores in 13 airports in China. CITIC Press's bookstores are physical retail platforms with unique resources and huge commercial value. The continuous visitor traffic in airports, relatively high income level of targeted customers, good advertising effects and other factors enable CITIC Press bookstores to become important portals of brand promotion for CITIC Limited Group. Participation in the cultural industry through CITIC Press also plays an invaluable part in helping CITIC Limited Group realize its long-term social values and fulfill its corporate social responsibilities. In 2013, CITIC Press entered into agreements with a number of leading US education and training institutions and reputable domestic schools, paving the way to developing a new line of business in education and training.

As the only subsidiary of CITIC Limited Group involved in the cultural industry, CITIC Press will form four main business areas in publishing, digital new media, education and training, and cultural consumption, through acquisitions and the establishment of new business platforms. CITIC Press strives to develop into a new culture media company providing professional and high-quality services in this new economic era.

In 2013, the revenue of CITIC Press was RMB548 million.

d. Comprehensive Outsourcing Services

CITIC Limited Group's comprehensive outsourcing services is invested in by and operated through its wholly-owned subsidiary, CITIC Tianjin.

CITIC Tianjin's main business includes bill delivery, file management, and customized outsourcing services. CITIC Tianjin is one of the few professional operators in China that is capable of providing comprehensive outsourcing services from beginning to end to its customers. CITIC Tianjin currently has professional financial outsourcing service bases and subsidiaries in Beijing, Tianjin and Ningbo.

For the year ended December 31, 2013, CITIC Tianjin Investment's revenue was RMB121 million.

e. Tourism

The tourism business of CITIC Limited Group is operated by its wholly-owned subsidiary, CITIC Tourism.

CITIC Tourism's main business includes travel agency related services such as inbound and outbound tourism, domestic tourism, mainland residents travelling to Taiwan, visa services and other agency services, hotel services, and tourism resources development services. Since 2000, CITIC Tourism has been ranked among "The Best 100 Tourism Companies" by the China National Tourism Administration. In 2007, CITIC Tourism was certified by the Beijing Municipal Commission of Tourism Development as a 5A Travel Agency. In 2012, the Beijing Municipal Commission of Tourism Development also selected CITIC Tourism as a pilot travel agency for Beijing's tourism standardization. CITIC Tourism's "Trust Tour" is a well-known travel brand in China.

CITIC Tourism's subsidiaries are distributed throughout Beijing, Shanghai, Tianjin, Shaanxi, Shanxi, Guangdong, Shandong, Henan, Xinjiang, Hunan, Inner Mongolia, Zhejiang, Tibet and other regions in China, forming a strong business network with significant competitive advantages of scale. CITIC Tourism organized 31,400 tours and served 771,700 customers in 2013.

For the year ended December 31, 2013, CITIC Tourism's revenue was RMB2,138 million.

f. Football Club

CITIC Limited Group's football club business is operated by its subsidiary, Guoan Club.

Guoan Club has been one of the leading football clubs in the professional football league in China in terms of performance over the years. From 2009 to 2013, the attendance rates of its games ranked the first in China and among the top in Asia, with an average of approximately 40,000 spectators attending each game.

Since joining China's top professional football league, Guoan Club won the championship of the Chinese Football Association Super League once and the Chinese Football Association Cup three times. Guoan Club has trained more than 50 players at different levels of the Chinese national football teams and enjoys a good reputation within and outside China, boosting CITIC Group's public image and enriching the overall CITIC brand.

In 2013, the revenue of Guoan Club was RMB244 million.

INDEX TO THE AUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

Audited financial statements as at and for the years ended 31 December 2011, 2012 and 2013

Note:

(1) Page references on Page II-1 are references to pages set forth in the combined financial statements as at and for the years ended 31 December 2011, 2012 and 2013 accompanying the independent auditor's report delivered to CITIC Limited on 31 March 2014. The audited combined financial statements have not been specifically prepared for the inclusion in this announcement.

Independent auditor's report to the board of directors of CITIC Limited

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

We have audited the combined financial statements of CITIC Limited (the "Company") and its subsidiaries but excluding CITIC Pacific Limited and the subsidiaries of CITIC Pacific Limited (the "Group") set out on pages 3 to 202, which comprise the combined and Company balance sheets as at 31 December 2011, 2012 and 2013, the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements for the years ended 31 December 2011, 2012 and 2013 and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the combined financial statements

The directors of the Company are responsible for the preparation of these combined financial statements that give a true and fair view in accordance with the basis of preparation and accounting policies set out in note 2 to these combined financial statements and for such internal control as the directors of the Company determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. This report is made solely to you, as a body, in accordance with our 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Independent auditor's report to the board of directors of CITIC Limited (continued)

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

Auditor's responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011, 2012 and 2013 and of the Group's combined results and cash flows for each of the years ended 31 December 2011, 2012 and 2013 in accordance with the basis of preparation and accounting policies set out in note 2 to these combined financial statements.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to note 2 to the combined financial statements, which describes the basis of accounting and preparation. The combined financial statements are prepared in connection with the proposed acquisition of the Group by CITIC Pacific Limited. As a result, the combined financial statements may not be suitable for another purpose.

KPMG Huazhen

(Special General Partnership)

Beijing, The People's Republic of China

31 March 2014

Combined income statements
for the years ended 31 December 2011, 2012 and 2013
(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Interest income		107,481	139,723	164,139
Interest expenses		(40,855)	(62,819)	(77,576)
Net interest income	5(a)	66,626	76,904	86,563
Fee and commission income		12,445	15,922	23,123
Fee and commission expenses		(627)	(984)	(1,508)
Net fee and commission income	5(b)	11,818	14,938	21,615
Sales of goods and services	5(c)	117,519	127,762	141,356
Other revenue	5(d)	2,800	2,986	2,255
		120,319	130,748	143,611
Total revenue		198,763	222,590	251,789
Cost of sales and services	6	(102,908)	(112,202)	(125,340)
Other net income		8,758	5,288	6,094
Impairment losses on	7(c)			
– Loans and advances to customers		(6,220)	(12,709)	(10,739)
– Others		(3,027)	(3,105)	(2,933)
Other operating expenses		(37,760)	(44,452)	(51,923)
Net valuation gain on investment properties	29(a)	69	80	118
Share of profit of associates, net of tax		4,568	1,050	1,824
Share of profit of joint ventures, net of tax		603	1,044	750
Profit before net finance charges and tax		62,846	57,584	69,640
Finance costs		(2,659)	(3,859)	(4,615)
Finance income		635	1,276	1,152
Net finance charges	7(a)	(2,024)	(2,583)	(3,463)

Combined income statements
for the years ended 31 December 2011, 2012 and 2013
(continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Profit before tax	7	60,822	55,001	66,177
Income tax	8	(15,366)	(14,242)	(16,500)
Profit for the year		45,456	40,759	49,677
Attributable to:				
Equity shareholders of the Company		31,700	28,404	34,260
Non-controlling interests		13,756	12,355	15,417
Profit for the year		45,456	40,759	49,677
Earnings per share (RMB)	12			
Basic and diluted		0.25	0.22	0.27

Combined statements of comprehensive income for the years ended 31 December 2011, 2012 and 2013

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Profit for the year		45,456	40,759	49,677
Other comprehensive income (after tax and reclassification adjustments)	13			
Items that have been reclassified or may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets: net movement in fair value reserve		(68)	(267)	(4,684)
Cash flow hedge: net movement in hedging reserve		-	44	(159)
Share of other comprehensive income of associates and joint ventures		(794)	214	789
Exchange differences on translation of financial statements of subsidiaries, associates and joint ventures		(1,145)	258	(1,230)
Other comprehensive income for the year, net of tax		(2,007)	249	(5,284)
Total comprehensive income for the year		43,449	41,008	44,393
Attributable to:				
Equity shareholders of the Company		30,163	28,480	30,078
Non-controlling interests		13,286	12,528	14,315
Total comprehensive income for the year		43,449	41,008	44,393

The notes on pages 17 to 202 form part of these financial statements.

Combined balance sheets
as at 31 December 2011, 2012 and 2013
(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Assets				
Cash and deposits	15	785,580	713,323	680,285
Placements with banks and non-bank financial institutions	16	151,004	151,803	122,314
Financial assets at fair value through profit or loss	17	8,617	14,057	12,310
Derivative financial assets	18	4,741	4,254	7,768
Trade and other receivables	19	52,880	58,032	59,645
Amount due from customers for contract work		2,284	1,416	1,374
Inventories	20	73,627	88,564	83,695
Financial assets held under resale agreements	21	162,210	69,082	287,247
Loans and advances to customers and other parties	22	1,416,691	1,634,293	1,903,049
Available-for-sale financial assets	23	144,174	228,306	215,396
Held-to-maturity investments	24	107,827	134,405	154,792
Investments classified as receivables	25	-	56,435	300,158
Interests in associates	27	30,050	31,479	35,696
Interests in joint ventures	28	8,313	9,066	9,324
Fixed assets	29	33,498	36,144	47,038
Investment properties	29	5,298	4,500	4,681
Intangible assets	30	7,283	9,606	12,414
Goodwill	31	3,030	3,045	2,967
Deferred tax assets	32(b)	5,381	8,427	10,930
Other assets	33	12,209	14,757	14,620
Total assets		3,014,697	3,270,994	3,965,703

Combined balance sheets
as at 31 December 2011, 2012 and 2013 (continued)
(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Liabilities				
Deposits from banks and non-bank financial institutions	34	535,067	369,403	557,904
Placements from banks and non-bank financial institutions	35	3,865	17,165	41,372
Derivative financial liabilities	18	4,002	3,592	6,944
Trade and other payables	36	94,396	128,317	138,633
Amount due to customers for contract work		844	4,142	6,322
Financial assets sold under repurchase agreements	37	1,806	11,732	7,949
Deposits from customers	38	1,949,300	2,233,122	2,632,152
Employee benefits payables		11,732	13,673	13,967
Income tax payable	32(a)	6,922	5,828	5,773
Bank and other loans	39	73,239	75,296	95,280
Debt securities issued	40	82,525	115,155	132,403
Provisions	41	1,316	474	500
Deferred tax liabilities	32(b)	2,181	2,369	1,804
Other liabilities		3,176	3,851	5,062
Total liabilities		2,770,371	2,984,119	3,646,065

Combined balance sheets
as at 31 December 2011, 2012 and 2013 (continued)
(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Equity	42			
Share capital		128,000	128,000	128,000
Reserves		34,338	64,800	97,051
Total equity attributable to equity shareholders of the Company		162,338	192,800	225,051
Non-controlling interests		81,988	94,075	94,587
Total equity		244,326	286,875	319,638
Total liabilities and equity		3,014,697	3,270,994	3,965,703

Approved and authorised for issue by the board of directors on 31 March 2014

Chang Zhenming Legal Representative	Ju Weimin The person in charge of accounting affairs	Zheng Yongqin The head of the Accounting Department	(Company stamp)

The notes on pages 17 to 202 form part of these financial statements.

Balance sheets as at 31 December 2011, 2012 and 2013

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Assets				
Cash and deposits	15	13,562	4,702	3,966
Financial assets at fair value through profit or loss	17	51	1,406	28
Derivative financial assets	18	-	-	3
Trade and other receivables	19	13,856	20,036	22,287
Loans and advances to customers and other parties	22	28,890	26,649	20,972
Available-for-sale financial assets	23	5,018	22,279	24,147
Investments in subsidiaries	26	157,898	161,167	169,796
Interests in associates	27	19,106	19,105	19,054
Interests in joint ventures	28	2,008	2,008	2,008
Fixed assets	29	27	33	24
Other assets	33	6,300	227	226
Total assets		246,716	257,612	262,511
Liabilities				
Trade and other payables	36	7,513	8,205	3,980
Employee benefits payables		729	703	715
Bank and other loans	39	20,019	14,561	22,384
Debts securities issued	40	44,829	53,662	49,598
Deferred tax liabilities	32(b)	27	34	41
Other liabilities		5,519	5,533	5,204
Total liabilities		78,636	82,698	81,922

Balance sheets as at 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Equity	42			
Share capital		128,000	128,000	128,000
Reserves		40,080	46,914	52,589
Total equity		168,080	174,914	180,589
Total liabilities and equity		246,716	257,612	262,511

Approved and authorised for issue by the board of directors on 31 March 2014

Chang Zhenming Legal Representative	Ju Weimin The person in charge of accounting affairs	Zheng Yongqin The head of the Accounting Department	(Company stamp)

The notes on pages 17 to 202 form part of these financial statements.

Combined statements of changes in equity
for the years ended 31 December 2011, 2012 and 2013
(Expressed in Renminbi million)

		Attributable to equity shareholders of the Company											
	Note	*Share capital* RMB million	*Capital reserve* RMB million (note 42(c)(i))	*Hedging reserve* RMB million (note 42(c)(ii))	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus reserve* RMB million (note 42(c)(iv))	*General reserve* RMB million (note 42(c)(v))	*Retained earnings* RMB million	*Exchange reserve* RMB million (note 42(c)(vi))	*Other reserve* RMB million	*Sub-total* RMB million	*Non-controlling interests* RMB million	*Total equity* RMB million
At 1 January 2011		-	-	-	-	-	-	279	-	131,486	131,765	59,545	191,310
Change in equity for 2011													
Profit for the year		-	-	-	-	-	-	31,700	-	-	31,700	13,756	45,456
Other comprehensive income for the year	13	-	-	-	-	-	-	(1,537)	-	-	(1,537)	(470)	(2,007)
Total comprehensive income for the year		-	-	-	-	-	-	30,163	-	-	30,163	13,286	43,449
Capital contribution by shareholders		-	-	-	-	-	-	-	-	-	-	10,536	10,536
Arising from restructuring in 2011		128,000	33,681	-	-	-	-	(30,022)	-	(131,486)	173	-	173
Acquisition of subsidiaries under common control		-	217	-	-	-	-	5	-	-	222	-	222
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,189)	(1,189)
Others		-	-	-	-	-	-	15	-	-	15	(190)	(175)
Other changes in equity		128,000	33,898	-	-	-	-	(30,002)	-	(131,486)	410	9,157	9,567
At 31 December 2011		128,000	33,898	-	-	-	-	440	-	-	162,338	81,988	244,326

Combined statements of changes in equity
for the years ended 31 December 2011, 2012 and 2013 (continued)
(Expressed in Renminbi million)

		Attributable to equity shareholders of the Company										
	Note	*Share capital* RMB million	*Capital reserve* RMB million (note 42(c)(i))	*Hedging reserve* RMB million (note 42(c)(ii))	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus reserve* RMB million (note 42(c)(iv))	*General reserve* RMB million (note 42(c)(v))	*Retained earnings* RMB million	*Exchange reserve* RMB million (note 42(c)(vi))	*Sub-total* RMB million	*Non-controlling interests* RMB million	*Total equity* RMB million
At 1 January 2012		128,000	33,898	-	-	-	-	440	-	162,338	81,988	244,326
Change in equity for 2012												
Profit for the year		-	-	-	-	-	-	28,404	-	28,404	12,355	40,759
Other comprehensive income for the year	13	-	-	28	(138)	-	-	-	186	76	173	249
Total comprehensive income for the year		-	-	28	(138)	-	-	28,404	186	28,480	12,528	41,008
Capital contribution by shareholders		-	-	-	-	-	-	-	-	-	4,275	4,275
Appropriation to reserves	42(d)(i)	-	-	-	-	648	9,208	(9,856)	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,094)	(3,094)
Acquisition of subsidiaries under common control		-	207	-	-	-	-	-	-	207	(204)	3
Transfer of state-owned shares of a subsidiary to National Social Security Fund		-	-	-	-	-	-	(222)	-	(222)	222	-
Transactions with non-controlling interests		-	1,225	-	-	-	-	-	-	1,225	(1,610)	(385)
Dividends received from CITIC Pacific Limited		-	766	-	-	-	-	-	-	766	-	766
Others		-	6	-	-	-	-	-	-	6	(30)	(24)
Other changes in equity		-	2,204	-	-	648	9,208	(10,078)	-	1,982	(441)	1,541
At 31 December 2012		128,000	36,102	28	(138)	648	9,208	18,766	186	192,800	94,075	286,875

Combined statements of changes in equity
for the years ended 31 December 2011, 2012 and 2013 (continued)
(Expressed in Renminbi million)

		Attributable to equity shareholders of the Company										
	Note	*Share capital* RMB million	*Capital reserve* RMB million (note 42(c)(i))	*Hedging reserve* RMB million (note 42(c)(ii))	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus reserve* RMB million (note 42(c)(iv))	*General reserve* RMB million (note 42(c)(v))	*Retained earnings* RMB million	*Exchange reserve* RMB million (note 42(c)(vi))	*Sub-total* RMB million	*Non-controlling interests* RMB million	*Total equity* RMB million
At 1 January 2013		128,000	36,102	28	(138)	648	9,208	18,766	186	192,800	94,075	286,875
Change in equity for 2013												
Profit for the year		-	-	-	-	-	-	34,260	-	34,260	15,417	49,677
Other comprehensive income for the year	13	-	-	(91)	(3,151)	-	-	-	(940)	(4,182)	(1,102)	(5,284)
Total comprehensive income for the year		-	-	(91)	(3,151)	-	-	34,260	(940)	30,078	14,315	44,393
Capital contribution by shareholders		-	-	-	-	-	-	-	-	-	308	308
Appropriation to reserves	42(d)(i)	-	-	-	-	621	6,296	(6,917)	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,180)	(3,180)
Acquisition of subsidiaries under common control		-	(1,895)	-	-	-	-	-	-	(1,895)	-	(1,895)
Transactions with non-controlling interests		-	3,367	-	-	-	-	-	-	3,367	(10,910)	(7,543)
Dividends received from CITIC Pacific Limited		-	670	-	-	-	-	-	-	670	-	670
Others		-	31	-	-	-	-	-	-	31	(21)	10
Other changes in equity		-	2,173	-	-	621	6,296	(6,917)	-	2,173	(13,803)	(11,630)
At 31 December 2013		128,000	38,275	(63)	(3,289)	1,269	15,504	46,109	(754)	225,051	94,587	319,638

The notes on pages 17 to 202 form part of these financial statements.

Combined cash flow statements for the years ended 31 December 2011, 2012 and 2013

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Cash flows from operating activities				
Profit before taxation		60,822	55,001	66,177
Adjustments for:				
– Depreciation and amortisation	7(c)	2,447	3,530	3,446
– Impairment losses	7(c)	9,247	15,814	13,672
– Net valuation gain on investment properties	29(a)	(69)	(80)	(118)
– Share of profits of associates, net of tax		(4,568)	(1,050)	(1,824)
– Share of profits of joint ventures, net of tax		(603)	(1,044)	(750)
– Interest expenses on debts securities issued	5(a)	1,251	1,778	2,352
– Finance income	7(a)	(635)	(1,276)	(1,152)
– Finance costs	7(a)	2,659	3,859	4,615
– Net (gain)/loss from disposal of available-for-sale financial assets	5(d)	(312)	(199)	2
– Net gain on disposal of subsidiaries, associates and joint ventures	7(c)	(5,621)	(644)	(1,092)
		64,618	75,689	85,328
Changes in working capital				
Increase in balances and deposits with banks and non-bank financial institutions		(117,386)	(32,969)	(83,450)
(Increase)/decrease in placements with banks and non-bank financial institutions		(67,903)	(19,601)	7,204
(Increase)/decrease in financial assets at fair value through profit or loss and derivative financial assets		(5,186)	(1,358)	5,562
Increase in trade and other receivables		(2,212)	(7,935)	(734)
Decrease in amount due from customers for contract work		871	868	42
(Increase)/decrease in inventories		(16,590)	(14,937)	4,869
(Increase)/decrease in financial assets held under resale agreements		(14,582)	93,129	(218,223)
Increase in loans and advances to customers and other parties		(175,129)	(226,920)	(288,329)
Increase in investments classified as receivables		-	(56,435)	(243,723)
Increase/(decrease) in other assets		792	(2,360)	(6,351)
Increase/(decrease) in deposits from banks and non-bank financial institutions		394,215	(165,427)	190,322
(Decrease)/increase in placements from banks and non-bank financial institutions		(2,233)	13,802	24,409
Decrease in financial liabilities at fair value through profit or loss and derivative financial liabilities		(10,729)	-	-

Combined cash flow statements for the years ended 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Increase in trade and other payables		23,885	35,536	7,903
(Decrease)/increase in amount due to customer for contract work		(1,214)	3,298	2,180
Increase/(decrease) in financial assets sold under repurchase agreements		1,431	1,437	(3,749)
Increase in deposits from customers		251,950	285,776	411,418
Increase in employee benefits payables		1,711	1,941	294
Increase/(decrease) in provisions		204	(842)	26
(Decrease)/increase in other liabilities		(6,409)	677	1,211
Cash generated from/(used in) operations		320,104	(16,631)	(103,791)
Income tax paid		(13,929)	(18,229)	(18,206)
Net cash generated from/(used in) operating activities		306,175	(34,860)	(121,997)
Cash flows from investing activities				
Proceeds from disposal and redemption of investments		516,993	583,789	522,164
Proceeds from disposal of fixed assets, intangible assets and other assets		98	1,191	208
Proceeds from disposal of subsidiaries, associates and joint ventures		5,177	125	1,474
Dividends received from equity investments, associates and joint ventures		1,571	1,518	1,425
Acquisition of additional interest in non-controlling interests		-	-	(8,987)
Payments for acquisition of investments		(517,490)	(702,251)	(535,585)
Payments for additions of fixed assets, intangible assets and other assets		(6,977)	(6,716)	(11,272)
Net cash payment for acquisition of subsidiaries, associates and joint ventures		(1,869)	(2,962)	(4,717)
Net cash payment for disposal of subsidiaries		-	(388)	(1,292)
Interest received		197	1,109	829
Net cash used in investing activities		(2,300)	(124,585)	(35,753)

Combined cash flow statements for the years ended 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Cash flows from financing activities				
Capital injection received from non-controlling interests		10,536	4,275	308
Proceeds from new bank and other loans		50,418	61,395	84,997
Repayment of bank and other loans and debt securities issued		(53,248)	(72,964)	(76,580)
Proceeds from new debt securities issued		11,000	44,847	32,183
Interest paid on bank and other loans and debt securities issued		(7,237)	(8,412)	(10,417)
Dividends paid to non-controlling interests		(1,189)	(3,094)	(3,180)
Other net cash (outflow)/inflow relating to other financing activities		(1,690)	489	(2,158)
Net cash generated from financing activities		8,590	26,536	25,153
Net increase/(decrease) in cash and cash equivalents		312,465	(132,909)	(132,597)
Cash and cash equivalents at 1 January		199,987	509,189	376,375
Effect of exchange rate changes		(3,263)	95	(1,567)
Cash and cash equivalents at 31 December	50	509,189	376,375	242,211

The notes on pages 17 to 202 form part of these financial statements.

Notes to the combined financial statements

(Expressed in Renminbi unless otherwise indicated)

1 General information

(a) Background

CITIC Limited (the "Company") was established in the People's Republic of China (the "PRC") with limited liability on 27 December 2011, as part of the restructuring of the original CITIC Group (中国中信集团公司) in 2011. The original CITIC Group was then renamed as CITIC Group Corporation (中国中信集团有限公司) (referred as "CITIC Group" thereafter). Details of the restructuring in 2011 ("2011 Restructuring") are set out in note 1(b).

CITIC Group and Beijing CITIC Enterprise Management Co, Ltd ("CITIC Enterprise Management") own 99.9% and 0.1% equity interests, respectively, in the Company. CITIC Group is established in the PRC, and CITIC Enterprise Management is a wholly owned subsidiary of CITIC Group established in the PRC.

The reporting entity comprises the Company and its subsidiaries but excluding CITIC Pacific Limited and the subsidiaries of CITIC Pacific Limited (the "Group"). A list of principal subsidiaries of the Group is disclosed in note 55. The details of the group structure and basis of preparation and presentation for the combined financial statements of the Group are disclosed in notes 1(c) and 2(a) respectively.

The Group is principally engaged in financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing activities and other businesses.

(b) 2011 Restructuring

As part of the 2011 Restructuring, the Company was established on 27 December 2011 with a registered capital of RMB 128 billion, representing a total of 128 billion shares with par value of RMB 1 each. On the same date, CITIC Group injected certain of its assets and liabilities, subsidiaries, associates and joint ventures to the Company in exchange for 127,872 million shares of the Company (representing 99.9% of the total share capital of the Company), and CITIC Enterprise Management paid cash in exchange for 128 million shares of the Company (representing 0.1% of the total share capital of the Company).

The carrying amount of the subsidiaries, associates and joint ventures injected to the Company is determined by:

(i) the fair value of the assets and liabilities of the subsidiaries and net assets of associates and joint ventures that were converted into limited liability companies as part of the 2011 Restructuring as of 31 December 2010; and

1 General information (continued)

(b) 2011 Restructuring (continued)

(ii) the carrying amount of assets and liabilities of the subsidiaries and net assets of associates and joint ventures that had been limited liability companies or joint stock companies before the 2011 Restructuring recorded by the subsidiaries, associates and joint ventures as of 31 December 2010.

The subsidiaries, associates and joint ventures that were transferred to the Company as a result of the 2011 Restructuring were controlled by CITIC Group before and after the restructuring, and there were no significant change in business and operations of these companies. The control is not transitory and, consequently, there was a continuation of the risks and benefits to the same controlling shareholder and the 2011 Restructuring is regarded as a business combination of entities under common control. The results of the above subsidiaries, associates and joint ventures for the year ended 31 December 2011 were therefore presented in the financial statements of CITIC Limited as if the 2011 Restructuring had completed on 1 January 2011.

(c) Proposed Acquisition

It is proposed that CITIC Pacific Limited ("CITIC Pacific") will acquire 100% equity interests in CITIC Limited from CITIC Group and CITIC Enterprise Management ("Proposed Acquisition").

CITIC Pacific is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. It is currently a 57.51% subsidiary indirectly owned by the Company. CITIC Group held equity interest in CITIC Pacific through the Company. Prior to the completion of the Proposed Acquisition, the subsidiaries of the Company which hold shares of CITIC Pacific will transfer such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group for their respective business needs. Upon the completion of the Proposed Acquisition, CITIC Group will hold shares of CITIC Pacific indirectly through its wholly-owned subsidiaries.

2 Significant accounting policies

(a) Basis of preparation and presentation

For the purpose of preparation of the combined financial statements of the Group, the assets and liabilities, and the results of the Company and its subsidiaries excluding CITIC Pacific and the subsidiaries of CITIC Pacific ("CITIC Pacific Group") are combined. CITIC Pacific Group has been managed and financially controlled separately from the Group. No significant adjustments or allocations of expenses were made in the combined financial statements.

2 Significant accounting policies (continued)

(a) Basis of preparation and presentation (continued)

For the purpose of the Proposed Acquisition as stated in note 1(c), the combined financial statements of the Group have been prepared and presented on the basis that the structure of the Group (i.e. the Company and its subsidiaries, but excluding CITIC Pacific Group) had been in existence throughout the three years ended 31 December 2011, 2012 and 2013 or since the respective dates of incorporation or establishment of the companies comprising the Group or when they first came under the control of the controlling shareholder, CITIC Group, whenever there is a shorter period. The assets and liabilities of the combining subsidiaries and net assets of combining associates and joint ventures are included in the combined financial statements using the carrying amount of the subsidiaries, associates and joint ventures from the perspective of CITIC Group. Any excess of the carrying amount of the assets and liabilities, subsidiaries, associates and joint ventures injected to the Company over share capital is recognised in the capital reserve.

Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the combined financial statements of the Group. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Transactions between the Group and CITIC Pacific Group during the years ended 31 December 2011, 2012 and 2013 were not eliminated. The dividends declared by CITIC Pacific which were received by the Group are deemed as shareholders' contribution and recognised in the capital reserve.

(b) Statement of compliance

These combined financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These combined financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group has adopted all the new and revised HKFRSs to all periods presented ("Relevant Periods") in these combined financial statements, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 December 2013. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in note 54.

These are the Group's first combined financial statements prepared in accordance with HKFRSs and HKFRS 1 "*First-time Adoption of Hong Kong Financial Reporting Standards*" has been applied.

2 Significant accounting policies (continued)

(c) Functional currency and presentation currency

The functional currency of the Company is Renminbi ("RMB"). The functional currencies of overseas subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into RMB for the preparation of the combined financial statements (see note 2(i)). The combined financial statements of the Group are presented is RMB and, unless otherwise stated, expressed in millions of Renminbi.

(d) Basis of measurement

The measurement basis used in the preparation of the combined financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 2(m));

– financial assets and liabilities at fair value through profit or loss (including trading financial assets or trading financial liabilities) (see note 2(j));

– available-for-sale financial assets, except for those whose fair value cannot be measured reliably (see note 2(j)); and

– fair value hedged items (see note 2(k)(i)).

(e) Use of estimates and judgement

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Judgements made by management that have significant effect on the financial statements and estimates with a significant risk of material adjustment in subsequent period are described in note 3. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

2 Significant accounting policies (continued)

(f) Subsidiaries and non-controlling interests

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is combined into the combined financial statements of the Group from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the combined financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control. Therefore the opening balances and the comparative figures of the combined financial statements are restated. In the preparation of the combined financial statements, the subsidiary's assets, liabilities and results of operations are included in the combined balance sheet and the combined statement of comprehensive income, respectively, based on their carrying amounts, from the date that common control was established. Net profit earned by the acquiree prior to the date of acquisition is separately disclosed.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are combined into the combined financial statements from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Non-controlling interests are presented in the combined balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the combined balance sheet in accordance with note 2(j).

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(j)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(g)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(u)(ii)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2 Significant accounting policies (continued)

(g) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the combined financial statements of the Group under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(u)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income of the Group. The Group's interest in associate or joint venture is included in the combined financial statements from the date that significant influence or joint control commences until the date that significant influence or joint control ends.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 Significant accounting policies (continued)

(g) Associates and joint ventures (continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(j)).

In the Company's balance sheet, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(u)(ii)).

(h) Goodwill

Goodwill arising on the acquisition of subsidiaries, joint ventures and associates represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the net assets of the acquiree in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Positive goodwill will be stated in the combined balance sheet as a separate asset or included within joint ventures and associates at cost less accumulated impairment losses and is subject to impairment testing at least annually. Impairment losses on goodwill are not reversed. Negative goodwill is recognised in profit or loss immediately on acquisition.

(i) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured. Exchange gains and losses are recognised in profit or loss, except for the differences arising for the translation of available-for-sale equity investments, which is recognised in other comprehensive income.

2 Significant accounting policies (continued)

(i) Translation of foreign currencies (continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(j) Financial instruments

(i) Initial recognition

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets and financial liabilities at fair value through profit or loss is recognised using trade date accounting. Other financial assets and financial liabilities are recognised using settlement date accounting. From these dates, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Categorisation

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives that do not qualify for hedge accounting (note 2(k)) are accounted for as trading instruments.

Financial instruments are designated at fair value through profit or loss upon initial recognition when:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivative(s) from the financial instrument is not prohibited.

Financial assets and financial liabilities under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (b) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; or (c) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Categorisation (continued)

Loans and receivables (continued)

Loans and receivables mainly comprise loans and advances to customers and other parties, deposits and placements with banks and non-bank financial institutions, investments classified as receivables, and trade and other receivables.

Loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any (see note 2(u)(i)). Where the receivables are interest-free loans made to related parties without any fixed repayment term or the effect of discounting would be immaterial, the receivables are stated at cost less allowance for impairment of doubtful debts.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Group has the positive intention and ability to hold to maturity, other than (a) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; and (b) those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment losses, if any (see note 2(u)(i)).

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it shall be reclassified as available-for-sale and remeasured at fair value.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other three categories above. They include financial assets intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in the market environment.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated separately in equity, except for impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognised in profit or loss. Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(x)(vii) and 2(x)(i) respectively.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Categorisation (continued)

Available-for-sale financial assets (continued)

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably, and derivatives that are linked to and must be settled by delivery of such unquoted equity securities are carried at cost less impairment losses, if any (see note 2(u)(i)).

When the available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments which are previously recognised in other comprehensive income shall be reclassified from equity to profit or loss.

Other financial liabilities

Financial liabilities, other than trading liabilities and those designated at fair value through profit or loss, are measured at amortised cost using the effective interest method.

Other financial liabilities mainly comprise deposits from banks and non-bank financial institutions, placements from banks and non-bank financial institutions, trade and other payables, deposits from customers, bank and other loans, and debt securities issued.

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is based on the relevant government yield curve as at the balance sheet date plus an adequate constant credit spread. Where other pricing models are used, inputs are based on market data at the balance sheet date.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Group uses the weighted average method to determine realised gains and losses to be recognised in profit or loss on derecognition.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

When the embedded derivative is separated, the host contract is accounted for in accordance with note (ii) above.

(k) Hedging

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (a) the hedging instrument expires or is sold, terminated or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the Group revokes the designation.

2 Significant accounting policies (continued)

(k) Hedging (continued)

(i) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of recognised asset or liability that will give rise to a gain or loss being recognised in profit or loss. The hedging instrument is measured at fair value, with fair value changes recognised in profit or loss. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of the hedging instrument attributable to the risk being hedged. This adjustment is recognised in profit or loss to offset the effect of the gain or loss on the hedging instrument.

When a hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting, or the Group revokes designation of the hedge relationship, any adjustment up to that point, to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk of a committed future transaction, the effective part of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to the profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

2 Significant accounting policies (continued)

(k) Hedging (continued)

(iii) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For fair value hedge relationships, the Group utilises the cumulative dollar offset method or regression analysis as effectiveness testing methodologies. For cash flow hedge relationships, the Group utilises the change in variable cash flow method or the cumulative dollar offset method using the hypothetical derivative approach.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80 per cent to 125 per cent for the hedge to be deemed effective.

(l) Financial assets held/sold under resale/repurchase agreements

Financial assets held under resale agreements are transactions that the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under the resale and repurchase agreements in the balance sheet. Assets held under resale agreements are reported not as purchases of the financial assets, but as receivables in the balance sheet. Assets sold under repurchase agreements continue to be recognised in the balance sheet.

The difference between the sale and repurchase consideration, and that between the purchase and resale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expense respectively.

2 Significant accounting policies (continued)

(m) Investment properties

Investment properties are interests in land and/or buildings which are held to earn rentals or for capital appreciation or both. These include land held for a currently undetermined future use. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties are stated in the balance sheet at fair values which are reviewed annually. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

(n) Other property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses (note 2(u)(ii)).

Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any impairment losses. Cost includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads.

Construction-in-progress represents property and equipment under construction and is transferred to fixed assets when ready for its intended use.

No depreciation is provided in respect of construction in progress. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rate specified below.

Property, plant and equipment are depreciated at rates sufficient to write off their cost, less impairment losses, if any, to their estimated residual values, over their estimated useful lives on a straight line basis as follows:

–	Plant and buildings	5 - 70 years
–	Machinery and equipment	3 - 26 years
–	Office and other equipment, motor vehicles and others	3 -10 years

Freehold land within the category of plant and buildings are not depreciated.

2 Significant accounting policies (continued)

(n) Other property, plant and equipment (continued)

Assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

(o) Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised on a straight-line basis over the respective periods of grant, usually within 10 to 50 years.

Impairment losses on land use rights are accounted for in accordance with the accounting policies as set out in note 2(u)(ii).

(p) Intangible assets (other than goodwill)

Intangible assets acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(u)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets are amortised from the date they are available for use as follows:

– Roads and tunnels operating rights	Over the estimated useful lives of 30 years
– Mining assets	Over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven probable reserves of the mines using the unit-of-production method.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 Significant accounting policies (continued)

(q) Inventories

(i) Manufacturing, resources and energy segments

Inventories of the manufacturing, and resources and energy segments are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first out, specific identification or weighted average cost formula as appropriate, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Real estate and infrastructure segment

Inventories in respect of property development activities under the real estate and infrastructure segment are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(cc)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2 Significant accounting policies (continued)

(r) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(x)(v). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as “amount due from customers for contract work” or “amount due to customers for contract work”. Progress billing not yet billed to the customer are included in “trade and other receivable”. Amount received before the related work is performed are presented in “trade and other payable”.

(s) Operating leases

Leases which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases.

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group’s depreciation policies, as set out in note 2(n) except where the asset is classified as an investment property. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(u)(ii). Revenue arising from operating leases is recognised in accordance with the Group’s revenue recognition policies, as set out in note 2(x)(vi).

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(m)).

2 Significant accounting policies (continued)

(t) Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in “other assets”.

When the Group seizes assets to compensate for the losses of loans and advances and interest receivables, the repossessed assets are initially recognised at fair value, plus any taxes paid for the seizure of the assets, litigation fees and other expenses incurred for collecting the repossessed assets are included in the carrying value of repossessed assets. Repossessed assets are recognised at the carrying value, net of allowances for impairment losses.

Impairment losses on initial classification and on subsequent remeasurement are recognised in profit or loss.

(u) Impairment of assets

(i) Financial assets

The carrying amounts of the Group’s assets are reviewed at balance sheet date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Group about one or more of the following loss events which has an impact on the future cash flows on the assets that can be estimated reliably:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower;
- disappearance of an active market for financial assets because of financial difficulties; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(i) Financial assets (continued)

If any such evidence exists, the carrying amount is reduced to the estimated recoverable amount by means of a charge to profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of loans and receivables and held-to-maturity investments, which are measured at amortised cost, whose recovery is considered doubtful but not remote. In this case, the impairment losses are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables or held-to-maturity investments directly and any amounts held in the allowance account relating to that borrower/investment are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Loans and receivables

Impairment losses on loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for credit losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The individual impairment allowance is based upon management's best estimate of the present value of the cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management makes judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its own merits.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(i) Financial assets (continued)

Loans and receivables (continued)

In assessing the need for collective loan loss allowances, management uses statistical modelling and considers historical trends of factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances and the model assumptions and parameters used in determining collective impairment allowances. While this necessarily involves judgement, the Group believes that the impairment allowances on loans and advances to customers are reasonable and supportable.

Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and be charged or credited to the income statement. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

When there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due.

Held-to-maturity investments

Impairment on held-to-maturity investments is considered at both an individual and collective level. The individual impairment allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate, where the effect of discounting is material.

All significant assets found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(i) Financial assets (continued)

Held-to-maturity investments (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of impairment losses shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Available-for-sale financial assets

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

For unquoted available-for-sale equity securities that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the equity securities and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Such impairment losses are not reversed.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

(ii) Non-financial assets

Internal and external sources of information are reviewed at balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- land use rights;
- investments in subsidiaries, associates and joint ventures;
- goodwill; and
- intangible assets.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(ii) Non-financial assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 Significant accounting policies (continued)

(v) Employee benefits

(i) Short-term employee benefits

During the accounting period when an employee has rendered service to the Group, the Group recognises the undiscounted amount of short-term employee benefits as a liability and as an expense, unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset. Short-term employee benefits include wages, bonuses and social security contributions such as medical insurance, work-related injury insurance and maternity insurance, as well as housing provident funds, which are all calculated based on the regulated benchmark and ratio. Where the payment of liability is expected not to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services, and the effect would be material, these liabilities are stated at their present values in the balance sheet.

(ii) Defined contribution retirement schemes

Pursuant to the relevant laws and regulations in the PRC, The Group has joined a defined contribution retirement plan for the employees arranged by local government organisations of labour and social security. The Group is required to make contributions to a separate entity which could be the government or publicly administered retirement schemes at certain rates of the salaries, bonuses and certain allowances of its employees. The contributions are charged to profit or loss for the current period on an accrual basis. A member of the schemes is entitled to a pension equal to a fixed proportion of the salary prevailing at his or her retirement date, payable by local government organisations of labour and social security.

In addition to the statutory provision plan, the Group's employees have joined its annuity scheme which was established by the CITIC Group in accordance with policies regarding the state owned enterprise annuity policy. The Group has made annuity contributions in proportion to its employee's gross wages which are expensed in profit or loss when the contributions are made.

The Group also operates defined contribution retirement schemes and Mandatory Provident Fund schemes for certain subsidiaries operating in Hong Kong. Contributions are charged to profit or loss as and when the contribution fall due.

2 Significant accounting policies (continued)

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "other liabilities". The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(w)(iii) if and when: (1) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee; and (2) the amount of that claim on the Group is expected to exceed the amount currently carried in other liabilities in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(w)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(w)(iii).

2 Significant accounting policies (continued)

(w) Financial guarantees issued, provisions and contingent liabilities (continued)

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

Interest income arising from the use of entity assets by others is recognised in profit or loss based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2 Significant accounting policies (continued)

(x) Revenue recognition (continued)

(i) Interest income (continued)

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows ("unwinding of discount") for the purpose of measuring the related impairment loss.

(ii) Fee and commission income

Fee and commission income is recognised when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk is incurred and is accounted for as interest income.

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

(iii) Sales of goods and provision for services

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Service fee income is recognised when the services are rendered.

(iv) Sales of properties

Revenue from sales of properties under development is only recognised when the significant risks and rewards of ownership have been transferred to the buyer. The Group considers that the significant risks and rewards of ownership are transferred when the buildings contracted for sale are completed and the relevant permits essential for the delivery of the properties have been issued by the authorities.

Revenue from completed properties held for sale is recognised at the date when the sales agreement is signed.

2 Significant accounting policies (continued)

(x) Revenue recognition (continued)

(v) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method.

The Group measured the stage of completion by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(vi) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(vii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(viii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2 Significant accounting policies (continued)

(y) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities and withholding tax.

The balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; or in respect of those temporary differences which arise either from goodwill not deductible for tax purposes, or relating to investments in subsidiaries to the extent that the Group controls the timing of the reversal and it is probable that the temporary differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Provision for withholding tax that will arise on the remittance of retained earnings is only made where there is a current intention to remit such earnings.

Deferred tax assets are recognised to the extent that their future utilisation is probable. Deferred tax arising from revaluation of investment properties is recognised on the rebuttable presumption that the recovery of the carrying amount of the properties would be through sale and calculated at the applicable tax rates.

Current tax assets and liabilities are offset, and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(z) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

2 Significant accounting policies (continued)

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Significant accounting policies (continued)

(bb) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following respective conditions:

- engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and
- for which financial information regarding financial position, results of operations and cash flows are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of:

- the nature of products and services;
- the nature of production processes;
- the type or class of customers;
- the methods used to distribute the products or provide the services; and
- the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the combined financial statements.

(cc) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

3 Critical accounting estimates and judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment losses on loans and advances, available-for-sale and held-to-maturity debt investments

The Group reviewed the portfolios of loans and advances, available-for-sale and held-to-maturity debt investments periodically to assess whether impairment losses exist and if they exist, the amounts of impairment losses. Objective evidence for impairment includes observable data indicating that there is a measurable decrease in the estimated future cash flows identified with an individual loan, available-for-sales investments or held-to-maturity debt investment. It also includes observable data indicating adverse changes in the repayment status of borrowers or issuers in the assets portfolio or national or local economic conditions that correlate with defaults on the assets in the portfolio.

The impairment loss for a loan that is individually assessed for impairment is the decrease in the estimated discounted future cash flow of that asset. For the impairment loss of held-to-maturity debt investments, the Group measures the impairment loss on the basis of the instrument's fair value using an observable market price as at the measurement date. The impairment loss for an available-for-sale debt investment is the difference between the acquisition costs (net of any principal repayments and amortisation) and the fair value, less any impairment loss previously recognised in the profit or loss at the measurement date.

When loans and advances are collectively assessed for impairment, the estimate is based on historical loss experience for assets with credit risk characteristics similar to the loans and advances that are being assessed. Historical loss experience is adjusted on the basis of the relevant observable data that reflect current economic conditions. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss.

(b) Impairment of available-for-sale equity investments

For available-for-sale equity investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the Group considers historical data of market volatility and historical share price of the specific equity investment as well as other factors, such as sector performance, and financial information regarding the investee.

3 Critical accounting estimates and judgement (continued)

(c) Fair value of financial instruments

The fair value of financial instruments that are traded in an active market is based on their quoted market prices in an active market at the valuation date. A quoted market price is a price from an active market where price information is readily and regularly available from an exchange or from a dealer quotation and where this price information represents actual and recurring market transactions on an arm's length basis.

For all other financial instruments, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation model. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign currency exchange rates. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at each balance sheet date.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet dates that would have been determined by market participants acting at arm's length.

(d) Classification of held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments if the Group has the intention and ability to hold them until maturity. In evaluating whether the requirements to classify a financial asset as held-to-maturity are met, management makes significant judgements. Failure in correctly assessing the Group's intention and ability to hold specific investments until maturity may result in reclassification of the whole portfolio as available-for-sale.

(e) Provision for inventories

The Group reviews the carrying amounts of inventories at each balance sheet date to determine whether the inventories are carried at lower of cost and net realisable value. The Group estimates the net realisable value, based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down. The change in the write-down would affect the Group's profit during the year.

3 Critical accounting estimates and judgement (continued)

(f) Impairment of non-financial assets

As described in note 2(u)(ii), assets such as fixed assets and intangible assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

(g) Depreciation

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful life of the respective assets using the straight-line method. The management periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

(h) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets, which principally relate to tax losses and deductible temporary differences, are recognised when the future taxable profit will be available against such deferred tax assets. Hence, it requires formal assessment by management regarding the future profitability to utilise the deferred tax assets. The outcome of their actual utilisation may be different.

4 Taxation

The major applicable taxes and tax rates of the Group are as follows:

(a) Taxes applicable to sales of goods and provision of services

The types of taxes applicable to the Group's sale of goods and rendering of services include the following:

Types	*Tax basis and applicable rate*
Business tax	3% or 5% of the relevant taxable revenue
Value added tax ("VAT")	Output VAT is 3% to 17% of product sales and taxable service revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable
Land appreciation tax	Appreciation amount at applicable tax rate

(b) Income tax

The statutory income tax rate of the Company for the years ended 31 December 2011, 2012 and 2013 is 25%.

Certain subsidiaries of the Group in the PRC are entitled to preferential tax treatment of high-tech enterprises, and enterprises located in the western region at preferential tax rates ranging from 7.5% to 15%. Except for the above preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in the PRC for the years ended 31 December 2011, 2012 and 2013 is 25%.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

5 Revenue

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

For financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (see notes 5(a), 5(b) and 5(d)(i)). For non-financial services segments, revenue mainly comprises total invoiced value of goods supplied net of taxes, service fee income and revenue from construction contracts (see note 5(c)).

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

5 Revenue (continued)

(a) Net interest income

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Interest income arising from:				
Deposits with central banks, banks and non-bank financial institutions		7,906	12,715	14,103
Placements with banks and non-banks financial institutions		4,126	6,990	5,488
Financial assets held under resale agreements		4,796	5,208	11,200
Investments classified as receivables		-	795	6,097
Loans and advances to customers and other parties	(i)	83,013	103,377	113,494
Investments in debt securities	(ii)	7,636	10,616	13,754
Others		4	22	3
		107,481	139,723	164,139
Interest expenses arising from:				
Deposits from banks and non-bank financial institutions		(6,823)	(14,779)	(19,599)
Placements from banks and non-banks financial institutions		(427)	(247)	(943)
Financial assets sold under repurchase agreements		(474)	(537)	(467)
Deposits from customers		(31,785)	(45,437)	(54,213)
Debt securities issued		(1,251)	(1,778)	(2,352)
Others		(95)	(41)	(2)
		(40,855)	(62,819)	(77,576)
Net interest income		66,626	76,904	86,563

5 Revenue (continued)

(a) Net interest income (continued)

Notes:

(i) Interest income amounted to RMB 159 million, RMB 249 million and RMB 373 million arising from loans and advances to customers and other parties includes interest income accrued on individually assessed impaired financial assets for the years ended 31 December 2011, 2012 and 2013, respectively.

(ii) Interest income from investments in debt securities is mainly derived from unlisted investments.

(iii) Interest income includes interest income arising from financial assets at fair value through profit or loss amounted to RMB 188 million, RMB 370 million and RMB 302 million for the years ended 31 December 2011, 2012 and 2013, respectively.

(b) Net fee and commission income

	2011 RMB million	*2012* RMB million	*2013* RMB million
Consultancy and advisory fees	2,926	3,365	4,633
Bank card fees	2,283	3,820	5,626
Settlement fees	1,755	2,630	2,367
Commission for wealth management services	874	721	2,491
Agency fees and commission	755	967	1,272
Guarantee fees	1,055	558	1,285
Trustee fees	2,441	3,368	4,636
Custodian fees	320	483	776
Others	36	10	37
	12,445	15,922	23,123
Fee and commission expenses	(627)	(984)	(1,508)
Net fee and commission income	11,818	14,938	21,615

5 Revenue (continued)

(c) Sales of goods and provision of services

	2011 RMB million	*2012* RMB million	*2013* RMB million
Sales of goods	96,434	106,022	116,575
Revenue from construction contracts	14,287	12,949	14,435
Service fee income	5,035	7,418	7,823
Others	1,763	1,373	2,523
	117,519	127,762	141,356

(d) Other revenue

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Net trading gain	(i)	2,468	2,769	2,095
Net gain from financial assets designated at fair value through profit or loss		1	2	2
Net gain/(loss) from disposal of available-for-sale financial assets	(ii)	312	199	(2)
Net hedging gain	(iii)	19	16	160
		2,800	2,986	2,255

(i) Net trading gain

	2011 RMB million	*2012* RMB million	*2013* RMB million
Trading profit:			
– debt securities	88	503	304
– foreign currencies	1,402	1,455	1,526
– derivatives	977	811	265
– investment funds	1	-	-
	2,468	2,769	2,095

5 Revenue (continued)

(d) Other revenue (continued)

(ii) Net gain from disposal of available-for-sale financial assets

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Net profit/(loss) from disposal of available-for-sale financial assets		652	(24)	742
Net revaluation (loss)/gain reclassified from other comprehensive income on disposal	13(b)	(340)	223	(744)
		312	199	(2)

(iii) Net hedging gain

	2011 RMB million	*2012* RMB million	*2013* RMB million
Net (loss)/gain from			
– fair value hedge	(1)	-	2
– cash flow hedge	20	16	158
	19	16	160

6 Costs of sales and services

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Costs of goods sold	20	84,596	95,875	105,236
Costs of construction contracts		13,503	9,951	13,011
Costs of services rendered		4,221	5,731	6,054
Others		588	645	1,039
		102,908	112,202	125,340

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance charges

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Interest on bank advances and other borrowings wholly repayable within five years		5,274	6,065	6,038
Interest on other loans and debt securities issued		585	2,311	3,183
Other interest expenses		15	26	31
Total interest expenses on financial liabilities not at fair value through profit or loss		5,874	8,402	9,252
Less: interest expense capitalised*		(3,215)	(4,543)	(4,637)
	14	2,659	3,859	4,615
Interest income	14	(635)	(1,276)	(1,152)
		2,024	2,583	3,463

* Capitalisation rates applied to funds borrowed are 7.6%, 8.6% and 7.8% per annum for the years ended 31 December 2011, 2012 and 2013, respectively.

(b) Staff costs

	2011 RMB million	*2012* RMB million	*2013* RMB million
Salaries and bonuses	13,623	16,396	19,177
Contributions to defined contribution retirement schemes	202	240	293
Others	4,183	4,653	5,830
	18,008	21,289	25,300

7 Profit before taxation (continued)

Profit before taxation is arrived at after charging/(crediting) (continued):

(c) Other items

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Amortisation				
– land use rights	29(a)	71	79	144
– intangible assets	30	253	365	480
	14	324	444	624
Depreciation	29(a),14	2,123	3,086	2,822
Impairment losses charged/ (reversed) for:	43(a)			
– placements with banks and non-bank financial institutions		-	-	7
– trade and other receivables		853	180	588
– amount due from customers for contract work		326	805	-
– inventories		889	360	101
– loans and advances to customers and other parties		6,220	12,709	10,739
– available-for-sale financial assets		223	112	746
– held-to-maturity investments		33	(6)	(85)
– interests in associates		1	1,473	-
– interests in joint ventures		-	-	6
– fixed assets		411	68	1,467
– intangible assets		119	23	36
– others		172	90	67
	14	9,247	15,814	13,672
Operating lease charges: minimum lease payments		93	99	134
Net foreign exchange gain		(947)	(45)	(534)
Auditors' remuneration		66	63	67
Government grants		(149)	(2,522)	(1,429)
Net gain on disposal of subsidiaries, associates and joint ventures		(5,621)	(644)	(1,092)

8 Income tax in the income statements

(a) Income tax in the income statements:

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Current tax - Mainland China				
Provision for enterprise income tax for the year		13,462	16,127	17,314
Land appreciation tax		1,001	699	686
		14,463	16,826	18,000
Current tax - Hong Kong				
Provision for Hong Kong Profits Tax the year		1,279	274	146
Current tax - Overseas				
Provision for the year		22	35	5
		15,764	17,135	18,151
Deferred tax				
Origination and reversal of temporary differences	32(b)	(398)	(2,893)	(1,651)
		15,366	14,242	16,500

The particulars of the applicable income tax rates are disclosed in note 4.

8 Income tax in the income statements (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2011 RMB million	*2012* RMB million	*2013* RMB million
Profit before tax	60,822	55,001	66,177
Less: Share of results of			
– associates	(4,568)	(1,050)	(1,824)
– joint ventures	(603)	(1,044)	(750)
	55,651	52,907	63,603
Notional tax on profit before tax at statutory tax rate of 25%	13,913	13,227	15,901
Effect of different tax rates in other jurisdictions	167	(219)	(373)
Tax effect of unused tax losses not recognised	240	352	150
Tax effect of non-deductible expenses	1,126	1,529	1,362
Tax effect of non-taxable income	(55)	(432)	(545)
Others	(25)	(215)	5
Actual tax expense	15,366	14,242	16,500

9 Directors' and Supervisors' emoluments

Details of directors' remuneration are set out as follows:

Year ended 31 December 2011	*Fees* RMB'000	*Salaries* RMB'000	*Discretionary bonus* RMB'000	*Social insurance and housing fund* RMB'000	*Total remuneration (before tax)* RMB'000
Chairman					
Chang Zhenming (note (i))	-	465.0	1,311.5	116.7	1,893.2
Vice Chairman					
Tian Guoli (note (i))	-	418.5	1,172.0	116.5	1,707.0
Executive Directors					
Dou Jianzhong (note (ii))	249.2	2,567.2	855.7	114.3	3,786.4
Wang Jiong (note (i))	-	409.2	1,105.0	106.6	1,620.8
Directors					
Yang Jinming (note (iii))	-	-	-	-	-
Yu Zhensheng (note (iii))	-	-	-	-	-
Qu Yonglan (note (iii))	-	-	-	-	-
Cao Pu (note (iii))	-	-	-	-	-
Supervisors					
Lin Meifang (note (iii))	-	-	-	-	-
Wang Xuemei (note (iii))	-	-	-	-	-
Zheng Xuexue (note (iv))	-	-	-	-	-
Liu Hesheng (note (iv))	-	-	-	-	-
	249.2	3,859.9	4,444.2	454.1	9,007.4

Notes:

(i) The discretionary bonus payment for Mr. Chang Zhenming, Mr. Tian Guoli and Mr. Wang Jiong were deferred to the period from 2012 to 2014.

(ii) Mr. Dou Jianzhong was also the Chairman of the Board of Directors and the Executive President of CITIC International Financial Holdings Limited ("CIFH"), a subsidiary of the Company, and he received his fees, salaries and discretionary bonus from CIFH.

(iii) No emoluments were paid by the Company to Mr. Yang Jinming, Mr. Yuzhensheng, Ms. Qu Yonglan, Ms. Cao Pu, Mr. Lin Meifang and Ms. Wang Xuemei, the Directors of the Company, for the year ended 31 December 2011.

(iv) No emoluments were paid by the Company to Mr. Zheng Xuexue and Mr. Liu Hesheng, the Employee Supervisors of the Company, for the year ended 31 December 2011.

9 Directors' and Supervisors' emoluments (continued)

Details of directors' remuneration are set out as follows (continued):

Year ended 31 December 2012	*Fees* RMB'000	*Salaries* RMB'000	*Discretionary bonus* RMB'000	*Social insurance and housing fund* RMB'000	*Total remuneration (before tax)* RMB'000
Chairman					
Chang Zhenming (note (i))	-	495.0	1,156.0	131.6	1,782.6
Vice Chairman					
Tian Guoli (note (i))	-	445.5	1,031.5	131.6	1,608.6
Executive Directors					
Dou Jianzhong (note (ii))	243.2	2,568.6	1,712.4	127.2	4,651.4
Wang Jiong (note (i))	-	440.6	1,007.0	121.1	1,568.7
Directors					
Yang Jinming (note (iii))	-	-	-	-	-
Yu Zhensheng (note (iii))	-	-	-	-	-
Qu Yonglan (note (iii))	-	-	-	-	-
Cao Pu (note (iii))	-	-	-	-	-
Supervisors					
Lin Meifang	-	264.0	1,301.9	100.3	1,666.2
Wang Xuemei	-	223.2	1,070.0	95.5	1,388.7
Zheng Xuexue (note (iv))	-	-	-	-	-
Liu Hesheng (note (iv))	-	-	-	-	-
	243.2	4,436.9	7,278.8	707.3	12,666.2

Notes:

(i) The discretionary bonus payment for Mr. Chang Zhenming, Mr. Tian Guoli and Mr. Wang Jiong were deferred to the period from 2013 to 2015.

(ii) Mr. Dou Jianzhong was also the Chairman of the Board of Directors and the Executive President of CITIC International Financial Holdings Limited ("CIFH"), a subsidiary of the Company, and he received his fees, salaries and discretionary bonus from CIFH.

(iii) No emoluments were paid by the Company to Mr. Yang Jinming, Mr. Yuzhensheng, Ms. Qu Yonglan and Ms. Cao Pu, the Directors of the Company, for the year ended 31 December 2012.

(iv) No emoluments were paid by the Company to Mr. Zheng Xuexue and Mr. Liu Hesheng, the Employee Supervisors of the Company, for the year ended 31 December 2012.

9 Directors' and Supervisors' emoluments (continued)

Details of directors' remuneration are set out as follows (continued):

Year ended 31 December 2013	*Fees* RMB'000	*Salaries paid* RMB'000	*Discretionary bonus paid* RMB'000	*Social insurance and housing fund* RMB'000	*Total remuneration (before tax)* RMB'000
Chairman					
Chang Zhenming (note (i))	-	495.0	-	150.7	645.7
Vice Chairman					
Wang Jiong (notes (i), (iii))	-	445.5	-	129.0	574.5
Executive Directors					
Dou Jianzhong (note (ii))	239.4	3,300.9	-	140.2	3,680.5
Zhao Jingwen (notes (i), (iii))	-	435.6	-	140.2	575.8
Directors					
Yang Jinming (note (iv))	-	-	-	-	-
Yu Zhensheng (note (iv))	-	-	-	-	-
Qu Yonglan (note (iv))	-	-	-	-	-
Cao Pu (note (iv))	-	-	-	-	-
Supervisors					
Lin Meifang	-	278.4	1,270.2	110.0	1,658.6
Wang Xuemei	-	236.4	1,055.1	105.3	1,396.8
Zheng Xuexue (note (v))	-	-	-	-	-
Liu Hesheng (note (v))	-	-	-	-	-
Former Vice Chairman resigned in 2013					
Tian Guoli (notes (i), (iii))	-	139.5	-	46.3	185.8
	239.4	5,331.3	2,325.3	821.7	8,717.7

Notes:

(i) The total compensation packages for Mr. Chang Zhenming, Mr. Wang Jiong, Mr. Zhao Jingwen and Mr. Tian Guoli have not been finalised in accordance with the regulations of the relevant PRC authorities. The remuneration not yet accrued is not expected to have a significant impact on the Company's 2013 financial statements. Their discretionary bonus is deferred to the period from 2014 to 2016.

(ii) Mr. Dou Jianzhong was also the Chairman of the Board of Directors and the Executive President of CITIC International Financial Holdings Limited ("CIFH"), a subsidiary of the Company, and he received his fees, salaries and discretionary bonus from CIFH.

9 Directors' and Supervisors' emoluments (continued)

Note (continued):

(iii) Changes in directors during the year ended 31 December 2013:

- Mr. Wang Jiong was appointed as the Vice Chairman of the board of director in May 2013.
- Mr. Zhao Jingwen was appointed as the Executive Director in October 2013.
- Mr. Tian Guoli resigned the position of the Vice Chairman of the board of director in April 2013.

(iv) No emoluments were paid by the Company to Mr. Yang Jinming, Mr. Yu Zhensheng, Ms. Qu Yonglan and Ms. Cao Pu, the Directors of the Company, for the year ended 31 December 2013.

(v) No emoluments were paid by the Company to Mr. Zheng Xuexue and Mr. Liu Hesheng, the Employee Supervisors of the Company, for the year ended 31 December 2013.

10 Individuals with highest emoluments

For the year ended 31 December 2011, 2012 and 2013, of the five individuals which the highest emoluments, none are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other five individuals are as follows:

	2011 RMB'000	*2012* RMB'000	*2013* RMB'000
Fees	581.7	421.6	-
Salaries and other emoluments	7,515.6	11,626.7	13,084.9
Discretionary bonuses	17,291.8	15,447.0	15,205.8
Equity settled share based payment expenses	22,944.7	8,739.4	4,728.4
Retirement scheme contributions	419.6	248.3	305.7
	48,753.4	36,483.0	33,324.8

10 Individuals with highest emoluments (continued)

The emoluments of the remaining individuals with the highest emoluments are within the following bands:

	2011 Number of individuals	*2012* Number of individuals	*2013* Number of individuals
HKD 1,000,001 to HKD 2,000,000	-	-	-
HKD 2,000,001 to HKD 3,000,000	-	-	-
HKD 3,000,001 to HKD 5,000,000	-	-	-
Above HKD 5,000,001	5	5	5

During the years ended 31 December 2011, 2012 and 2013, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11 Profit attributable to equity shareholders of the Company

The profit attributable to equity shareholders of the Company includes a profit of RMB 94 million, RMB 6,392 million and RMB 5,874 million, for the period from 27 December 2011 to 31 December 2011, and years ended 31 December 2012 and 2013, respectively, which has been dealt with in the financial statements of the Company.

12 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB 31,700 million, RMB 28,404 million and RMB 34,260 million for the years ended 31 December 2011, 2012 and 2013, respectively, and the number of 128,000 million shares.

The Company did not have any potential dilutive shares during the years ended 31 December 2011, 2012 and 2013. Accordingly, diluted earnings per share is the same as basic earnings per share.

13 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2011			*2012*			*2013*		
	Before tax amount RMB million	*Tax benefit* RMB million	*Net-of-tax amount* RMB million	*Before tax amount* RMB million	*Tax benefit/ (expense)* RMB million	*Net-of-tax amount* RMB million	*Before tax amount* RMB million	*Tax benefit* RMB million	*Net-of-tax amount* RMB million
Available-for-sale financial assets: net movement in fair value reserve	(80)	12	(68)	(424)	157	(267)	(6,209)	1,525	(4,684)
Cash flow hedge: net movement in hedging reserve	-	-	-	58	(14)	44	(159)	-	(159)
Share of other comprehensive income of associates and joint ventures	(794)	-	(794)	214	-	214	789	-	789
Exchange differences on translation of financial statements of subsidiaries, associates and joint ventures	(1,145)	-	(1,145)	258	-	258	(1,230)	-	(1,230)
	(2,019)	12	(2,007)	106	143	249	(6,809)	1,525	(5,284)

13 Other comprehensive income (continued)

(b) Components of other comprehensive income, including reclassification adjustments

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Fair value losses of available-for-sale financial assets		(420)	(201)	(6,953)
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	5(d)(ii)	340	(223)	744
Tax effect		12	157	1,525
		(68)	(267)	(4,684)
Gains/(losses) arising from cash flow hedge		-	58	(159)
Tax effect		-	(14)	-
		-	44	(159)
Share of other comprehensive income of associates and joint ventures		(794)	214	789
Exchange differences on translation of financial statements of subsidiaries, associates and joint ventures		(1,145)	258	(1,230)
		(2,007)	249	(5,284)

14 Segment reporting

The Group has presented six reportable segments which are financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing and others. Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance is regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial position, financial performance and cash flows is available. The details of these six reportable segments are as follows:

- Financial services: this segment provides banking, trust, asset management and other financial services.
- Real estate and infrastructure: this segment includes development, sale and holding of properties and operation of infrastructures.
- Engineering contracting: this segment provides contracting and design services for infrastructure, property and industrial projects.
- Resources and energy: the major businesses in this segment include exploration, processing and trading of resources and energy products, including crude oil, coal and iron ore.
- Manufacturing: this segment includes manufacturing of heavy machineries, aluminium wheels and other products.
- Others: others include various businesses including aviation services, publication services and others.

14 Segment reporting (continued)

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

For the purposes of assessing segment performance and allocating resources between segments, the Group's management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets and liabilities include all assets and liabilities with the exception of interests in associates and joint ventures and other unallocated corporate assets and liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "profit from combined activities". To arrive at segment results, the Group's profit before tax are further adjusted for items not specially attributed to individual segments, such as share of results of associates and joint ventures and head office or corporate administrative costs.

Inter-segment pricing is based on similar terms as those available to other external parties.

14 Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended 31 December 2011, 2012 and 2013 is set out below:

		Year ended 31 December 2011								
	Note	*Financial services* RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Revenue from external customers		80,270	15,970	15,837	60,703	16,367	9,164	452	-	198,763
Inter-segment revenue		154	665	1,789	7	18	65	2,309	(5,007)	-
Reportable segment revenue		80,424	16,635	17,626	60,710	16,385	9,229	2,761	(5,007)	198,763
Profit from combined activities		53,555	4,542	1,803	6,781	2,206	657	1,741	(1,916)	69,369
Share of profit/(loss) of associates, net of tax		2,884	1,027	20	606	48	(25)	8	-	4,568
Share of profit/(loss) of joint ventures, net of tax		161	187	-	(1)	-	256	-	-	603
Finance income	7(a)	1	50	65	83	88	33	624	(309)	635
Finance costs	7(a)	-	(568)	(4)	(772)	(337)	(93)	(2,668)	1,783	(2,659)
Depreciation and amortisation	7(c)	(903)	(246)	(104)	(389)	(603)	(182)	(20)	-	(2,447)
Impairment losses	7(c)	(6,558)	(1,120)	(413)	(987)	(46)	(38)	-	(85)	(9,247)
Profit before tax		49,140	3,872	1,367	5,321	1,356	608	(315)	(527)	60,822

	At 31 December 2011								
	Financial services RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Reportable segment assets	2,752,789	102,018	21,385	41,713	22,380	12,321	109,527	(85,799)	2,976,334
Interests in associates	19,657	3,059	98	4,498	2,425	225	88	-	30,050
Interests in joint ventures	3,470	1,475	41	1,244	-	2,083	-	-	8,313
Reportable segment liabilities	2,589,448	92,100	18,305	32,080	19,464	7,730	97,243	(85,999)	2,770,371

14 Segment reporting (continued)

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

	Note	*Year ended 31 December 2012*								
		Financial services RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Revenue from external customers		93,354	11,753	14,709	69,766	19,756	12,133	1,119	-	222,590
Inter-segment revenue		(321)	1,173	1,965	6	1	262	2,299	(5,385)	-
Reportable segment revenue		93,033	12,926	16,674	69,772	19,757	12,395	3,418	(5,385)	222,590
Profit from combined activities		59,653	4,766	3,231	2,372	2,487	755	3,162	(1,592)	74,834
Share of profit/(loss) of associates, net of tax		655	456	45	(175)	78	(18)	9	-	1,050
Share of profit/(loss) of joint ventures, net of tax		150	134	(11)	494	-	276	1	-	1,044
Finance income	7(a)	1	262	359	469	142	42	295	(294)	1,276
Finance costs	7(a)	-	(872)	(48)	(894)	(435)	(98)	(3,022)	1,510	(3,859)
Depreciation and amortisation	7(c)	(1,126)	(225)	(108)	(856)	(899)	(304)	(12)	-	(3,530)
Impairment losses	7(c)	(13,074)	(119)	(814)	(1,773)	(60)	17	-	9	(15,814)
Profit before tax		46,259	4,402	2,654	(363)	1,313	670	433	(367)	55,001

	At 31 December 2012								
	Financial services RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Reportable segment assets	2,965,001	129,021	35,792	42,995	27,833	13,490	104,317	(88,000)	3,230,449
Interests in associates	22,484	3,150	126	3,062	2,397	176	84	-	31,479
Interests in joint ventures	3,629	1,345	30	1,717	-	2,345	-	-	9,066
Reportable segment liabilities	2,759,165	114,194	33,350	32,075	18,364	27,211	87,742	(87,982)	2,984,119

14 Segment reporting (continued)

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

	Note	*Year ended 31 December 2013*								
	Note	*Financial services* RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Revenue from external customers		108,305	25,522	16,603	67,935	19,120	12,600	1,704	-	251,789
Inter-segment revenue		23	1,680	1,782	36	1	184	2,029	(5,735)	-
Reportable segment revenue		108,328	27,202	18,385	67,971	19,121	12,784	3,733	(5,735)	251,789
Profit from combined activities		70,274	4,574	2,164	2,408	2,203	882	2,976	(1,297)	84,184
Share of profit/(loss) of associates, net of tax		927	661	44	(91)	124	142	17	-	1,824
Share of profit/(loss) of joint ventures, net of tax		92	163	(17)	288	-	224	-	-	750
Finance income	7(a)	1	401	374	184	315	27	192	(342)	1,152
Finance costs	7(a)	(72)	(1,224)	(28)	(792)	(511)	(117)	(3,508)	1,637	(4,615)
Depreciation and amortisation	7(c)	(1,292)	(272)	(71)	(551)	(963)	(283)	(14)	-	(3,446)
Impairment losses	7(c)	(12,125)	87	15	(1,574)	(167)	24	-	68	(13,672)
Profit before tax		57,805	4,390	2,481	(128)	1,001	899	(337)	66	66,177

	At 31 December 2013								
	Financial services RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Reportable segment assets	3,655,558	135,602	33,769	41,159	30,264	16,876	102,728	(95,273)	3,920,683
Interests in associates	22,602	3,375	128	4,765	2,244	2,488	94	-	35,696
Interests in joint ventures	3,830	1,354	8	1,865	-	2,267	-	-	9,324
Reportable segment liabilities	3,419,880	119,462	28,230	34,883	19,987	30,433	87,445	(94,255)	3,646,065

14 Segment reporting (continued)

(b) Geographical information

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

	Revenue from external customers			*Total assets*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Mainland China	160,308	182,812	206,847	2,823,837	3,068,369	3,751,286
Hong Kong and Macau	19,057	18,081	21,520	170,087	175,845	189,776
Overseas	19,398	21,697	23,422	20,773	26,780	24,641
	198,763	222,590	251,789	3,014,697	3,270,994	3,965,703

15 Cash and deposits

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Cash		5,043	6,731	6,879	-	-	-
Bank deposits (under non-financial services segment)		31,953	43,578	43,179	13,562	4,702	3,966
Balances with central banks (under financial services segment)	(i)						
– Statutory deposit reserve funds	(ii)	297,992	356,243	420,657	-	-	-
– Surplus deposit reserve funds	(iii)	60,637	62,223	66,056	-	-	-
– Fiscal deposits		2,790	3,034	3,640	-	-	-
Deposits with banks and non-bank financial institutions (under financial services segment)		387,165	241,514	139,874	-	-	-
		785,580	713,323	680,285	13,562	4,702	3,966

Notes:

(i) The balances with central banks represent deposits placed with central banks by China CITIC Bank Corporation Limited ("CITIC Bank") and CITIC Finance Company Limited ("CITIC Finance"), subsidiaries of the Group under the financial services segment.

15 Cash and deposits (continued)

Notes (continued):

(ii) CITIC Bank and CITIC Finance place statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where they have operations. The statutory deposit reserves are not available for use in their daily business.

As at 31 December 2011, 2012 and 2013, the statutory deposit reserve placed with the PBOC was calculated at 19%, 18% and 18%, respectively, of the eligible RMB deposits from the customers of the PRC branches of CITIC Bank. In addition, CITIC Bank is required to deposit an amount equivalent to 5%, 5% and 5% of its foreign currency deposits from the customers of the PRC branches as statutory deposit reserve as at 31 December 2011, 2012 and 2013, respectively.

As at 31 December 2013, the statutory deposit reserve placed with the PBOC was calculated at 15% of the eligible RMB deposits from the customers of CITIC Finance. In addition, CITIC Finance is required to deposit an amount equivalent to 5% of its foreign currency deposits from the customers as statutory deposit reserve as at 31 December 2013. CITIC Finance was established in 2012 and had not accepted deposits from the customers in that year.

The statutory RMB deposit reserve rates applicable to PRC subsidiaries of CITIC Bank and CITIC Finance are determined by the PBOC.

The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions.

(iii) The surplus deposit reserve is maintained with the PBOC for the purposes of clearing.

(iv) In addition to the statutory deposit reserve funds, the amount of RMB 2,953 million, RMB 9,300 million and RMB 8,544 million included in cash and deposits as at 31 December 2011, 2012 and 2013, respectively, are restricted in use. They mainly include deposits pledged for loans, guaranteed deposits and cash received from sale of properties before completion which is under the supervision by the Housing Administration Bureau of the PRC.

16 Placements with banks and non-bank financial institutions

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Banks		140,556	132,686	101,132
Non-bank financial institutions		10,456	19,125	21,197
		151,012	151,811	122,329
Less: Allowances for impairment losses	43(a)	(8)	(8)	(15)
		151,004	151,803	122,314
By remaining maturity:				
Within one month		68,900	48,721	27,747
Between one month and one year		82,082	103,015	94,447
Over one year		22	67	120
		151,004	151,803	122,314

17 Financial assets at fair value through profit or loss

		The Group			The Company		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Trading financial assets:							
– Debt securities	(a)	7,914	12,209	10,981	-	-	-
– Equity investments	(b)	148	95	27	-	-	-
– Investment funds	(c)	264	1,679	1,252	51	1,406	28
Financial assets designated at fair value through profit or loss	(d)	291	74	50	-	-	-
		8,617	14,057	12,310	51	1,406	28

	The Group			The Company		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Issued by:						
Government	340	3,384	5,119	-	-	-
PBOC	1,726	480	-	-	-	-
Policy banks	663	736	286	-	-	-
Banks and non-bank financial institutions	775	300	3,453	-	-	-
Corporate entities	5,113	9,157	3,452	51	1,406	28
	8,617	14,057	12,310	51	1,406	28

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
By remaining maturity:			
Within three months	1,526	3,937	7,889
Between three months and one year	5,026	5,046	4,145
Over one year	1,601	3,521	205
No fixed terms	464	1,553	71
	8,617	14,057	12,310

Financial assets at fair value through profit or loss held by the Company have no fixed terms of repayment.

(a) Debt securities

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Listed outside Hong Kong	-	-	1
Unlisted	7,914	12,209	10,980
	7,914	12,209	10,981

17 Financial assets at fair value through profit or loss (continued)

(b) Equity investments

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Listed in Hong Kong	7	-	25
Listed outside Hong Kong	139	93	-
Unlisted	2	2	2
	148	95	27

(c) Investment funds

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Unlisted	264	1,679	1,252	51	1,406	28

(d) Financial assets designated at fair value through profit or loss

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Unlisted	291	74	50

18 Derivatives

A subsidiary under the financial services segment acts as an intermediary to offer derivative products including interest rate and currency forwards and swaps to its customers. These derivative positions are managed through entering back to back deals with external parties to ensure the remaining exposures are within acceptable risk levels. Derivatives are also used for proprietary trading purposes.

A subsidiary under the non-financial services segment enters into forward and swap contracts to hedge its exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

18 Derivatives (continued)

The following tables provide an analysis of the notional amounts of derivatives and the corresponding fair values at the balance sheet dates. The notional amounts of the derivatives indicate the volume of transactions outstanding at the balance sheet dates; they do not represent amounts at risk.

The Group

		2011			*2012*			*2013*		
	Note	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million
Hedging instruments										
Fair value hedge:	18(c)(i)									
– Interest rate derivatives		4,971	396	-	6,450	470	(3)	8,021	210	(59)
Cash flow hedge:	18(c)(ii)									
– Interest rate derivatives		328	-	(12)	1,403	-	(10)	945	3	-
– Currency derivatives		527	12	-	138	-	-	1,008	29	-
– Other derivatives		65	38	(198)	189	94	(159)	40	2	(77)
Non-hedging instruments										
– Interest rate derivatives		195,459	1,231	(1,336)	219,836	799	(911)	199,756	1,294	(1,257)
– Currency derivatives		406,287	3,044	(2,443)	551,780	2,891	(2,495)	899,831	6,230	(5,549)
– Other derivatives		1,064	20	(13)	21,584	-	(14)	63,255	-	(2)
		608,701	4,741	(4,002)	801,380	4,254	(3,592)	1,172,856	7,768	(6,944)

18 Derivatives (continued)

The Company

	2011			*2012*			*2013*		
	Nominal amount RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million
Hedging instruments									
Cash flow hedge:									
– Currency derivatives	-	-	-	-	-	-	788	3	-

18 Derivatives (continued)

(a) Nominal amount by remaining maturity

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Within three months	202,394	311,774	490,595	-	-	788
Between three months and one year	244,157	322,125	419,493	-	-	-
Between one year and five years	157,264	164,188	257,786	-	-	-
Over five years	4,886	3,293	4,982	-	-	-
	608,701	801,380	1,172,856	-	-	788

(b) Credit risk weighted amounts

	2011 RMB million (note (iii))	*2012* RMB million (note (iii))	*2013* RMB million (note (ii))
Interest rate derivatives	803	747	766
Currency derivatives	4,886	5,876	10,296
Other derivatives	29	3,893	8,412
Credit valuation adjustment	-	-	11,224
	5,718	10,516	30,698

Notes:

(i) The credit risk weighted amounts stated above are solely in connection with the derivatives held by CITIC Bank under the financial services segment of the Group.

(ii) At 31 December 2013, the credit risk weighted amount has been computed in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" promulgated by the China Banking Regulatory Commission ("CBRC") in 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments, including those customer-driven back-to-back transactions. The credit risk weighted amounts stated above have taken into account the effects of bilateral netting arrangements.

(iii) At 31 December 2011 and 2012, the credit risk weighted amounts are calculated in accordance with "Regulations Governing Capital Adequacy of Commercial Banks" and other relevant regulations promulgated by the CBRC in 2004. This regulation had been superseded since 1 January 2013.

18 Derivative (continued)

(c) Derivatives designated as hedging instruments

(i) Fair value hedge

Fair value hedge is adopted by a subsidiary under the financial services segment to hedge the movements in market interest rates by using interest rate swaps.

(ii) Cash flow hedge

Cash flow hedge is adopted by certain subsidiaries under the financial services, and resources and energy segments to hedge their foreign currency risk, commodity price risk and interest rate risk by using foreign currency forward contracts, commodity forward contracts and interest rate swaps.

19 Trade and other receivables

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Trade and bills receivables	(a)	14,005	16,967	14,403	-	-	-
Interest receivables	(b)	10,398	13,716	16,550	140	221	444
Prepayments, deposits and other receivables	(c)	28,477	27,349	28,692	13,716	19,815	21,843
		52,880	58,032	59,645	13,856	20,036	22,287

At 31 December 2011, 2012 and 2013, the amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is RMB 9,119 million, RMB 11,647 million and RMB 10,550 million, respectively. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

At 31 December 2011, 2012 and 2013, the amount of the Company's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is RMB 12,857 million, RMB 18,670 million and RMB 18,825 million, respectively. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

19 Trade and other receivables (continued)

(a) Trade and bills receivables

(i) Ageing analysis

As of the balance sheet dates, the ageing analysis of trade and bills receivables of the Group based on invoice date and net of allowances for impairment losses, are as follows:

		The Group		
	Note	*2011*	*2012*	*2013*
		RMB million	RMB million	RMB million
Within one year		12,941	14,463	13,065
Over one year		1,769	3,156	1,788
		14,710	17,619	14,853
Less: allowances for impairment losses	43(a)	(705)	(652)	(450)
		14,005	16,967	14,403

Each business unit has its own defined credit policy that is specific to the respective business environment and market practice.

(ii) Impairment of trade and bills receivables

The movement in the allowances for impairment losses on trade and other receivables during the years ended 31 December 2011, 2012 and 2013 are disclosed in note 43.

At 31 December 2011, 2012 and 2013, the Group's trade and bills receivables of RMB 47 million, RMB 58 million and RMB 39 million, respectively, were individually determined to be impaired. The individually impaired receivable related to customers that were in financial difficulties and management assessed none of the receivables is expected to be recovered. Consequently, specific allowances for the entire balances were recognised.

19 Trade and other receivables (continued)

(a) Trade and bills receivables (continued)

(iii) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Less than one year past due	2,291	2,450	3,546
Over one year past due	768	1,699	29
	3,059	4,149	3,575

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(b) Interest receivables

		The Group			*The Company*		
	Note	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Interest receivables		10,468	13,958	17,269	140	221	444
Less: allowances for impairment losses	43(a)	(70)	(242)	(719)	-	-	-
		10,398	13,716	16,550	140	221	444

19 Trade and other receivables (continued)

(c) Prepayments, deposits and other receivables

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Prepayments, deposits and other receivables		29,302	27,921	29,399	13,716	19,815	21,843
Less: allowances for impairment losses	43(a)	(825)	(572)	(707)	-	-	-
		28,477	27,349	28,692	13,716	19,815	21,843

20 Inventories

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Raw materials	2,317	1,821	1,918
Work-in-progress	2,236	1,759	2,168
Finished goods	5,849	4,416	4,967
Properties			
– Properties under development for sale	54,798	72,720	62,181
– Properties held for sale	2,420	4,543	9,890
– Others	5,419	3,264	2,277
Others	588	41	294
	73,627	88,564	83,695

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Carrying amount of inventories sold	6	84,596	95,875	105,236
Write down of inventories	43(a)	897	487	170
Reversal of write-down of inventories	43(a)	(8)	(127)	(69)
		85,485	96,235	105,337

21 Financial assets held under resale agreements

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
By counterparties:			
PBOC	24,410	-	-
Banks	123,500	61,495	282,515
Non-bank financial institutions	14,300	7,587	4,732
	162,210	69,082	287,247
By types of collaterals:			
Discounted bills	37,931	44,707	225,046
Debt securities	113,094	15,128	48,292
Others	11,185	9,247	13,909
	162,210	69,082	287,247
By remaining maturity:			
Within one month	143,589	44,414	132,445
Between one month and one year	16,168	22,742	149,879
Over one year	2,453	1,926	4,923
	162,210	69,082	287,247

22 Loans and advances to customers and other parties

(a) Types of loans and advances

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Corporate loans				
– Loans		1,123,986	1,262,228	1,440,991
– Discounted bills		49,451	74,994	64,769
– Lease payment receivables		1,704	1,043	696
		1,175,141	1,338,265	1,506,456
Personal loans				
– Residential mortgages		178,888	194,614	220,369
– Business loans		37,546	63,539	97,767
– Credit cards		32,133	54,165	86,494
– Others		19,630	22,329	35,923
		268,197	334,647	440,553
		1,443,338	1,672,912	1,947,009
Less: Allowances for				
– Individual impairment allowances		(7,039)	(9,942)	(11,644)
– Collective impairment allowances		(19,608)	(28,677)	(32,316)
	43(a)	(26,647)	(38,619)	(43,960)
		1,416,691	1,634,293	1,903,049

The Company

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Corporate loans		28,893	26,652	20,975
Less: Individual impairment allowances	43(b)	(3)	(3)	(3)
		28,890	26,649	20,972

The majority of the loans and advances of the Group are provided by CITIC Bank and other subsidiaries under the financial services segment of the Group to their customers.

The majority of the loan and advances provided by the Company are entrusted loans to subsidiaries.

22 Loans and advances to customers and other parties (continued)

(b) Types of collaterals

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Unsecured loans	333,365	335,377	404,585
Guaranteed loans	343,036	417,946	500,073
Loans with pledged assets	717,486	844,595	977,582
	1,393,887	1,597,918	1,882,240
Discounted bills	49,451	74,994	64,769
Gross loans and advances	1,443,338	1,672,912	1,947,009

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Unsecured loans	27,403	24,621	17,854
Guaranteed loans	90	-	-
Loans with pledged assets	1,400	2,031	3,121
Gross loans and advances	28,893	26,652	20,975

22 Loans and advances to customers and other parties (continued)

(c) Assessment method of allowances for impairment losses

The Group

	At 31 December 2011				
	Loans and advances for which allowances are collectively assessed	*Impaired loans and advances (note (i))* *for which allowances are collectively assessed*	*Impaired loans and advances (note (i))* *for which allowances are individually assessed*	*Total*	*Gross impaired loans and advances as a percentage of gross total loans and advances*
	RMB million	RMB million	RMB million	RMB million	
Gross loans and advances	1,427,479	877	14,982	1,443,338	1.10%
Less: Allowances for impairment losses	(18,856)	(752)	(7,039)	(26,647)	
	1,408,623	125	7,943	1,416,691	

	At 31 December 2012				
	Loans and advances for which allowances are collectively assessed	*Impaired loans and advances (note (i))* *for which allowances are collectively assessed*	*Impaired loans and advances (note (i))* *for which allowances are individually assessed*	*Total*	*Gross impaired loans and advances as a percentage of gross total loans and advances*
	RMB million	RMB million	RMB million	RMB million	
Gross loans and advances	1,653,995	1,296	17,621	1,672,912	1.13%
Less: Allowances for impairment losses	(27,694)	(983)	(9,942)	(38,619)	
	1,626,301	313	7,679	1,634,293	

	At 31 December 2013				
	Loans and advances for which allowances are collectively assessed	*Impaired loans and advances (note (i))* *for which allowances are collectively assessed*	*Impaired loans and advances (note (i))* *for which allowances are individually assessed*	*Total*	*Gross impaired loans and advances as a percentage of gross total loans and advances*
	RMB million	RMB million	RMB million	RMB million	
Gross loans and advances	1,921,967	3,552	21,490	1,947,009	1.29%
Less: Allowances for impairment losses	(29,636)	(2,680)	(11,644)	(43,960)	
	1,892,331	872	9,846	1,903,049	

22 Loans and advances to customers and other parties (continued)

(c) Assessment method of allowances for impairment losses (continued)

Notes:

(i) Impaired loans and advances include loans and advances for which objective evidence of impairment exists and which have been assessed as bearing significant impairment losses. These loans and advances include loans and advances for which objective evidence of impairment has been identified:

- individually, or
- collectively; that is the portfolios of homogeneous loans and advances.

(ii) At 31 December 2011, 2012 and 2013, the loans and advances of the Group for which the impairment allowances were individually assessed amounted to RMB 14,982 million, RMB 17,621 million and RMB 21,490 million, respectively. The covered and uncovered portion of these loans and advances are as follows:

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Covered portion	6,465	6,308	6,052
Uncovered portion	8,517	11,313	15,438
	14,982	17,621	21,490

At 31 December 2011, 2012 and 2013, the fair value of collaterals held against these loans and advances amounted to RMB 11,628 million, RMB 12,387 million and RMB 12,852 million, respectively.

The fair value of collaterals was estimated by management based on the latest available external valuations adjusted by taking into account the current realisation experience as well as market situation.

22 Loans and advances to customers and other parties (continued)

(d) Movements of allowances for impairment losses

The Group

	2011			
		Impaired loans and advances		
	Loans and advances for which allowances are collectively assessed RMB million	*for which allowances are collectively assessed* RMB million	*for which allowances are individually assessed* RMB million	*Total* RMB million
At 1 January	13,821	670	6,715	21,206
Charge for the year				
– new impairment allowances charged to profit or loss	5,741	211	2,225	8,177
– impairment allowances released to profit or loss	(692)	(46)	(1,219)	(1,957)
Unwinding of discount	-	-	(142)	(142)
Transfer out	(14)	-	(24)	(38)
Written off	-	(129)	(636)	(765)
Recoveries of loans and advances previously written off	-	46	120	166
At 31 December	18,856	752	7,039	26,647

	2012			
		Impaired loans and advances		
	Loans and advances for which allowances are collectively assessed RMB million	*for which allowances are collectively assessed* RMB million	*for which allowances are individually assessed* RMB million	*Total* RMB million
At 1 January	18,856	752	7,039	26,647
Charge for the year				
– new impairment allowances charged to profit or loss	9,077	415	4,712	14,204
– impairment allowances released to profit or loss	(239)	(56)	(1,200)	(1,495)
Unwinding of discount	-	-	(206)	(206)
Transfer out	-	-	(54)	(54)
Written off	-	(184)	(558)	(742)
Recoveries of loans and advances previously written off	-	56	209	265
At 31 December	27,694	983	9,942	38,619

22 Loans and advances to customers and other parties (continued)

(d) Movements of allowances for impairment losses (continued)

The Group (continued)

	2013			
	Loans and advances	*Impaired loans and advances*		
	for which allowances are collectively assessed	*for which allowances are collectively assessed*	*for which allowances are individually assessed*	*Total*
	RMB million	RMB million	RMB million	RMB million
At 1 January	27,694	983	9,942	38,619
Charge for the year				
– new impairment allowances charged to profit or loss	1,972	2,594	11,310	15,876
– impairment allowances released to profit or loss	(30)	(42)	(5,065)	(5,137)
Unwinding of discount	-	-	(275)	(275)
Transfer out	-	-	(43)	(43)
Written off	-	(897)	(4,408)	(5,305)
Recoveries of loans and advances previously written off	-	42	183	225
At 31 December	29,636	2,680	11,644	43,960

There was no movement on allowances for impairment losses for the Company during the years ended 31 December 2011, 2012 and 2013.

(e) Overdue loans by overdue period

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the balance sheet dates.

22 Loans and advances to customers and other parties (continued)

(e) Overdue loans by overdue period (continued)

The Group

	At 31 December 2011				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	1,118	343	510	490	2,461
Guaranteed loans	612	1,863	798	1,153	4,426
Loans with pledged assets	3,976	1,029	889	986	6,880
	5,706	3,235	2,197	2,629	13,767

	At 31 December 2012				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	2,210	1,083	483	668	4,444
Guaranteed loans	2,525	1,103	341	1,070	5,039
Loans with pledged assets	7,153	3,840	3,569	881	15,443
	11,888	6,026	4,393	2,619	24,926

	At 31 December 2013				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	2,492	1,739	1,169	674	6,074
Guaranteed loans	3,774	4,572	1,978	499	10,823
Loans with pledged assets	9,158	6,013	4,785	782	20,738
	15,424	12,324	7,932	1,955	37,635

22 Loans and advances to customers and other parties (continued)

(e) Overdue loans by overdue period (continued)

The Company

	At 31 December 2011				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	-	100	128	2	230

	At 31 December 2012				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	-	-	449	104	553
Loans with pledged assets	-	-	100	-	100
	-	-	549	104	653

	At 31 December 2013				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	-	-	406	133	539
Loans with pledged assets	-	-	100	-	100
	-	-	506	133	639

23 Available-for-sale financial assets

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Debt securities	(a)	127,267	192,617	173,386	-	-	-
Wealth management products	(b)	10,423	26,510	33,568	2,859	19,708	22,610
Certificate of deposits	(c)	1,766	3,787	4,828	-	-	-
Equity investments	(d)	5,217	5,862	4,796	2,159	2,571	1,537
		144,673	228,776	216,578	5,018	22,279	24,147
Less: Allowances for impairment losses	43(a)	(499)	(470)	(1,182)	-	-	-
		144,174	228,306	215,396	5,018	22,279	24,147
Issued by:							
Government		22,911	35,096	38,578	-	-	-
PBOC		11,611	6,325	-	-	-	-
Policy banks		39,477	19,252	26,713	-	-	-
Banks and non-bank financial institutions		14,415	81,356	85,928	-	19,000	21,373
Corporate entities		55,760	86,277	64,177	5,018	3,279	2,774
		144,174	228,306	215,396	5,018	22,279	24,147
By remaining maturity:							
Within three months		29,149	37,481	32,330	400	9,900	12,070
Between three months and one year		34,446	57,787	27,546	580	9,100	9,303
Over one year		75,245	125,672	149,138	1,879	128	1,237
No fixed terms		5,334	7,366	6,382	2,159	3,151	1,537
		144,174	228,306	215,396	5,018	22,279	24,147

(a) Debt securities

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Debt securities	127,267	192,617	173,386
Less: Allowances for impairment losses	(304)	(143)	(151)
	126,963	192,474	173,235
Representing:			
Listed in Hong Kong	3,728	3,824	5,114
Listed outside Hong Kong	1,114	1,550	1,614
Unlisted	122,121	187,100	166,507
	126,963	192,474	173,235

23 Available-for-sale financial assets (continued)

(b) Wealth management products

	The Group			*The Company*		
	2011 RMB million	2012 RMB million	2013 RMB million	2011 RMB million	2012 RMB million	2013 RMB million
Wealth management products	10,423	26,510	33,568	2,859	19,708	22,610
Less: Allowances for impairment losses	-	(63)	(732)	-	-	-
	10,423	26,447	32,836	2,859	19,708	22,610
Representing:						
Unlisted	10,423	26,447	32,836	2,859	19,708	22,610

(c) Certificate of deposits

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Certificate of deposits	1,766	3,787	4,828
Representing:			
Unlisted	1,766	3,787	4,828

(d) Equity investments

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Equity investments	5,217	5,862	4,796	2,159	2,571	1,537
Less: Allowances for impairment losses	(195)	(264)	(299)	-	-	-
	5,022	5,598	4,497	2,159	2,571	1,537
Representing:						
Listed in Hong Kong	47	34	39	-	-	-
Listed outside Hong Kong	1,781	1,712	1,512	414	483	503
Unlisted	3,194	3,852	2,946	1,745	2,088	1,034
	5,022	5,598	4,497	2,159	2,571	1,537

24 Held-to-maturity investments

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Debt securities		107,964	134,535	154,840
Less: Allowances for impairment losses	43(a)	(137)	(130)	(48)
		107,827	134,405	154,792
Representing:				
Listed in Hong Kong		131	119	282
Listed outside Hong Kong		544	696	606
Unlisted		107,152	133,590	153,904
		107,827	134,405	154,792
Issued by:				
Government		38,899	35,280	40,119
PBOC		13,523	4,728	-
Policy banks		24,631	24,733	20,296
Banks and non-bank financial institutions		18,389	49,024	61,471
Corporate entities		12,385	20,640	32,906
		107,827	134,405	154,792
By remaining maturity:				
Within three months		1,807	1,137	5,309
Between three months and one year		24,846	18,092	12,709
Over one year		81,174	115,176	136,774
		107,827	134,405	154,792
Market value of listed debt securities		692	848	741

25 Investments classified as receivables

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Trust investment plans	-	26,880	96,999
Investment management products managed by securities companies	-	3,269	114,987
Wealth management products issued by financial institutions	-	4,030	65,558
Corporate bonds	-	15,370	20,814
Others	-	6,886	1,800
	-	56,435	300,158

The total amount of investments managed by CITIC Securities Co., Ltd ("CITIC Securities"), an associate of the Group, and CITIC Trust Co., Ltd ("CITIC Trust"), a subsidiary of the Company, is RMB Nil, RMB 31,380 million and RMB 27,983 million at 31 December 2011, 2012 and 2013, respectively.

26 Investments in subsidiaries

The Company

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Listed shares, at cost		109,550	113,035	120,887
Unlisted shares and capital contributions, at cost		48,555	48,339	48,909
		158,105	161,374	169,796
Less: impairment losses	43(b)	(207)	(207)	-
		157,898	161,167	169,796
Market value of listed shares		112,332	126,598	122,203

The particulars of the principal subsidiaries are set out in note 55.

26 Investments in subsidiaries (continued)

The Company (continued)

The following table lists out the information relating to CITIC Bank, CITIC Resources Holdings Limited ("CITIC Resources") and CITIC Heavy Industries Co., Limited ("CITIC Heavy Industries"), which are listed subsidiaries of the Group, and have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amount before any inter-company elimination:

		CITIC Bank			*CITIC Resources*			*CITIC Heavy Industries*		
	Note	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
		RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
NCI percentage		38.15%	38.15%	33.05%	43.00%	40.57%	40.59%	3.29%	28.96%	28.96%
Total assets		2,765,881	2,959,939	3,641,193	24,252	21,332	21,925	12,926	16,446	17,586
Including:										
Cash and deposits		752,926	664,758	628,187	8,477	6,801	5,499	1,670	4,276	4,678
Placements with banks and non-bank financial institutions		151,004	151,803	122,314	-	-	-	-	-	-
Financial assets at fair value through the profit and loss		8,190	12,285	11,018	2	2	2	-	-	-
Derivative financial assets		4,683	4,160	7,749	50	93	31	-	-	-
Financial assets held under resale agreements		162,210	69,082	286,767	-	-	-	-	-	-
Available-for-sale financial assets		134,518	196,849	177,960	26	21	1	-	-	-
Held-to-maturity investments		108,468	135,014	154,849	-	-	-	-	400	400
Investments classified as receivables		-	56,435	300,158	-	-	-	-	-	-
Total liabilities		(2,587,100)	(2,756,853)	(3,410,468)	(12,562)	(10,510)	(12,757)	(9,408)	(8,940)	(9,730)
Including:										
Deposits from banks and non-bank financial institutions		(535,546)	(370,108)	(559,667)	-	-	-	-	-	-
Placements from banks and non-bank financial institutions		(4,676)	(17,894)	(41,952)	-	-	-	-	-	-
Derivative financial liabilities		(3,764)	(3,412)	(6,853)	(202)	(161)	(77)	-	-	-
Financial assets sold under repurchase agreements		(9,806)	(11,732)	(7,949)	-	-	-	-	-	-
Deposits from customers		(1,968,051)	(2,255,141)	(2,651,678)	-	-	-	-	-	-
Bank and other loans		-	-	-	(2,953)	(1,985)	(5,843)	(3,433)	(3,354)	(2,581)
Net assets		178,781	203,086	230,725	11,690	10,822	9,168	3,518	7,506	7,856
Equity attributable to										
– Equity shareholders		174,496	198,356	225,601	11,582	10,725	9,173	3,512	7,499	7,849
– NCI		4,285	4,730	5,124	108	97	(5)	6	7	7
		178,781	203,086	230,725	11,690	10,822	9,168	3,518	7,506	7,856
Carrying amount of NCI		70,855	80,403	79,685	5,088	4,448	3,718	122	2,179	2,280

26 Investments in subsidiaries (continued)

The Company (continued)

	Note	CITIC Bank			CITIC Resources			CITIC Heavy Industries		
		2011 RMB million	2012 RMB million	2013 RMB million	2011 RMB million	2012 RMB million	2013 RMB million	2011 RMB million	2012 RMB million	2013 RMB million
Revenue		77,092	89,711	104,813	27,689	34,659	31,398	7,041	7,236	5,083
Profit/(loss) for the year		30,844	31,385	39,717	1,836	(1,055)	(1,280)	828	872	500
Total comprehensive income		31,051	31,089	34,657	1,867	(881)	(1,355)	812	876	503
Profit/(loss) allocated to NCI		11,782	12,192	13,489	793	(436)	(585)	38	253	146
Dividends paid to NCI		982	2,588	2,677	68	40	-	-	-	44
Cash flows from/(used in) operating activities		300,104	(55,426)	(136,231)	1,821	(436)	(625)	(559)	828	(5)
Cash flows (used in)/from investing activities		(10,598)	(101,352)	(10,321)	3,687	354	(4,106)	1,498	(1,304)	(300)
Cash flows from/(used in) financing activities		17,880	14,598	11,722	1,325	(1,728)	2,307	(350)	3,071	702

CITIC Bank is listed on the Main Board of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

CITIC Resources is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

CITIC Heavy Industries is listed on the Shanghai Stock Exchange.

27 Interests in associates

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Share of net assets		30,116	33,018	37,236
Less: impairment losses	43(a)	(66)	(1,539)	(1,540)
		30,050	31,479	35,696

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Listed shares, at cost	18,503	18,503	18,503
Unlisted shares, at cost	603	602	551
	19,106	19,105	19,054
Market value of listed shares	27,010	34,774	35,086

The particulars of the principal associates are set out in note 55.

27 Interests in associates (continued)

The Group

Summarised financial information of the material associates are disclosed below:

	CITIC Securities			*CITIC Damang Holdings Limited ("CITIC Damang")*			*Alumina Limited ("Alumina")*			*Sinopec Yizheng Chemical Fibre Company Limited ("Sinopec Yizheng")*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Gross amounts of the associates												
Total assets	148,280	168,508	271,354	7,213	7,552	7,283	-	-	18,071	11,450	11,138	10,629
Total liabilities	(61,290)	(81,824)	(181,952)	(3,663)	(4,379)	(4,390)	-	-	(1,040)	(2,458)	(2,625)	(3,566)
Net assets	86,990	86,684	89,402	3,550	3,173	2,893	-	-	17,031	8,992	8,513	7,063
Equity attributable to												
– Equity shareholder	86,587	86,465	87,688	3,230	2,934	2,721	-	-	17,031	8,992	8,513	7,063
– Non-controlling interests	403	219	1,714	320	239	172	-	-	-	-	-	-
	86,990	86,684	89,402	3,550	3,173	2,893	-	-	17,031	8,992	8,513	7,063
Revenue	26,371	13,071	20,279	3,036	2,421	2,328	-	-	2	20,180	16,988	17,677
Profit/(loss) for the year	12,604	4,307	5,308	288	(404)	(254)	-	-	3	839	(358)	(1,450)
Other comprehensive income	(2,872)	386	(647)	125	21	51	-	-	(1,872)	-	-	-
Total comprehensive income	9,732	4,693	4,661	413	(383)	(203)	-	-	(1,869)	839	(358)	(1,450)
Dividends received from associates	1,009	962	671	-	12	-	-	-	-	22	22	-
Reconciled to the Group's interests in associates												
Gross amounts of net assets of associates attributable to the Group	86,587	86,465	87,688	3,230	2,934	2,721	-	-	17,031	8,992	8,513	7,063
Group's effective interest	20.30%	20.30%	20.30%	32.24%	33.19%	33.18%	-	-	10.21%	18.00%	18.00%	17.25%
Group's share of net assets of associates	17,577	17,552	17,801	1,041	974	903	-	-	1,739	1,619	1,532	1,218
Non-controlling interests' share of net assets of associates	-	-	-	542	464	430	-	-	581	-	-	-
Others	1,060	1,030	1,031	2,017	2,000	1,980	-	-	575	25	23	125
Impairment losses	-	-	-	-	(1,536)	(1,536)	-	-	-	-	-	-
Carrying amount in the combined financial statements	18,637	18,582	18,832	3,600	1,902	1,777	-	-	2,895	1,644	1,555	1,343

CITIC Securities and Sinopec Yizheng are listed on the Main Board of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

CITIC Damang is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

In 2013, the Group acquired a total of 10.21% of the shares of Alumina with cash of AUD 468 million (equivalent to RMB 2,989 million). Alumina is a company listed on the Australian Securities Exchange and the New York Exchange, and is principally involved in bauxite mining and alumina refining operations.

27 Interests in associates (continued)

The Group

Aggregate information of the associates that are not individually material:

	2011 RMB million	*2012* RMB million	*2013* RMB million
Aggregate carrying amount of individually immaterial associates in the combined financial statements	6,169	9,440	10,849
Aggregate amount of the Group's share of those associates			
Post-tax profit for the year	1,717	438	1,120
Other comprehensive income	(210)	86	1,135
Total comprehensive income	1,507	524	2,255

28 Interests in joint ventures

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Share of net assets		8,353	9,106	9,363
Less: impairment losses	43(a)	(40)	(40)	(39)
		8,313	9,066	9,324

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Unlisted shares, at cost	2,008	2,008	2,008

The particulars of the principal joint ventures are set out in note 55.

28 Interests in joint ventures (continued)

The Group

Summarised financial information of the material joint ventures are disclosed below:

	CITIC-Prudential Life Insurance Co., Ltd.			*Bowenvale Limited*			*CITIC Capital Holding Limited*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Gross amount of the joint ventures									
Total assets	17,343	22,573	28,462	6,139	7,031	6,717	9,046	9,907	11,192
Total liabilities	(15,436)	(20,298)	(25,979)	(716)	(911)	(798)	(4,160)	(4,012)	(5,040)
Net assets	1,907	2,275	2,483	5,423	6,120	5,919	4,886	5,895	6,152
Equity attributable to									
– Equity shareholder	1,907	2,275	2,483	4,038	4,556	4,406	4,739	5,637	6,022
– Non-controlling interests	-	-	-	1,385	1,564	1,513	147	258	130
	1,907	2,275	2,483	5,423	6,120	5,919	4,886	5,895	6,152
Revenue	4,144	4,455	5,185	1,312	1,443	1,196	551	416	507
Profit/(loss) from continuing operations	321	298	204	749	630	596	236	(298)	548
Post-tax (loss)/profit from discontinued operations	-	-	-	(66)	109	-	-	-	-
Other comprehensive income	(180)	70	-	-	-	-	100	25	70
Total comprehensive income	141	368	204	683	739	596	336	(273)	618
Dividends received from joint ventures	-	-	-	61	14	-	-	-	-
Reconciled to the Group's interests in joint ventures									
Gross amounts of net assets of joint ventures attributable to the Group	1,907	2,275	2,483	4,038	4,556	4,406	4,739	5,637	6,022
Group's effective interest	50.00%	50.00%	50.00%	50.50%	50.50%	50.50%	11.96%	9.30%	9.43%
Group's share of net assets of joint ventures	954	1,138	1,242	2,039	2,301	2,225	567	524	568
Non-controlling interest' share of net assets of joint ventures	-	-	-	-	-	-	736	682	682
Others	1,124	1,124	1,124	37	37	37	80	75	77
Carrying amount in the combined financial statements	2,078	2,262	2,366	2,076	2,338	2,262	1,383	1,281	1,327

28 Interests in joint ventures (continued)

The Group

Aggregate information of joint ventures that are not individually material:

	2011 RMB million	*2012* RMB million	*2013* RMB million
Aggregate carrying amount of individually immaterial joint ventures in the combined financial statements	2,783	3,195	3,369
Aggregate amount of the Group's share of those joint ventures			
Post-tax profit for the year	32	586	230
Total comprehensive income	32	586	230

29 Fixed assets

(a) The Group

		Property, plant and equipment									
	Note	*Plant and buildings* RMB million	*Machinery and equipment* RMB million	*Construction in progress* RMB million	*Office and other equipment* RMB million	*Motor vehicles* RMB million	*Others* RMB million	*Sub-total* RMB million	*Land use rights* RMB million	*Total* RMB million	*Investment properties* RMB million
Cost or valuation:											
At 1 January 2011		14,776	9,859	3,592	4,561	3,046	689	36,523	3,353	39,876	3,798
Exchange adjustments		(871)	(20)	(17)	(33)	(15)	(13)	(969)	(13)	(982)	(28)
Additions		1,514	1,548	3,278	1,043	186	187	7,756	746	8,502	1,501
Disposals		(222)	(188)	(683)	(198)	(60)	(156)	(1,507)	(334)	(1,841)	(45)
Transfer		472	1,265	(1,913)	11	160	2	(3)	-	(3)	3
Change in fair value of investment properties		-	-	-	-	-	-	-	-	-	69
At 31 December 2011		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	5,298
Accumulated depreciation, amortisation and impairment losses:											
At 1 January 2011		(3,173)	(2,998)	(37)	(2,476)	(1,070)	(232)	(9,986)	(260)	(10,246)	-
Exchange adjustments		29	38	-	26	11	57	161	2	163	-
Charge for the year	7(c)	(432)	(695)	-	(703)	(244)	(49)	(2,123)	(71)	(2,194)	-
Written back on disposals		156	114	22	162	58	63	575	59	634	-
Impairment losses	43(a)	(86)	(323)	-	(1)	-	(1)	(411)	-	(411)	-
At 31 December 2011		(3,506)	(3,864)	(15)	(2,992)	(1,245)	(162)	(11,784)	(270)	(12,054)	-
Net book value:											
At 31 December 2011		12,163	8,600	4,242	2,392	2,072	547	30,016	3,482	33,498	5,298
Represented by:											
Cost		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	-
Valuation		-	-	-	-	-	-	-	-	-	5,298
		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	5,298

29 Fixed assets (continued)

(a) The Group (continued)

	Note	*Property, plant and equipment* Plant and buildings RMB million	Machinery and equipment RMB million	Construction in progress RMB million	Office and other equipment RMB million	Motor vehicles RMB million	Others RMB million	Sub-total RMB million	Land use rights RMB million	Total RMB million	Investment properties RMB million
Cost or valuation:											
At 1 January 2012		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	5,298
Exchange adjustments		62	43	49	2	-	3	159	6	165	15
Additions		1,607	564	3,076	1,253	1,178	274	7,952	96	8,048	453
Disposals		(224)	(1,275)	(1,023)	(303)	(131)	(125)	(3,081)	(97)	(3,178)	(1,358)
Transfer		738	600	(1,599)	16	221	12	(12)	-	(12)	12
Change in fair value of investment properties		-	-	-	-	-	-	-	-	-	80
At 31 December 2012		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	4,500
Accumulated depreciation, amortisation and impairment losses:											
At 1 January 2012		(3,506)	(3,864)	(15)	(2,992)	(1,245)	(162)	(11,784)	(270)	(12,054)	-
Exchange adjustments		6	(12)	-	(1)	1	16	10	(1)	9	-
Charge for the year	7(c)	(679)	(857)	-	(844)	(576)	(130)	(3,086)	(79)	(3,165)	-
Written back on disposals		42	524	-	191	68	22	847	-	847	-
Impairment losses	43(a)	(44)	(4)	-	(1)	(1)	(18)	(68)	-	(68)	-
At 31 December 2012		(4,181)	(4,213)	(15)	(3,647)	(1,753)	(272)	(14,081)	(350)	(14,431)	-
Net book value:											
At 31 December 2012		13,671	8,183	4,745	2,705	2,832	601	32,737	3,407	36,144	4,500
Represented by:											
Cost		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	-
Valuation		-	-	-	-	-	-	-	-	-	4,500
		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	4,500

29 Fixed assets (continued)

(a) The Group (continued)

	Note	*Property, plant and equipment*									
		Plant and buildings RMB million	*Machinery and equipment* RMB million	*Construction in progress* RMB million	*Office and other equipment* RMB million	*Motor vehicles* RMB million	*Others* RMB million	*Sub-total* RMB million	*Land use rights* RMB million	*Total* RMB million	*Investment properties* RMB million
Cost or valuation:											
At 1 January 2013		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	4,500
Exchange adjustments		(66)	(137)	(10)	(23)	(19)	(39)	(294)	(3)	(297)	(189)
Additions		1,611	506	4,303	1,840	995	725	9,980	7,336	17,316	328
Disposals		(546)	(276)	(434)	(315)	(330)	(805)	(2,706)	(79)	(2,785)	(13)
Transfer		816	2,770	(3,819)	22	70	204	63	-	63	(63)
Change in fair value of investment properties		-	-	-	-	-	-	-	-	-	118
At 31 December 2013		19,667	15,259	4,800	7,876	5,301	958	53,861	11,011	64,872	4,681
Accumulated depreciation, amortisation and impairment losses:											
At 1 January 2013		(4,181)	(4,213)	(15)	(3,647)	(1,753)	(272)	(14,081)	(350)	(14,431)	-
Exchange adjustments		20	65	-	19	-	4	108	1	109	-
Charge for the year	7(c)	(720)	(828)	-	(861)	(409)	(4)	(2,822)	(144)	(2,966)	-
Written back on disposals		181	209	10	266	221	12	899	-	899	-
Transfer		-	-	-	-	-	-	-	22	22	-
Impairment losses	43(a)	(19)	(1,418)	-	-	(30)	-	(1,467)	-	(1,467)	-
At 31 December 2013		(4,719)	(6,185)	(5)	(4,223)	(1,971)	(260)	(17,363)	(471)	(17,834)	-
Net book value:											
At 31 December 2013		14,948	9,074	4,795	3,653	3,330	698	36,498	10,540	47,038	4,681
Represented by:											
Cost		19,667	15,259	4,800	7,876	5,301	958	53,861	11,011	64,872	-
Valuation		-	-	-	-	-	-	-	-	-	4,681
		19,667	15,259	4,800	7,876	5,301	958	53,861	11,011	64,872	4,681

29 Fixed assets (continued)

(a) The Group (continued)

At 31 December 2011, 2012 and 2013, the net book value of the Group's premises and land use rights for which the registration procedures for ownership had not been completed was approximately RMB 1,325 million, RMB 2,265 million and RMB 4,639 million, respectively. The Group anticipates that there would be no significant issues and costs in completing such procedures.

(b) The Company

	Motor vehicles RMB million	*Others* RMB million	*Total* RMB million
Cost:			
At 27 December 2011 (date of establishment)	20	56	76
Additions	11	3	14
Disposals	(4)	(24)	(28)
At 31 December 2011	27	35	62
Accumulated depreciation:			
At 27 December 2011 (date of establishment)	(11)	(45)	(56)
Charge for the year	(6)	(7)	(13)
Written back on disposals	8	26	34
At 31 December 2011	(9)	(26)	(35)
Net book value:			
At 31 December 2011	18	9	27

29 Fixed assets (continued)

(b) The Company (continued)

	Motor vehicles RMB million	*Others* RMB million	*Total* RMB million
Cost:			
At 1 January 2012	27	35	62
Additions	-	24	24
Disposals	(3)	(6)	(9)
At 31 December 2012	24	53	77
Accumulated depreciation:			
At 1 January 2012	(9)	(26)	(35)
Charge for the year	(4)	(7)	(11)
Written back on disposals	-	2	2
At 31 December 2012	(13)	(31)	(44)
Net book value:			
At 31 December 2012	11	22	33

29 Fixed assets (continued)

(b) The Company (continued)

	Motor vehicles RMB million	*Others* RMB million	*Total* RMB million
Cost:			
At 1 January 2013	24	53	77
Additions	-	4	4
Disposals	-	(3)	(3)
At 31 December 2013	24	54	78
Accumulated depreciation:			
At 1 January 2013	(13)	(31)	(44)
Charge for the year	(4)	(9)	(13)
Written back on disposals	-	3	3
At 31 December 2013	(17)	(37)	(54)
Net book value:			
At 31 December 2013	7	17	24

29 Fixed assets (continued)

(c) The tenure of the properties is as follows:

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
In Mainland China			
– leases of over fifty years	485	521	570
– leases of between ten to fifty years	17,980	18,510	26,909
– leases of less than ten years	208	234	256
	18,673	19,265	27,735
In Hong Kong			
– leases of over fifty years	131	151	160
– leases of between ten to fifty years	1,384	1,338	1,408
	1,515	1,489	1,568
Properties held overseas			
– freehold	559	603	625
– leases of between ten to fifty years	67	76	82
– leases of less than ten years	129	145	159
	755	824	866
	20,943	21,578	30,169

29 Fixed assets (continued)

(d) Fair value measurement of properties

(i) Property valuation

Investment properties were revalued at 31 December 2011, 2012 and 2013 by the following independent professionally qualified valuers. The management of the Group had discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each balance sheet date.

Properties located in	*Valuers in 2011*
Mainland China and Hong Kong	Beijing Pan-China Assets Appraisal Co., Ltd.
	China United Assets Appraisals Group
	Knight Frank Petty Limited
	Prudential Surveyors International Limited
	Zhongzhan Assets Appraisals Company Limited
	Cheong Land Investment Company Limited
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited
	Network Real Estate Appraisal Co., Ltd.

Properties located in	*Valuers in 2012*
Mainland China and Hong Kong	Beijing Sinotop Appraisal Co., Ltd.
	China United Assets Appraisals Group
	Knight Frank Petty Limited
	Prudential Surveyors International Limited
Overseas	Network Real Estate Appraisal Co., Ltd.

29 Fixed assets (continued)

(d) Fair value measurement of properties

(i) Property valuation (continued)

Properties located in	*Valuers in 2013*
Mainland China and Hong Kong	DeveChina International Appraisals Company Limited
	Knight Frank Petty Limited
	Prudential Surveyors International Limited
	Yinxin Appraisal Co., Ltd.
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited

(ii) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the balance sheet dates on a recurring basis, categorised into the three-level hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

29 Fixed assets (continued)

(d) Fair value measurement of properties (continued)

(ii) Fair value hierarchy (continued)

	Level 3		
	Fair value at 31 December 2011	*Fair value at 31 December 2012*	*Fair value at 31 December 2013*
	RMB million	RMB million	RMB million
The Group			
Recurring fair value measurement			
Investment properties - Mainland China			
At 1 January	2,688	3,749	3,000
Additions	1,061	-	259
Disposals	(34)	(964)	(9)
Transfer	122	251	(77)
Change in fair value of investment properties	(88)	(36)	(40)
At 31 December	3,749	3,000	3,133
Investment properties - Hong Kong			
At 1 January	917	1,279	1,222
Exchange adjustments	(25)	12	(169)
Additions	364	451	69
Disposals	(11)	(394)	(4)
Transfer	(119)	(239)	14
Change in fair value of investment properties	153	113	146
At 31 December	1,279	1,222	1,278
Investment properties - Overseas			
At 1 January	193	270	278
Exchange adjustments	(3)	3	(20)
Additions	76	2	-
Change in fair value of investment properties	4	3	12
At 31 December	270	278	270

29 Fixed assets (continued)

(d) Fair value measurement of properties (continued)

(ii) Fair value hierarchy (continued)

The Group's policy is to recognise transfers between levels of fair value hierarchy at the balance sheet date in which they occur. During the years ended 31 December 2011, 2012 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(iii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of investment properties located in Mainland China is determined by using income capitalisation approach and with reference to sales evidence as available in the market. The income capitalisation approach is the sum of the term value and the reversionary value by discounting the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit market rent at the capitalisation rate after the existing lease period.

The fair value of investment properties located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

30 Intangible assets

The Group

	Note	*Roads and tunnels operating rights* RMB million	*Mining assets* RMB million	*Others* RMB million	*Total* RMB million
Cost:					
At 1 January 2011		4,270	309	1,377	5,956
Exchange adjustments		-	-	(41)	(41)
Additions		1,921	-	813	2,734
Disposals		-	(57)	(46)	(103)
At 31 December 2011		6,191	252	2,103	8,546
Accumulated amortisation and impairment losses:					
At 1 January 2011		(185)	(41)	(699)	(925)
Exchange adjustments		-	-	26	26
Charge for the year	7(c)	(61)	(12)	(180)	(253)
Written back on disposals		-	-	8	8
Impairment loss	43(a)	-	-	(119)	(119)
At 31 December 2011		(246)	(53)	(964)	(1,263)
Net book value:					
At 31 December 2011		5,945	199	1,139	7,283

30 Intangible assets (continued)

The Group (continued)

	Note	*Roads and tunnels operating rights* RMB million	*Mining assets* RMB million	*Others* RMB million	*Total* RMB million
Cost:					
At 1 January 2012		6,191	252	2,103	8,546
Exchange adjustments		-	-	37	37
Additions		2,354	57	290	2,701
Disposals		-	-	(5)	(5)
At 31 December 2012		8,545	309	2,425	11,279
Accumulated amortisation and impairment losses:					
At 1 January 2012		(246)	(53)	(964)	(1,263)
Exchange adjustments		-	-	(23)	(23)
Charge for the year	7(c)	(63)	(14)	(288)	(365)
Written back on disposals		-	-	1	1
Impairment loss	43(a)	-	-	(23)	(23)
At 31 December 2012		(309)	(67)	(1,297)	(1,673)
Net book value:					
At 31 December 2012		8,236	242	1,128	9,606

30 Intangible assets (continued)

The Group (continued)

	Note	*Roads and tunnels operating rights* RMB million	*Mining assets* RMB million	*Others* RMB million	*Total* RMB million
Cost:					
At 1 January 2013		8,545	309	2,425	11,279
Exchange adjustments		-	(24)	(27)	(51)
Additions		2,323	811	225	3,359
Disposals		(11)	-	(14)	(25)
At 31 December 2013		10,857	1,096	2,609	14,562
Accumulated amortisation and impairment losses:					
At 1 January 2013		(309)	(67)	(1,297)	(1,673)
Exchange adjustments		-	3	26	29
Charge for the year	7(c)	(79)	(93)	(308)	(480)
Written back on disposals		-	-	12	12
Impairment loss	43(a)	-	(36)	-	(36)
At 31 December 2013		(388)	(193)	(1,567)	(2,148)
Net book value:					
At 31 December 2013		10,469	903	1,042	12,414

Amortisation charge is included in “other operating expenses” in the combined income statements.

31 Goodwill

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Cost:			
At 1 January	3,111	3,307	3,322
Additions	314	15	89
Disposals	(118)	-	(167)
At 31 December	3,307	3,322	3,244
Accumulated impairment losses:			
At 1 January	(20)	(277)	(277)
Impairment losses	(257)	-	-
At 31 December	(277)	(277)	(277)
Carrying amount:			
At 31 December	3,030	3,045	2,967

Goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	2011 RMB million	*2012* RMB million	*2013* RMB million
Resources and energy	1,368	1,384	1,243
Financial services	1,244	1,243	1,219
Manufacturing	312	312	399
Real estates and infrastructure	106	106	106
	3,030	3,045	2,967

The recoverable amounts of the CGUs are determined based on value-in-use calculations approved by management. Based on management's impairment assessment, impairment loss of RMB 257 million was recognised during the year ended 31 December 2011 in connection with the resources and energy segment. No impairment loss was recognised for the years ended 31 December 2012 and 2013.

32 Income tax in the balance sheets

(a) Current taxation in the balance sheets represents:

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Income tax payable	5,482	5,439	5,462
Land appreciation tax payable	1,440	389	311
	6,922	5,828	5,773

32 Income tax in the balance sheets (continued)

(b) Deferred tax assets/(liabilities) recognised:

(i) The Group

The components of deferred tax assets/(liabilities) recognised in the balance sheets and the movements during the years ended 31 December 2011, 2012 and 2013 are as follows:

	Note	*Tax losses* RMB million	*Accrued expenses* RMB million	*Impairment loss on assets other than fixed assets* RMB million	*Fair value changes of financial instruments* RMB million	*Temporary differences on depreciation and impairment loss on fixed assets* RMB million	*Revaluation of investment properties* RMB million	*Others* RMB million	*Total* RMB million
Deferred tax arising from:									
At 1 January 2011		338	1,299	1,855	(468)	(621)	(120)	333	2,616
(Charged)/credited to profit or loss	8(a)	(86)	290	987	(85)	33	(365)	(376)	398
Credited to reserves		-	-	-	12	-	-	3	15
Exchange differences and others		53	(3)	(14)	11	(3)	(8)	135	171
At 31 December 2011		305	1,586	2,828	(530)	(591)	(493)	95	3,200
At 1 January 2012		305	1,586	2,828	(530)	(591)	(493)	95	3,200
Credited/(charged) to profit or loss	8(a)	151	507	2,442	61	(6)	(37)	(225)	2,893
Credited to reserves		-	-	-	143	-	-	1	144
Exchange differences and others		(9)	1	5	29	(7)	90	(288)	(179)
At 31 December 2012		447	2,094	5,275	(297)	(604)	(440)	(417)	6,058

32 Income tax in the balance sheets (continued)

(b) Deferred tax assets/(liabilities) recognised (continued):

(i) The Group (continued)

The components of deferred tax assets/(liabilities) recognised in the balance sheets and the movements during the years ended 31 December 2011, 2012 and 2013 are as follows (continued):

	Note	*Tax losses* RMB million	*Accrued expenses* RMB million	*Impairment loss on assets other than fixed assets* RMB million	*Fair value changes of financial instruments* RMB million	*Temporary differences on depreciation and impairment loss on fixed assets* RMB million	*Revaluation of investment properties* RMB million	*Others* RMB million	*Total* RMB million
Deferred tax arising from:									
At 1 January 2013		447	2,094	5,275	(297)	(604)	(440)	(417)	6,058
Credited/(charged) to profit or loss	8(a)	311	(2)	872	(71)	459	32	50	1,651
Credited/(charged) to reserves		-	-	-	1,525	-	-	(8)	1,517
Exchange differences and others		(89)	(9)	(18)	39	(72)	11	38	(100)
At 31 December 2013		669	2,083	6,129	1,196	(217)	(397)	(337)	9,126

32 Income tax in the balance sheets (continued)

(b) Deferred tax assets/(liabilities) recognised (continued):

(ii) The Company

The components of deferred tax liabilities recognised in the balance sheets and the movements during the years ended 31 December 2011, 2012 and 2013 are as follows:

	Fair value changes of financial instruments RMB million	*Others* RMB million	*Total* RMB million
At 27 December 2011 (date of establishment)	-	-	-
Charged to reserves	(16)	(11)	(27)
At 31 December 2011	(16)	(11)	(27)
At 1 January 2012	(16)	(11)	(27)
(Charged)/credited to reserves	(18)	11	(7)
At 31 December 2012	(34)	-	(34)
At 1 January 2013	(34)	-	(34)
Charged to reserves	(7)	-	(7)
At 31 December 2013	(41)	-	(41)

(iii) Reconciliation to the balance sheets:

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Net deferred tax assets recognised on the balance sheets	5,381	8,427	10,930	-	-	-
Net deferred tax liabilities recognised on the balance sheets	(2,181)	(2,369)	(1,804)	(27)	(34)	(41)
	3,200	6,058	9,126	(27)	(34)	(41)

32 Income tax in the balance sheets (continued)

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of the following items:

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Deductible temporary differences	686	1,288	705
Tax losses	4,321	4,880	3,868
	5,007	6,168	4,573

It is not probable that future taxable profits against which the above deductible temporary differences and tax losses can be utilised by the Group will be available in the relevant tax jurisdictions and entities.

Included in the Group's unrecognised tax losses is an amount of RMB 1,366 million, RMB 1,966 million and RMB 1,855 million at 31 December 2011, 2012 and 2013, respectively, which can be carried forward up to five years from the years in which the loss originated. The remaining balances do not expire under current tax legislation.

The Company

The Company has not recognised deferred tax assets in respect of estimated tax losses of RMB Nil, RMB 356 million, RMB Nil at 31 December 2011, 2012 and 2013, respectively, as it is not probable that future taxable profits against which the losses can be utilised by the Company will be available. The tax loss can be carried forward up to five years from the years in which the loss originated.

(d) Deferred tax liabilities not recognised

At 31 December 2011, 2012 and 2013, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB 21,688 million, RMB 21,222 million and RMB 20,443 million, respectively. Deferred tax liabilities of RMB 1,787 million, RMB 1,710 million and RMB 1,675 million have not been recognised in respect of the tax that would be payable on distribution of such retained profits as the Group does not intend to have these subsidiaries making any profit distribution in the foreseeable future.

33 Other assets

Other assets of the Group and the Company mainly represent deposits for the purchase of long-term assets.

34 Deposits from banks and non-bank financial institutions

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Banks	414,150	245,488	328,140
Non-bank financial institutions	120,917	123,915	229,764
	535,067	369,403	557,904
By remaining maturity:			
Within three months	525,399	298,745	350,604
Between three months and one year	9,668	70,658	161,734
Over one year	-	-	45,566
	535,067	369,403	557,904

35 Placements from banks and non-bank financial institutions

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Banks	3,857	17,165	41,372
Non-bank financial institutions	8	-	-
	3,865	17,165	41,372
By remaining maturity:			
Within three months	3,082	13,887	36,458
Between three months and one year	759	3,278	4,914
Over one year	24	-	-
	3,865	17,165	41,372

36 Trade and other payables

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Trade and bills payables	25,879	29,262	32,828	-	-	-
Advances from customers	22,084	36,666	25,874	-	-	-
Interest payables	14,274	22,686	29,335	531	1,129	1,335
Other taxes payables	3,526	3,791	3,340	-	23	35
Settlement accounts	1,169	808	11,897	-	-	-
Payment and collection clearance accounts	444	502	319	-	-	-
Other payables	27,020	34,602	35,040	6,982	7,053	2,610
	94,396	128,317	138,633	7,513	8,205	3,980

At the balance sheet dates, the ageing analysis of the Group's trade and bills payable based on the maturity date is as follows:

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
On demand	7,652	10,629	23,487
Within three months	5,313	4,605	4,320
Between three months and one year	11,844	13,972	4,763
Over one year	1,070	56	258
	25,879	29,262	32,828

37 Financial assets sold under repurchase agreements

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
By counterparties:			
PBOC	541	6,491	4,949
Banks	50	4,541	3,000
Non-bank financial institutions	1,215	700	-
	1,806	11,732	7,949
By types of collaterals:			
Debt securities	1,265	11,001	3,000
Discounted bills	541	731	4,949
	1,806	11,732	7,949

38 Deposits from customers

(a) Types of deposits from customers

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Demand deposits			
Corporate customers	763,511	830,728	919,994
Personal customers	91,761	102,120	127,430
	855,272	932,848	1,047,424
Time and call deposits			
Corporate customers	835,035	983,527	1,191,074
Personal customers	254,202	310,311	387,311
	1,089,237	1,293,838	1,578,385
Outward remittance and remittance payables	4,791	6,436	6,343
	1,949,300	2,233,122	2,632,152

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

The Group

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Bank acceptances	231,807	309,526	302,969
Letters of credit	47,665	32,012	35,882
Guarantees	10,693	14,516	22,018
Others	52,774	54,337	85,265
	342,939	410,391	446,134

39 Bank and other loans

(a) Types of loans

	Note	The Group			The Company		
		2011	*2012*	*2013*	*2011*	*2012*	*2013*
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Bank loans							
Unsecured loans		54,660	36,251	37,453	20,019	14,561	14,458
Loan pledged with assets	39(d)	10,338	15,389	13,953	-	-	-
Guaranteed loans		463	2,877	8,952	-	-	-
		65,461	54,517	60,358	20,019	14,561	14,458
Other loans							
Unsecured loans		7,398	17,697	32,530	-	-	7,926
Loan pledged with assets	39(d)	161	1,983	2,182	-	-	-
Guaranteed loans		219	1,099	210	-	-	-
		7,778	20,779	34,922	-	-	7,926
		73,239	75,296	95,280	20,019	14,561	22,384

(b) Maturity of loans

	The Group			The Company		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Bank and other loans are repayable						
Within one year	33,422	32,169	36,289	6,236	1,286	7,860
Between two and five years	35,513	36,931	54,600	12,706	12,738	14,524
Over five years	4,304	6,196	4,391	1,077	537	-
	73,239	75,296	95,280	20,019	14,561	22,384

(c) Bank or other loans are denominated in the following currency:

	The Group			The Company		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
RMB	46,214	53,941	55,339	3,818	4,318	2,088
US dollar	21,147	16,971	33,979	15,951	10,137	20,266
Hong Kong dollar	3,313	2,786	2,413	-	-	-
Other currencies	2,565	1,598	3,549	250	106	30
	73,239	75,296	95,280	20,019	14,561	22,384

39 Bank and other loans (continued)

(d) At 31 December 2011, 2012 and 2013, certain bank and other loans of the Group are pledged with cash and deposits, trade and other receivables, inventories, fixed assets, intangible assets and other assets with an aggregate carrying amount of RMB 23,555 million, RMB 28,350 million and RMB 26,386 million, respectively.

(e) All of the Group's banking facilities are subject to the fulfilment of covenants relating to balance sheet ratios or ownership of a minimum shareholding in certain entities of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 46(b). As at 31 December 2011, 2012 and 2013, none of the covenants relating to drawn down facilities had been breached.

40 Debts securities issued

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Corporate bonds issued	(i)	28,888	28,844	25,632	24,210	24,146	19,919
Notes issued	(ii)	20,941	30,325	45,583	20,619	29,516	29,679
Subordinated debts issued	(iii)	24,120	43,901	45,279	-	-	-
Certificates of deposits issued		8,576	11,593	15,686	-	-	-
Convertible bonds issued	(iv)	-	492	223	-	-	-
		82,525	115,155	132,403	44,829	53,662	49,598
By remaining maturity:							
Within one year		9,560	13,388	22,043	-	3,996	3,000
Between two and five years		19,783	23,453	33,552	12,768	13,197	13,875
Over five years		53,182	78,314	76,808	32,061	36,469	32,723
		82,525	115,155	132,403	44,829	53,662	49,598

The Group did not have any defaults of principal, interest or other breaches with respect to its debt securities issued during the years ended 31 December 2011, 2012 and 2013.

Certain debt securities issued were purchased by subsidiaries of the Group. These debt securities issued were eliminated in the combined financial statements.

40 Debts securities issued (continued):

Notes:

(i) Corporate bonds issued

		The Group			*The Company*		
	Note	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
The Company	(a)	23,352	23,473	19,668	24,210	24,146	19,919
CITIC Resources	(b)	5,536	5,371	4,173	-	-	-
CITIC Heavy Industries	(c)	-	-	1,791	-	-	-
		28,888	28,844	25,632	24,210	24,146	19,919

(a) Details of corporate bonds issued by the Company

	2011				
	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
02 CITIC bond	RMB	4,500	26 August 2002	25 August 2017	4.08%
03 CITIC bond-1	RMB	4,000	10 December 2003	9 December 2013	4.50%
03 CITIC bond-2	RMB	6,000	10 December 2003	9 December 2023	5.10%
05 CITIC bond-1	RMB	4,000	7 December 2005	6 December 2025	4.60%
05 CITIC bond-2	RMB	5,000	7 December 2005	6 December 2015	7-day interbank rate plus 1.48%
Samurai bond	JPY	10,000	19 September 1996	18 September 2016	4.95%

	2012				
	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
02 CITIC bond	RMB	4,500	26 August 2002	25 August 2017	4.08%
03 CITIC bond-1	RMB	4,000	10 December 2003	9 December 2013	4.50%
03 CITIC bond-2	RMB	6,000	10 December 2003	9 December 2023	5.10%
05 CITIC bond-1	RMB	4,000	7 December 2005	6 December 2025	4.60%
05 CITIC bond-2	RMB	5,000	7 December 2005	6 December 2015	7-day interbank rate plus 1.48%
Samurai bond	JPY	10,000	19 September 1996	18 September 2016	4.95%

40 Debts securities issued (continued):

Notes (continued):

(i) Corporate bonds issued (continued)

(a) Details of corporate bonds issued by the Company (continued)

	2013				
	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
02 CITIC Bond	RMB	4,500	26 August 2002	25 August 2017	4.08%
03 CITIC Bond-2	RMB	6,000	10 December 2003	9 December 2023	5.10%
05 CITIC Bond-1	RMB	4,000	7 December 2005	6 December 2025	4.60%
05 CITIC Bond-2	RMB	5,000	7 December 2005	6 December 2015	7-day interbank rate plus 1.48%
Samurai bond	JPY	10,000	19 September 1996	18 September 2016	4.95%

(b) Details of corporate bonds issued by CITIC Resources

On 17 May 2007, CITIC Resources issued USD 1,000 million 6.75% senior notes due 2014 at issue price of 99.726% with interest payable semi-annually. Certain senior notes were repurchased and cancelled by CITIC Resources in 2013.

(c) Details of corporate bonds issued by CITIC Heavy Industries

In 2013, CITIC Heavy Industries issued RMB 1,200 million 4.85% corporate bonds due 2018, and RMB 600 million 5.20% corporate bonds due 2020.

(ii) Notes issued

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
The Company	(a)	20,619	29,417	29,679	20,619	29,516	29,679
CITIC Bank	(b)	322	908	15,904	-	-	-
		20,941	30,325	45,583	20,619	29,516	29,679

40 Debts securities issued (continued):

Notes (continued):

(ii) Notes issued (continued)

(a) Details of notes issued by the Company

	2011				
	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
2009 First tranche medium term note	RMB	3,000	17 February 2009	18 February 2014	3.85%
2010 First tranche medium term note	RMB	3,000	8 June 2010	10 June 2020	4.60%
2010 Second tranche medium term note	RMB	4,000	20 August 2010	24 August 2020	4.40%
2011 First tranche medium term note	RMB	3,000	28 July 2011	2 August 2018	5.85%
2011 Second tranche medium term note-1	RMB	2,000	15 November 2011	16 November 2018	5.10%
2011 Second tranche medium term note-2	RMB	6,000	15 November 2011	16 November 2021	5.30%

	2012				
	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
2009 First tranche medium term note	RMB	3,000	17 February 2009	18 February 2014	3.85%
2010 First tranche medium term note	RMB	3,000	8 June 2010	10 June 2020	4.60%
2010 Second tranche medium term note	RMB	4,000	20 August 2010	24 August 2020	4.40%
2011 First tranche medium term note	RMB	3,000	28 July 2011	2 August 2018	5.85%
2011 Second tranche medium term note-1	RMB	2,000	15 November 2011	16 November 2018	5.10%
2011 Second tranche medium term note-2	RMB	6,000	15 November 2011	16 November 2021	5.30%
2012 Medium term note -1	RMB	4,000	28 March 2012	29 March 2019	5.00%
2012 Medium term note -2	RMB	5,000	28 March 2012	29 March 2022	5.18%

	2013				
	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
2009 First tranche medium term note	RMB	3,000	17 February 2009	18 February 2014	3.85%
2010 First tranche medium term note	RMB	3,000	08 June 2010	10 June 2020	4.60%
2010 Second tranche medium term note	RMB	4,000	20 August 2010	24 August 2020	4.40%
2011 First tranche medium term note	RMB	3,000	28 July 2011	2 August 2018	5.85%
2011 Second tranche medium term note-1	RMB	2,000	15 November 2011	16 November 2018	5.10%
2011 Second tranche medium term note-2	RMB	6,000	15 November 2011	16 November 2021	5.30%
2012 Medium term note -1	RMB	4,000	28 March 2012	29 March 2019	5.00%
2012 Medium term note -2	RMB	5,000	28 March 2012	29 March 2022	5.18%

40 Debts securities issued (continued):

Notes (continued):

(ii) Notes issued (continued)

(b) Details of notes issued by CITIC Bank

The 2013 balance mainly represents financial notes with face value of RMB 15,000 million and interest rate of 5.20% per annum. These notes were issued on 8 November 2013 and will be matured on 12 November 2018.

(iii) Subordinated debts issued

The balance represents the subordinated debts issued by CITIC bank or CITIC Bank International Limited ("CBI"), a subsidiary of CITIC Bank. The carrying value of subordinated debts is as follows:

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Perpetual fixed rate notes	(a)	1,519	-	-
Floating rate notes maturing in December 2017	(b)	612	-	-
Fixed rate notes maturing				
– In September 2017	(c)	-	1,871	1,791
– In June 2020	(d)	3,489	3,560	3,222
– In May 2019	(e)	-	-	1,794
Fixed rate bonds maturing				
– In May 2020	(f)	5,000	5,000	5,000
– In June 2021	(g)	2,000	2,000	2,000
– In May 2025	(h)	11,500	11,500	11,500
– In June 2027	(i)	-	19,970	19,972
		24,120	43,901	45,279

Notes:

(a) Subordinated notes with an interest rate of 9.125% per annum and with face value of USD 250 million were issued by CKWH-UTZ Limited, a subsidiary of CBI, on 23 May 2002. On 31 May 2012, CBI exercised the call option and redeemed the subordinated notes at par value.

40 Debts securities issued (continued):

Notes (continued):

(iii) Subordinated debts issued (continued)

Carrying value of subordinated debts issued by CITIC Bank (continued):

(b) On 11 December 2007, CBI issued subordinated floating rate notes with face value of USD 250 million. The interest rate per annum was the LIBOR for three-month US dollar deposits plus an interest margin of 1.75%. The notes were listed on the Singapore Exchange and will be matured on 12 December 2017. On 12 December 2012, CBI exercised the call option and redeemed the subordinated notes at par value.

(c) Subordinated notes with an interest rate of 3.875% per annum and with face value of USD 300 million were issued on 27 September 2012 by CBI. The notes will be matured on 28 September 2017.

(d) Subordinated notes with an interest rate of 6.875% per annum and with face value of USD 500 million were issued on 24 June 2010 by CBI. The notes are listed on the Singapore Exchange and will be matured on 24 June 2020.

(e) Subordinated notes with an interest rate of 6.00% per annum and with face value of USD 300 million were issued on 7 November 2013 by CBI. The notes will be matured on 07 May 2019.

(f) The interest rate per annum on the subordinated fixed rate bonds issued on 28 May 2010 is 4.00%. CITIC Bank has an option to redeem the bonds on 28 May 2015. If they are not redeemed, the interest rate of the bonds will remain at 4.00% per annum for the next five years.

(g) The interest rate per annum on the subordinated fixed rate bonds issued on 22 June 2006 is 4.12%. CITIC Bank has an option to redeem the bonds on 22 June 2016. If they are not redeemed, the interest rate of the bonds will increase to 7.12% per annum for the next five years.

(h) The interest rate per annum on the subordinated fixed rate bonds issued on 28 May 2010 is 4.30%. CITIC Bank has an option to redeem the bonds on 28 May 2020. If they are not redeemed, the interest rate of the bonds will remain at 4.30% per annum for the next five years.

(i) The interest rate per annum on the subordinated fixed rate bonds issued on 21 June 2012 is 5.15%. CITIC Bank has an option to redeem the bonds on 21 June 2022. If they are not redeemed, the interest rate of the bonds will remain at 5.15% per annum for the next five years.

40 Debts securities issued (continued):

Notes (continued):

(iv) Convertible bonds issued

They represent the convertible bonds issued by CITIC Offshore Helicopter Co., Ltd, a subsidiary of the Group. The details of the convertible bonds are as follows:

	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
Corporate convertible bond	RMB	650	19 December 2012	19 December 2018	The first year: 0.5% The second year: 1.0% The third year: 1.5% The forth year: 2.0% The firth year: 2.0% The sixth year: 2.0%

41 Provisions

The Group

	Environ-mental restoration expenditures RMB million	*Estimated expenditures on projects* RMB million	*Others* RMB million	*Total* RMB million
At 1 January 2011	231	767	113	1,111
Charge/(reversal) for the year	110	(46)	297	361
Payments made during the year	(27)	(90)	(39)	(156)
At 31 December 2011	314	631	371	1,316
At 1 January 2012	314	631	371	1,316
Exchange differences	(2)	-	1	(1)
Charge/(reversal) for the year	32	(472)	75	(365)
Payments made during the year	(28)	(59)	(27)	(114)
Transfer to payable during the year	-	(100)	(262)	(362)
At 31 December 2012	316	-	158	474
At 1 January 2013	316	-	158	474
Exchange differences	(10)	-	-	(10)
(Reversal)/charge for the year	(28)	-	120	92
Payments made during the year	(24)	-	(32)	(56)
At 31 December 2013	254	-	246	500

No provisions were made by the Company at 31 December 2011, 2012 and 2013.

42 Capital and reserves

(a) The reconciliation between the opening and closing balances of each component of the Group's combined equity is set out in the combined statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the respective year are set out below:

The Company

	Share capital RMB million	*Capital reserve* RMB million (note 42(c)(i)	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus reserve* RMB million (note 42(c)(iv))	*Retained earnings* RMB million (note 11)	*Total* RMB million
At 27 December 2011 (date of establishment)	-	-	-	-	-	-
Changes in equity for 2011:						
Capital contribution by shareholders	128,000	39,980	-	-	-	167,980
Total comprehensive income for the year	-	6	-	-	94	100
Transfer	-	94	-	-	(94)	-
At 31 December 2011 and 1 January 2012	128,000	40,080	-	-	-	168,080
Changes in equity for 2012:						
Total comprehensive income for the year	-	-	53	-	6,392	6,445
Appropriation to surplus reserve	-	-		648	(648)	-
Transfer of state-owned shares of a subsidiary to National Social Security Fund	-	-	-	-	(116)	(116)
Others	-	505	-	-	-	505
At 31 December 2012	128,000	40,585	53	648	5,628	174,914

42 Capital and reserves (continued)

(a) The Company (continued)

	Share capital RMB million	*Capital* reserve RMB million (note 42(c)(i)	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus* reserve RMB million (note 42(c)(iv))	*Retained earnings* RMB million (note 11)	*Total* RMB million
At 1 January 2013	128,000	40,585	53	648	5,628	174,914
Changes in equity for 2013:						
Total comprehensive income for the year	-	-	22	-	5,874	5,896
Appropriation to surplus reserve	-	-	-	621	(621)	-
Others	-	(221)	-	-	-	(221)
At 31 December 2013	128,000	40,364	75	1,269	10,881	180,589

42 Capital and reserves (continued)

(b) Share capital

Registered and issued share capital

	2011		*2012*		*2013*	
	No. of shares million	*Amount* RMB million	*No. of shares* million	*Amount* RMB million	*No. of shares* million	*Amount* RMB million
Registered:						
Shares of RMB 1 each	128,000	128,000	128,000	128,000	128,000	128,000
Issued and fully paid:						
At 1 January and 31 December	128,000	128,000	128,000	128,000	128,000	128,000

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the following:

– the amount of net assets injected by the shareholders of the Company in excess of the amount of share capital exchanged in 2011;

– the amounts of dividends received from CITIC Pacific, which are deemed as shareholders' contribution; and

– the amounts arising as results of transactions with non-controlling interests that do not result in a loss of control.

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedge pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedge in note 2(k)(ii).

42 Capital and reserves (continued)

(c) Nature and purpose of reserves (continued)

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the financial assets are derecognised and is dealt with in accordance with the accounting policies set out in note 2(j)(ii).

(iv) Surplus reserve

Under the relevant PRC laws, the Group's subsidiaries in Mainland China are required to appropriate 10% of its net profit, as determined under the PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders at the Annual General Meeting.

Subject to the approval of the shareholders of the respective entities, statutory and discretionary surplus reserves may be used to make good prior year losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before such capitalisation.

(v) General reserve

Pursuant to the relevant notices issued by the Ministry of Finance of the PRC ("MOF"), CITIC Bank and certain subsidiaries under the financial services segment in Mainland China are required to set aside a general reserve to cover potential losses against their assets. In 2011, the minimum general reserve balance is 1% of the ending balance of gross risk-bearing assets. Effective from 1 July 2012, the minimum general reserve balance has increased to 1.5% of the ending balance of gross risk-bearing assets with a transition period of five years.

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Mainland China as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(i).

42 Capital and reserves (continued)

(d) Profit appropriations and retained earnings

(i) Profit appropriations and distributions

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Appropriation to						
– Statutory surplus reserve fund	-	648	621	-	648	621
– General reserve	-	9,208	6,296	-	-	-
As at 31 December	-	9,856	6,917	-	648	621

(ii) At 31 December 2011, 2012 and 2013, the amount of reserves available for distribution to shareholders of the Company was RMB Nil, RMB 5,628 million and RMB 10,881 million, respectively.

(iii) The details of the distribution of profits in respect of the year ended 31 December 2013 are disclosed in note 52.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's stability and growth, so that it can continue to provide returns for shareholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with of borrowings obtained and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Certain subsidiaries under the financial services segment are subject to capital adequacy requirements imposed by the external regulators. There was no non-compliance of capital requirements throughout the three years ended 31 December 2011, 2012 and 2013.

43 Movement of allowances for impairment losses

(a) The Group

		2011					
	Note	*At 1 January*	*Charge for the year* (note 7(c))	*Reversal for the year* (note 7(c))	*Write-offs*	*Exchange differences and others*	*At 31 December*
Placements with banks and non-bank financial institutions	16	8	-	-	-	-	8
Trade and other receivables	19	809	942	(89)	(61)	(1)	1,600
Amount due from customers for contract work		595	326	-	(151)	(40)	730
Inventories	20	472	897	(8)	(217)	(1)	1,143
Loans and advances to customers and other parties	22	21,206	8,177	(1,957)	(765)	(14)	26,647
Available-for-sale financial assets	23	385	223	-	(103)	(6)	499
Held-to-maturity investments	24	109	33	-	(5)	-	137
Interests in associates	27	71	1	-	(6)	-	66
Interests in joint ventures	28	56	-	-	(16)	-	40
Fixed assets	29	190	411	-	(42)	(14)	545
Intangible assets	30	-	119	-	-	1	120
Other assets		3,134	552	(380)	(1,339)	1	1,968
		27,035	11,681	(2,434)	(2,705)	(74)	33,503

43 Movement of allowances for impairment losses (continued)

(a) The Group (continued)

		2012					
	Note	*At 1 January*	*Charge for the year* (note 7(c))	*Reversal for the year* (note 7(c))	*Write-offs*	*Exchange differences and others*	*At 31 December*
Placements with banks and non-bank financial institutions	16	8	-	-	-	-	8
Trade and other receivables	19	1,600	359	(179)	(312)	(2)	1,466
Amount due from customers for contract work		730	805	-	-	(39)	1,496
Inventories	20	1,143	487	(127)	(285)	22	1,240
Loans and advances to customers and other parties	22	26,647	14,204	(1,495)	(742)	5	38,619
Available-for-sale financial assets	23	499	128	(16)	(144)	3	470
Held-to-maturity investments	24	137	-	(6)	-	(1)	130
Interests in associates	27	66	1,473	-	-	-	1,539
Interests in joint ventures	28	40	-	-	-	-	40
Fixed assets	29	545	68	-	(8)	4	609
Intangible assets	30	120	23	-	-	3	146
Other assets		1,968	464	(374)	(224)	(1)	1,833
		33,503	18,011	(2,197)	(1,715)	(6)	47,596

		2013					
	Note	*At 1 January*	*Charge for the year* (note 7(c))	*Reversal for the year* (note 7(c))	*Write-offs*	*Exchange differences and others*	*At 31 December*
Placements with banks and non-bank financial institutions	16	8	7	-	-	-	15
Trade and other receivables	19	1,466	1,084	(496)	(119)	(59)	1,876
Amount due from customers for contract work		1,496	-	-	-	(45)	1,451
Inventories	20	1,240	170	(69)	(725)	(22)	594
Loans and advances to customers and other parties	22	38,619	15,876	(5,137)	(5,305)	(93)	43,960
Available-for-sale financial assets	23	470	764	(18)	(6)	(28)	1,182
Held-to-maturity investments	24	130	-	(85)	-	3	48
Interests in associates	27	1,539	-	-	-	1	1,540
Interests in joint ventures	28	40	6	-	(10)	3	39
Fixed assets	29	609	1,467	-	(28)	(40)	2,008
Intangible assets	30	146	36	-	-	(24)	158
Other assets		1,833	75	(8)	(63)	(19)	1,818
		47,596	19,485	(5,813)	(6,256)	(323)	54,689

43 Movement of allowances for impairment losses (continued)

(b) The Company

	Note	*2011* At 27 December (date of establishment) RMB million	*Charge for the year* RMB million	*Reversal for the year* RMB million	*At 31 December* RMB million
Loans and advances to customers and other parties	22	-	3	-	3
Investments in subsidiaries	26	-	207	-	207
		-	210	-	210

	Note	*2012* At 1 January RMB million	*Charge for the year* RMB million	*Reversal for the year* RMB million	*At 31 December* RMB million
Loans and advances to customers and other parties	22	3	-	-	3
Investments in subsidiaries	26	207	-	-	207
		210	-	-	210

	Note	*2013* At 1January RMB million	*Charge for the year* RMB million	*Reversal for the year* RMB million	*At 31 December* RMB million
Loans and advances to customers and other parties	22	3	-	-	3
Investments in subsidiaries	26	207	-	(207)	-
		210	-	(207)	3

44 Commitments

(a) Credit commitments

Credit commitments in connection with the financial services segment of the Group take the form of loan commitments, credit card limits, financial guarantees and letters of credit.

Loan commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantee provided by the Group and the Company to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category at the balance sheet dates are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully advanced. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognised the balance sheet date if counterparties failed to perform as contracted.

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Contractual amount						
Loan commitments						
– With an original maturity of within one year	80,113	100,858	86,020	-	-	-
– With an original maturity of one year or beyond	15,667	11,158	48,755	-	-	-
	95,780	112,016	134,775	-	-	-
Guarantees	64,527	103,727	129,670	12,329	9,909	5,745
Letters of credit	243,703	166,275	199,833	-	-	-
Acceptances	503,196	665,621	695,018	-	-	-
Credit card commitments	60,937	80,452	95,217	-	-	-
Others	3,807	4,400	2,568	3,807	4,400	2,568
	971,950	1,132,491	1,257,081	16,136	14,309	8,313

44 Commitments (continued)

(b) Credit risk weighted amount on credit commitments

	2011 RMB million (note (iii))	*2012* RMB million (note (iii))	*2013* RMB million (note (ii))
Credit risk weighted amount on credit commitments	375,757	414,221	428,172

(i) The above credit risk weighted amount is solely in connection with the credit commitments held by CITIC Bank under the financial services segment of the Group.

(ii) At 31 December 2013, the credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the CBRC and depends on the status of counterparties and the maturity characteristics. The risk weighting used is ranging from 0% to 150%.

(iii) At 31 December 2011 and 2012, the credit risk weighted amount was calculated based on the rules of "Regulations Governing Capital Adequacy of Commercial Banks". This rule has been superceded since 1 January 2013.

(c) Bond redemption obligations

CITIC Bank is the underwriting agents of the PRC government bonds. CITIC Bank has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with the relevant rules of the MOF and PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

44 Commitments (continued)

(c) Bond redemption obligations (continued)

The redemption obligations below represent the nominal value of government bonds underwritten and sold by CITIC Bank, but not yet matured at the balance sheet dates:

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Bonds redemption obligations	5,465	4,525	3,792

The Group estimates that the possibility of redemption before maturity is remote.

The Company did not have any bond redemption obligations at 31 December 2011, 2012 and 2013.

(d) Guarantees provided

Except for guarantees that have been recognised as liabilities, the guarantees issued for other enterprises at the balance sheet dates are as follows:

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Related parties	5,470	4,420	4,700	1,500	1,500	1,500
Third parties	550	1,402	3,154	-	-	-
Subsidiaries	-	-	-	4,541	5,120	4,349
	6,020	5,822	7,854	6,041	6,620	5,849

The relationship of related parties is disclosed in note 47(a).

Included in the above table, the Group's counter guarantees issued to third parties at the balance sheet dates are as follows:

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Third parties	200	-	36

No counter guarantees were issued by the Company to third parties at 31 December 2011, 2012 and 2013.

44 Commitments (continued)

(e) Capital commitments

Capital commitments not provided for in the financial statements at the balance sheet dates are as follows:

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Contracted for	19,045	22,498	20,624
Authorised but not contracted for	1,620	400	736
	20,665	22,898	21,360

The Company did not have any capital commitment at 31 December 2011, 2012 and 2013.

(f) Operating lease commitments

The Group leases certain properties and fixed assets under operating leases. At the balance sheet dates, the Group's future minimum lease payments under non-cancellable operating leases are as follows:

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Within one year	1,547	2,073	2,869
Between one and two years	1,378	1,889	2,657
Between two and three years	1,269	1,742	2,376
Over three years	4,570	4,864	7,596
	8,764	10,568	15,498

The Company had no operating lease commitment at 31 December 2011, 2012 and 2013.

45 Contingent liabilities

Outstanding litigations and disputes

As at 31 December 2011, 2012 and 2013, the Group was the defendant in certain pending litigations and disputes with a total gross claimed amount of RMB 881 million, RMB 573 million and RMB 785 million, respectively. Based on the opinion of internal and external legal counsels of the Group, the Group made a provision of RMB 177 million, RMB 93 million and RMB 71 million, at 31 December 2011, 2012 and 2013, respectively. The Group considers that these accruals are reasonable and adequate.

46 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the business of the Group. The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly updates and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with policies and procedures.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk mainly includes issuer risks, credit risks and country risks from loan business and treasury business within the financial services segment. For loan business, the Group identifies and manages the credit risk through its definations of target markets, credit approval process, strict counterparty selection and due diligence procedures, ongoing evaluation of the contractual capacity and collaterals of counterparties, and risk prevention and mitigation measures. For treasury business, credit risk represents impairment losses of asset value attributable to the Group resulting from lowering of ratings for issuers of debt securities. The Group sets credit limits for treasury activities and monitors them regularly with reference to the fair values of the relevant financial instruments.

The Group is also confronted with credit risk resulting from receivables that arising from sale of goods and rendering of services within the non-financial services segments. The relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available.

(i) Maximum credit risk exposure

The maximum exposure to credit risk at the balance sheet dates without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the balance sheets after deducting any impairment allowance. A summary of the maximum exposure is as follows:

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(i) Maximum credit risk exposure (continued)

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Deposits and balances with banks and non-bank financial institutions	780,537	706,592	673,406
Placements with banks and non-bank financial institutions	151,004	151,803	122,314
Financial assets at fair value through profit or loss	8,205	12,283	11,031
Derivative financial assets	4,741	4,254	7,768
Trade and other receivables	47,594	51,665	55,489
Financial assets held under resale agreements	162,210	69,082	287,247
Loans and advances to customers and other parties	1,416,691	1,634,293	1,903,049
Available-for-sale financial assets	128,729	196,261	178,063
Held-to-maturity investments	107,827	134,405	154,792
Investments classified as receivables	-	56,435	300,158
	2,807,538	3,017,073	3,693,317
Credit commitments and guarantees provided	977,970	1,138,313	1,264,935
Maximum credit risk exposure	3,785,508	4,155,386	4,958,252

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(i) Maximum credit risk exposure (continued)

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Deposits and balances with banks and non-bank financial institutions	13,562	4,702	3,966
Financial assets at fair value through profit or loss	51	1,406	28
Derivative financial assets	-	-	3
Trade and other receivables	13,856	20,036	22,287
Loans and advances to customers and other parties	28,890	26,649	20,972
	56,359	52,793	47,256
Credit commitments and guarantees provided	22,177	20,929	14,162
Maximum credit risk exposure	78,536	73,722	61,418

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure

	Note	*2011* Loans and advances to customers and other parties RMB million	Due from banks and non-bank financial institutions RMB million	Financial assets held under resale agreements RMB million	Debt securities investments and certificates of deposits RMB million	Investments classified as receivables RMB million
Impaired						
Individually assessed						
Gross balance		14,982	30	-	724	-
Allowances for impairment		(7,039)	(8)	-	(440)	-
		7,943	22	-	284	-
Collectively assessed						
Gross balance		877	-	-	-	-
Allowances for impairment		(752)	-	-	-	-
		125	-	-	-	-
Overdue but not impaired	(i)					
Gross balance		5,644	-	-	-	-
Within which:						
– Within three months		5,043	-	-	-	-
– Between three months and one year		541	-	-	-	-
– Over one year		60	-	-	-	-
Allowances for impairment		(187)	-	-	-	-
		5,457	-	-	-	-
Neither overdue nor impaired						
Gross balance		1,421,835	570,100	162,210	244,477	-
Allowances for impairment	(ii)	(18,669)	-	-	-	-
		1,403,166	570,100	162,210	244,477	-
		1,416,691	570,122	162,210	244,761	-

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure (continued)

		2012				
	Note	*Loans and advances to customers and other parties* RMB million	*Due from banks and non-bank financial institutions* RMB million	*Financial assets held under resale agreements* RMB million	*Debt securities investments and certificates of deposits* RMB million	*Investments classified as receivables* RMB million
Impaired						
Individually assessed						
Gross balance		17,621	29	-	374	-
Allowances for impairment		(9,942)	(7)	-	(274)	-
		7,679	22	-	100	-
Collectively assessed						
Gross balance		1,296	-	-	-	-
Allowances for impairment		(983)	-	-	-	-
		313	-	-	-	-
Overdue but not impaired	(i)					
Gross balance		10,012	15	-	-	-
Within which:						
– Within three months		9,334	15	-	-	-
– Between three months and one year		678	-	-	-	-
– Over one year		-	-	-	-	-
Allowances for impairment		(623)	-	-	-	-
		9,389	15	-	-	-
Neither overdue nor impaired						
Gross balance		1,643,983	436,858	69,082	342,849	56,435
Allowances for impairment	(ii)	(27,071)	-	-	-	-
		1,616,912	436,858	69,082	342,849	56,435
		1,634,293	436,895	69,082	342,949	56,435

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure (continued)

	Note	*2013*				
		Loans and advances to customers and other parties RMB million	*Due from banks and non-bank financial institutions* RMB million	*Financial assets held under resale agreements* RMB million	*Debt securities investments and certificates of deposits* RMB million	*Investments classified as receivables* RMB million
Impaired						
Individually assessed						
Gross balance		21,490	96	-	422	-
Allowances for impairment		(11,644)	(15)	-	(200)	-
		9,846	81	-	222	-
Collectively assessed						
Gross balance		3,552	-	-	-	-
Allowances for impairment		(2,680)	-	-	-	-
		872	-	-	-	-
Overdue but not impaired	(i)					
Gross balance		15,946	30	-	-	-
Within which:						
– Within three months		14,845	30	-	-	-
– Between three months and one year		1,101	-	-	-	-
– Over one year		-	-	-	-	-
Allowances for impairment		(1,047)	-	-	-	-
		14,899	30	-	-	-
Neither overdue nor impaired						
Gross balance		1,906,021	305,256	287,247	343,664	300,158
Allowances for impairment	(ii)	(28,589)	-	-	-	-
		1,877,432	305,256	287,247	343,664	300,158
		1,903,049	305,367	287,247	343,886	300,158

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure (continued)

Notes:

(i) Collaterals and other credit enhancements for overdue but not impaired loans and advances:

As at 31 December 2011, 2012 and 2013, the above loans and advances of the Group which were overdue but not impaired and subject to individual assessment are RMB 673 million, RMB 4,238 million and RMB 9,938 million, respectively, of which the amount of RMB 476 million, RMB 2,316 million and RMB 5,559 million, respectively, are covered by collaterals. The remaining amount of the loans and advances are not covered by collaterals.

The fair value of collaterals held against these loans and advances amounted to RMB 1,584 million, RMB 5,379 million and RMB 8,069 million as at 31 December 2011, 2012 and 2013, respectively.

The fair value of collaterals was estimated by management based on the latest available external valuations adjusted by taking into account the current realisation experience as well as market situation.

(ii) The balances represent collectively assessed allowances of impairment losses.

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(iii) Loans and advances to customers and other parties analysed by economic sector concentration:

The Group

	2011			*2012*			*2013*		
	Gross balance RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million
Corporate loans									
– Manufacturing	301,834	21%	108,898	356,703	21%	130,412	412,650	21%	149,759
– Wholesale and retail	177,121	12%	98,792	232,250	14%	133,876	298,247	15%	148,752
– Transportation, storage and postal services	125,457	9%	46,507	135,226	8%	57,017	133,884	7%	59,699
– Real estate	93,734	6%	75,870	138,027	8%	119,543	131,393	7%	115,276
– Production and supply of electric power, gas and water	79,582	6%	11,532	59,330	4%	13,749	56,805	3%	15,523
– Water, environment and public utility management	70,181	5%	29,174	62,897	4%	29,756	71,853	4%	34,543
– Public management and social organisations	54,114	4%	38,796	17,723	1%	3,241	16,992	1%	4,880
– Rental and business services	50,495	3%	26,697	53,966	3%	30,718	67,657	3%	35,537
– Construction	58,734	4%	19,918	63,653	4%	26,643	81,873	4%	32,750
– Others	114,438	8%	35,089	143,496	9%	35,870	170,333	9%	50,110
	1,125,690	78%	491,273	1,263,271	76%	580,825	1,441,687	74%	646,829
Personal loans	268,197	19%	226,213	334,647	20%	263,770	440,553	23%	330,753
Discounted bills	49,451	3%	-	74,994	4%	-	64,769	3%	-
	1,443,338	100%	717,486	1,672,912	100%	844,595	1,947,009	100%	977,582

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(iii) Loans and advances to customers and other parties analysed by economic sector concentration (continued):

The Company

	2011			*2012*			*2013*		
	Gross balance RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million
Corporate loans									
– Manufacturing	719	2%	-	719	3%	-	406	2%	-
– Real estate	18,765	66%	1,300	22,426	84%	1,931	17,479	83%	3,021
– Financial services	8,811	30%	-	730	3%	-	578	3%	-
– Others	598	2%	100	2,777	10%	100	2,512	12%	100
	28,893	100%	1,400	26,652	100%	2,031	20,975	100%	3,121

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(iv) Loans and advances to customers and other parties analysed by geographical sector risk concentration:

The Group

	2011			*2012*			*2013*		
	Gross balance RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million
Mainland China	1,366,876	95%	677,703	1,587,362	95%	808,161	1,851,131	95%	942,252
Hong Kong and Macau	837	0%	-	675	0%	-	764	0%	-
Overseas	75,625	5%	39,783	84,875	5%	36,434	95,114	5%	35,330
	1,443,338	100%	717,486	1,672,912	100%	844,595	1,947,009	100%	977,582

The Company

	2011			*2012*			*2013*		
	Gross balance RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million
Mainland China	28,139	97%	1,400	26,070	97%	2,031	20,410	97%	3,121
Hong Kong and Macau	590	2%	-	419	2%	-	406	2%	-
Overseas	164	1%	-	163	1%	-	159	1%	-
	28,893	100%	1,400	26,652	100%	2,031	20,975	100%	3,121

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(v) Rescheduled loans and advances to customers and other parties

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider. Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue more than three months and can be analysed as follows:

The Group

	2011		*2012*		*2013*	
	Gross balance RMB million	*% of total loans and advances*	*Gross balance* RMB million	*% of total loans and advances*	*Gross balance* RMB million	*% of total loans and advances*
Rescheduled loans and advances overdue less than three months	4,594	0.32%	2,301	0.14%	2,285	0.12%
Rescheduled loans and advances overdue more than three months	4,208	0.29%	2,474	0.15%	6,091	0.31%
	8,802	0.61%	4,775	0.29%	8,376	0.43%

The Company did not have rescheduled loans and advances as at 31 December 2011, 2012 and 2013.

(vi) Offsetting

The Group and the Company have not offset financial instruments, nor have they entered into master netting arrangement or similar agreement.

46 Financial risk management and fair values (continued)

(b) Liquidity risk

Liquidity risk arises when there is mismatch between maturity dates of financial assets and financial liabilities.

Each of the Group's operating entity formulates liquidity risk management policies and procedures within the Group's overall liquidity risk management frame work and takes into consideration of the business and regulatory requirements applicable to individual entity.

The Group manages liquidity risk by holding liquid assets (including deposits, other short term funds and securities) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The Group performs stress testing on its liquidity position on a regular and ad-hoc basis.

46 Financial risk management and fair values (continued)

(b) Liquidity risk (continued)

The following table details the remaining maturities of the Group's financial assets and liabilities at the balance sheet dates:

	2011									
	The Group					*The Company*				
	On demand RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million	*On demand* RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million
Total financial assets	130,519	1,676,102	395,676	618,065	2,820,362	7,465	25,065	30,536	4,611	67,677
Total financial liabilities	(1,080,625)	(1,371,868)	(170,017)	(75,094)	(2,697,604)	(12,831)	(6,437)	(25,473)	(33,139)	(77,880)
Financial asset-liability gap	(950,106)	304,234	225,659	542,971	122,758	(5,366)	18,628	5,063	(28,528)	(10,203)

	2012									
	The Group					*The Company*				
	On demand RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million	*On demand* RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million
Total financial assets	141,211	1,736,801	451,479	731,587	3,061,078	1,191	38,131	28,797	7,180	75,299
Total financial liabilities	(1,204,354)	(1,350,936)	(265,418)	(91,399)	(2,912,107)	(7,982)	(5,691)	(9,811)	(58,455)	(81,939)
Financial asset-liability gap	(1,063,143)	385,865	186,061	640,188	148,971	(6,791)	32,440	18,986	(51,275)	(6,640)

	2013									
	The Group					*The Company*				
	On demand RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million	*On demand* RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million
Total financial assets	186,125	2,057,135	663,194	844,278	3,750,732	1,678	37,423	25,995	6,534	71,630
Total financial liabilities	(1,322,951)	(1,772,372)	(403,244)	(88,118)	(3,586,685)	(9,148)	(10,860)	(28,430)	(32,692)	(81,130)
Financial asset-liability gap	(1,136,826)	284,763	259,950	756,160	164,047	(7,470)	26,563	(2,435)	(26,158)	(9,500)

46 Financial risk management and fair values (continued)

(c) Interest rate risk

Each of the Group's operating entity has formulated its own interest risk management policies procedures covering identification, measurement, monitoring and control of risks. The Group manages interest rate risk by setting risk exposure limits to control potential loss from interest rate risk at an acceptable level.

(i) Asset-liabilities gap

Interest rate risk arises from mismatch between repricing dates of financial assets and liabilities affected by market interest rates.

	2011									
	The Group					*The Company*				
	Non-interest bearing RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million	*Non-interest bearing* RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million
Total financial assets	60,364	2,633,728	87,724	38,546	2,820,362	26,078	41,599	-	-	67,677
Total financial liabilities	(59,472)	(2,467,221)	(135,465)	(35,446)	(2,697,604)	(13,032)	(64,848)	-	-	(77,880)
Financial asset-liability gap	892	166,507	(47,741)	3,100	122,758	13,046	(23,249)	-	-	(10,203)

	2012									
	The Group					*The Company*				
	Non-interest bearing RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million	*Non-interest bearing* RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million
Total financial assets	89,770	2,747,518	152,635	71,155	3,061,078	44,530	30,542	227	-	75,299
Total financial liabilities	(104,900)	(2,516,854)	(205,891)	(84,462)	(2,912,107)	(13,716)	(68,223)	-	-	(81,939)
Financial asset-liability gap	(15,130)	230,664	(53,256)	(13,307)	148,971	30,814	(37,681)	227	-	(6,640)

46 Financial risk management and fair values (continued)

(c) Interest rate risk (continued)

(i) Asset-liabilities gap (continued)

Interest rate risk arises from mismatch between repricing dates of financial assets and liabilities affected by market interest rates. (continued)

	2013									
	The Group					*The Company*				
	Non-interest bearing RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million	*Non-interest bearing* RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million
Total financial assets	98,993	3,279,947	297,017	74,775	3,750,732	47,254	24,149	227	-	71,630
Total financial liabilities	(129,722)	(3,040,254)	(338,824)	(77,885)	(3,586,685)	(9,148)	(71,982)	-	-	(81,130)
Financial asset-liability gap	(30,729)	239,693	(41,807)	(3,110)	164,047	38,106	(47,833)	227	-	(9,500)

46 Financial risk management and fair values (continued)

(c) Interest rate risk (continued)

(ii) Effective interest rate

	The Group						*The Company*					
	Effective interest rate (note (i))	*2011* RMB million	*Effective interest rate* (note (i))	*2012* RMB million	*Effective interest rate* (note (i))	*2013* RMB million	*Effective interest rate*	*2011* RMB million	*Effective interest rate*	*2012* RMB million	*Effective interest rate*	*2013* RMB million
Assets												
Deposits and balances with banks and non-bank financial institutions	1.48% to 4.21%	780,537	1.50% to 4.06%	706,592	1.50% to 3.91%	673,406	0.5% to 5%	13,562	0.35% to 5%	4,702	0.35% to 2.85%	3,966
Placements with banks and non-bank financial institutions	4.33%	151,004	4.64%	151,803	4.05%	122,314		-		-		-
Financial assets held under resale agreements	4.85%	162,210	4.29%	69,082	5.02%	287,247		-		-		-
Loans and advances to customers and other parties	6.12%	1,416,691	6.69%	1,634,293	6.18%	1,903,049	8.36%	28,890	8.13%	26,649	8.74%	20,972
Investments classified as receivable		-	5.79%	56,435	6.03%	300,158		-		-		-
Investments (note (ii))	3.21%	298,981	3.63%	417,313	3.75%	427,518	3.23%	184,081	3.71%	205,965	3.80%	215,033
Others		205,274		235,476		252,011		20,183		20,296		22,540
		3,014,697		3,270,994		3,965,703		246,716		257,612		262,511
Liabilities												
Deposits from banks and non-bank financial institutions	3.73%	535,067	4.21%	369,403	4.25%	557,904		-		-		-
Placements from banks and non-bank financial institutions	4.25%	3,865	3.80%	17,165	2.47%	41,372		-		-		-
Financial assets sold under repurchase agreements	4.55%	1,806	4.03%	11,732	4.53%	7,949		-		-		-
Deposits from customers	1.84%	1,949,300	2.25%	2,233,122	2.20%	2,632,152		-		-		-
Bank and other loans	0% to 13%	73,239	0% to 14.4%	75,296	0.6% to 14.4%	95,280	1.1% to 6.83%	20,019	1.84% to 6.83%	14,561	1.45% to 6.83%	22,384
Debt securities issued	4.08% to 9.1%	82,525	0.5% to 6.9%	115,155	0.5% to 6.9%	132,403	3.9% to 5.9%	44,829	3.9% to 5.9%	53,662	3.9% to 5.9%	49,598
Others		124,569		162,246		179,005		13,788		14,475		9,940
		2,770,371		2,984,119		3,646,065		78,636		82,698		81,922

Notes:

(i) Except for debt securities issued, and bank and other loans, the effective interest rate is attributable to the assets and liabilities of CITIC Bank. For debt securities issued, and bank and other loans, the effective interest rate is attributable to the Group.

(ii) Investments of the Group include trading financial assets, available-for-sale financial assets, held-to-maturity investments, and interests in associates and joint ventures. Apart from the foregoing, investments of the Company also include investments in subsidiaries.

46 Financial risk management and fair values (continued)

(c) Interest rate risk (continued)

(iii) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net profit or loss. As at 31 December 2011, 2012, 2013, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would increase or decrease by RMB 1,683 million, RMB 1,597 million, RMB 1,606 million, respectively.

This sensitivity analysis is based on a static interest rate risk profile of the Group's non-derivative assets and liabilities and certain simplified assumptions. The analysis measures only the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's non-derivative assets and liabilities within the one-year period. The analysis is based on the following assumptions: (1) all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature at the beginning of the respective periods; (2) there is a parallel shift in the yield curve and in interest rates; and (3) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's profit before tax resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

46 Financial risk management and fair values (continued)

(d) Currency risk

Currency risk arises from the changes in exchange rates on the Group's foreign currency denominated assets and liabilities. The Group manages currency risk by entering into spot and forward foreign exchange transactions, use of derivatives, and matching its foreign currency denominated assets with corresponding liabilities in the same currency. The exposure to currency risk arising from the financial assets and financial liabilities at the balance sheet dates is as follows (expressed in RMB million):

The Group

	2011				
	RMB	USD	HKD	Others	Total
Total financial assets	2,590,447	139,615	71,871	18,429	2,820,362
Total financial liabilities	(2,471,694)	(123,496)	(74,771)	(27,643)	(2,697,604)
Financial asset-liability gap	118,753	16,119	(2,900)	(9,214)	122,758

	2012				
	RMB	USD	HKD	Others	Total
Total financial assets	2,788,124	198,311	59,845	14,798	3,061,078
Total financial liabilities	(2,605,039)	(197,594)	(75,050)	(34,424)	(2,912,107)
Financial asset-liability gap	183,085	717	(15,205)	(19,626)	148,971

	2013				
	RMB	USD	HKD	Others	Total
Total financial assets	3,418,803	257,079	56,739	18,111	3,750,732
Total financial liabilities	(3,196,667)	(268,513)	(78,134)	(43,371)	(3,586,685)
Financial asset-liability gap	222,136	(11,434)	(21,395)	(25,260)	164,047

46 Financial risk management and fair values (continued)

(d) Currency risk (continued)

The Company

	2011				
	RMB	USD	HKD	Others	Total
Total financial assets	48,479	6,055	12,258	885	67,677
Total financial liabilities	(59,772)	(15,970)	(2)	(2,136)	(77,880)
Financial asset-liability gap	(11,293)	(9,915)	12,256	(1,251)	(10,203)

	2012				
	RMB	USD	HKD	Others	Total
Total financial assets	57,701	4,113	12,470	1,015	75,299
Total financial liabilities	(69,869)	(10,144)	-	(1,926)	(81,939)
Financial asset-liability gap	(12,168)	(6,031)	12,470	(911)	(6,640)

	2013				
	RMB	USD	HKD	Others	Total
Total financial assets	55,189	1,805	12,866	1,770	71,630
Total financial liabilities	(60,258)	(20,300)	(45)	(527)	(81,130)
Financial asset-liability gap	(5,069)	(18,495)	12,821	1,243	(9,500)

46 Financial risk management and fair values (continued)

(d) Currency risk (continued)

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's net profit or loss.

Assuming all other risk variables remained constant, an 100 basis points strengthening or weakening of the RMB against the USD, HKD and other currencies at 31 December 2011, 2012 and 2013 would increase or decrease the Group's profit before tax by RMB 25 million, RMB 218 million and RMB 332 million, respectively.

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions: (1) the foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis point fluctuation in the foreign currency exchange rates against RMB; and (2) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's profit before tax resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

(e) Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet dates across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair value measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted market for similar active markets for identical financial instruments;
- Level 2: fair values measuring using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The Group

	2011			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	540	8,037	40	8,617
Derivatives financial assets	12	4,678	51	4,741
Available-for-sale financial assets	16,975	119,442	7,757	144,174
	17,527	132,157	7,848	157,532
Liabilities				
Derivatives financial liabilities	-	(3,730)	(272)	(4,002)

	2012			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	1,719	12,296	42	14,057
Derivatives financial assets	14	4,063	177	4,254
Available-for-sale financial assets	15,672	201,228	11,406	228,306
	17,405	217,587	11,625	246,617
Liabilities				
Derivatives financial liabilities	-	(3,316)	(276)	(3,592)

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The Group (continued)

	2013			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	1,302	10,966	42	12,310
Derivatives financial assets	15	7,741	12	7,768
Available-for-sale financial assets	18,135	178,663	18,598	215,396
	19,452	197,370	18,652	235,474
Liabilities				
Derivative financial liabilities	-	(6,850)	(94)	(6,944)

The Company

	2011			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	51	-	-	51
Available-for-sale financial assets	414	-	4,604	5,018
	465	-	4,604	5,069

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The Company (continued)

	2012			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	1,406	-	-	1,406
Available-for-sale financial assets	483	19,000	2,796	22,279
	1,889	19,000	2,796	23,685

	2013			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	28	-	-	28
Derivatives financial assets	-	3	-	3
Available-for-sale financial assets	503	21,374	2,270	24,147
	531	21,377	2,270	24,178

During the years ended 31 December 2011, 2012 and 2013, there were no significant transfers between instruments in different levels.

During the years ended 31 December 2011, 2012 and 2013, there were no significant changes in valuation techniques for determining the fair value of the instruments.

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

The Group

	2011				
	Assets				*Liabilities*
	Financial assets at fair value through profit or loss RMB million	*Derivatives financial assets* RMB million	*Available-for-sale financial assets* RMB million	*Total* RMB million	*Derivatives financial liabilities* RMB million
At 1 January 2011	41	150	6,696	6,887	(437)
Total (losses)/gains:					
– in profit or loss	3	(113)	8	(102)	174
– in other comprehensive income	-	-	(68)	(68)	-
Settlements	(4)	14	1,121	1,131	(9)
At 31 December 2011	40	51	7,757	7,848	(272)
Total gains/(losses) for the year included in profit or loss for assets and liabilities held at balance sheet date	3	(113)	8	(102)	174

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy (continued):

The Group (continued)

	2012				
	Assets				*Liabilities*
	Financial assets at fair value through profit or loss RMB million	*Derivatives financial assets* RMB million	*Available-for-sale financial assets* RMB million	*Total* RMB million	*Derivatives financial liabilities* RMB million
At 1 January 2012	40	51	7,757	7,848	(272)
Total gains/(losses):					
– in profit or loss	2	135	-	137	(2)
– in other comprehensive income	-	-	(65)	(65)	-
Settlements	-	(9)	3,714	3,705	(2)
At 31 December 2012	42	177	11,406	11,625	(276)
Total gains/(losses) for the year included in profit or loss for assets and liabilities held at balance sheet date	2	135	-	137	(2)

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy (continued):

The Group (continued)

	2013				
	Assets				*Liabilities*
	Financial assets at fair value through profit or loss RMB million	*Derivatives financial assets* RMB million	*Available-for-sale financial assets* RMB million	*Total* RMB million	*Derivatives financial liabilities* RMB million
At 1 January 2013	42	177	11,406	11,625	(276)
Total gains/(losses):					
– in profit or loss	1	(62)	(664)	(725)	180
– in other comprehensive income	-	-	33	33	-
Settlements	(1)	(103)	7,823	7,719	2
At 31 December 2013	42	12	18,598	18,652	(94)
Total gains/(losses) for the year included in profit or loss for assets and liabilities held in Level 3 at balance sheet date	1	(62)	(664)	(725)	180

In Level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the year in the above tables are presented in "net trading gain" in the income statements.

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy (continued):

The Company

	2011 *Available-for-sale financial assets* RMB million
At 27 December 2011 (date of establishment)	1,516
Total losses in other comprehensive income	(95)
Settlements	3,183
As at 31 December 2011	4,604

	2012 *Available-for-sale financial assets* RMB million
As at 1 January 2012	4,604
Total gains in other comprehensive income	20
Settlements	(1,828)
As at 31 December 2012	2,796

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy (continued):

The Company (continued)

	2013 *Available-for-sale financial assets* RMB million
As at 1 January 2013	2,796
Total gains in other comprehensive income	29
Settlements	(555)
As at 31 December 2013	2,270

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(ii) Fair value of other financial instruments (carried at other than fair value)

The carrying values of other financial assets and liabilities of the Group approximate their fair values at the balance sheet dates, except as follows:

The Group

	2011				
	Carrying amount RMB million	*Fair value* RMB million	*Level 1* RMB million	*Level 2* RMB million	*Level 3* RMB million
Financial assets					
Held-to-maturity investments	107,827	106,629	1,193	105,436	-
Financial liabilities					
Debt securities					
– Corporate bonds issued	28,888	38,619	16,283	22,336	-
– Notes issued	20,941	21,250	397	20,853	-
– Subordinated debts issued	24,120	25,170	6,670	18,500	-
– Certificates of deposits issued	8,576	7,511	-	7,511	-
	82,525	92,550	23,350	69,200	-

	2012				
	Carrying amount RMB million	*Fair value* RMB million	*Level 1* RMB million	*Level 2* RMB million	*Level 3* RMB million
Financial assets					
Held-to-maturity investments	134,405	133,390	673	132,717	-
Financial liabilities					
Debt securities					
– Corporate bonds issued	28,844	39,040	16,622	22,418	-
– Notes issued	30,325	28,440	913	27,527	-
– Subordinated debts issued	43,901	44,056	5,586	38,470	-
– Certificates of deposits issued	11,593	11,621	-	11,621	-
– Convertible bonds issued	492	492	492	-	-
	115,155	123,649	23,613	100,036	-

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(ii) Fair value of other financial instruments (carried at other than fair value) (continued)

The Group (continued)

	2013				
	Carrying amount RMB million	*Fair value* RMB million	*Level 1* RMB million	*Level 2* RMB million	*Level 3* RMB million
Financial assets					
Held-to-maturity investments	154,792	147,099	547	146,532	20
Financial liabilities					
Debt securities					
– Corporate bonds issued	25,632	34,458	15,065	19,393	-
– Notes issued	45,583	41,012	507	40,505	-
– Subordinated debts issued	45,279	40,640	6,980	33,660	-
– Certificates of deposits issued	15,686	15,688	-	15,688	-
– Convertible bonds issued	223	279	279	-	-
	132,403	132,077	22,831	109,246	-

The Company

The carrying value of financial assets and liabilities of the Company approximate their fair values as at 31 December 2011, 2012 and 2013.

(iii) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments on the balance sheet dates.

Debt securities and equity investments

Fair value is based on quoted market prices at the balance sheet dates for trading financial assets and liabilities (excluding derivatives), available-for-sale financial assets, and held-to-maturity investments if there is an active market. If an active market does not exist for available-for-sale financial assets, the fair value is determined using valuation techniques.

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(iii) Estimation of fair values (continued)

Loans and advances to customers and other parties, bank and other loans

Loans and advances to customers and other parties, and bank and other loans are repriced at market rates at least annually. Accordingly, their carrying values approximate the fair values.

Placements with from banks and non-bank financial institutions, financial assets held/sold under resale/repurchase agreements

Placements with banks and non-bank financial institutions, financial assets held/sold under resale/repurchase agreements are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate the fair values.

Derivatives

The fair value of foreign currency and interest rate contracts is either based on their listed market prices or by discount cash flow model at the measurement date.

Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

47 Material related party

(a) Relationship of related parties

(i) In addition to subsidiaries, related parties include parent company, fellow subsidiaries, joint ventures and associates of the Group.

(ii) For the purpose of preparing these combined financial statements, CITIC Pacific is considered as a related party of the Group.

(iii) CITIC Group, the controlling shareholder of the Group, is a state-owned company established in Beijing in 1979.

47 Material related party (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

The aggregate amount of the remuneration before tax for the year ended 31 December 2011 to Directors, Supervisors and Executive Officers amounted to RMB 12.38 million.

The aggregate amount of the remuneration before tax for the year ended 31 December 2012 to Directors, Supervisors and Executive Officers amounted to RMB 17.79 million.

The aggregate amount of the remuneration before tax for the year ended 31 December 2013 to Directors, Supervisors and Executive Officers amounted to RMB 11.34 million.

47 Material related party (continued)

(c) Financing arrangements

The Group

	Amounts owed to the Group by related parties			*Amounts owed by the Group to related parties*			*Related interest income*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Loans to fellow subsidiaries and CITIC Pacific	1,325	1,600	1,458	-	-	-	39	94	60
Loans to associates and joint ventures	162	166	71	-	-	-	3	3	3

The Company

	Amounts owed to the Company by related parties			*Amounts owed by the Company to related parties*			*Related interest income*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Loan to subsidiaries	19,503	22,348	18,852	-	-	-	24	2,001	1,834

47 Material related party (continued)

(d) Other related party transactions

(i) Transaction amounts with related parties:

The Group

	Note	*2011* *Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Sales of goods	(1)	-	524	-	524
Interest income	(2)	-	39	3	42
Interest expenses	(1)	-	13	401	414
Fee and commission income	(1)	-	-	132	132
Fee and commission expenses	(1)	-	158	-	158
Income from other services	(1)	-	-	3	3
Expenses for other services	(1)	-	55	-	55
Interest income from deposits and receivables	(1)	-	-	138	138
Other operating expenses	(1)	-	211	16	227

	Note	*2012* *Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Sales of goods	(1)	-	633	-	633
Purchase of goods	(1)	-	40	21	61
Interest income	(2)	-	94	3	97
Interest expenses	(1)	172	12	408	592
Fee and commission income	(1)	1	3	67	71
Fee and commission expenses	(1)	-	168	2	170
Income from other services	(1)	-	214	18	232
Expenses for other services	(1)	-	33	11	44
Interest income from deposits and receivables	(1)	-	110	60	170
Other operating expenses	(1)	-	17	3	20

47 Material related party (continued)

(d) Other related party transactions (continued)

(i) Transaction amounts with related parties (continued):

The Group (continued)

		2013			
	Note	*Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Sales of goods	(1)	-	88	-	88
Purchase of goods	(1)	-	469	-	469
Interest income	(1)	-	60	3	63
Interest expenses	(1)	30	14	383	427
Fee and commission income	(1)	-	-	1	1
Fee and commission expenses	(1)	-	3	28	31
Income from other services	(1)	-	281	-	281
Interest income from deposits and receivables	(1)	-	122	11	133

The Company

		From 27 December 2011 (the date of the Company found) to 31 December 2011			
	Note	*Fellow subsidiaries and CITIC Pacific* RMB million	*Subsidiaries* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Interest expenses	(1)	-	5	-	5
Fee and commission income	(1)	-	1	-	1
Interest income from deposits and receivables	(1)	-	6	-	6
Interest income from loans and advances	(2)	-	24	-	24
Other operating expenses	(1)	-	1	-	1

47 Material related party (continued)

(d) Other related party transactions (continued)

(i) Transaction amounts with related parties (continued):

The Company (continued)

		31 December 2012			
	Note	*Fellow subsidiaries and CITIC Pacific* RMB million	*Subsidiaries* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Interest expenses	(1)	-	277	-	277
Fee and commission income	(1)	-	32	-	32
Interest income from deposits and receivables	(1)	-	151	-	151
Interest income from loans and advances	(2)	-	2,001	-	2,001
Other operating expenses	(1)	-	186	-	186

		31 December 2013			
	Note	*Fellow subsidiaries and CITIC Pacific* RMB million	*Subsidiaries* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Interest expenses	(1)	-	228	-	228
Fee and commission income	(1)	-	10	-	10
Interest income from deposits and receivables	(1)	-	9	-	9
Interest income from loans and advances	(2)	-	1,834	-	1,834
Other operating expenses	(1)	-	50	-	50

Notes:

(1) These transactions with related parties were conducted under the normal commercial terms.

(2) Interest rates of these on loans and advances are negotiated between the Group or Company with the corresponding related parties on a case by case basis.

47 Material related party (continued)

(d) Other related party transactions (continued)

(ii) Outstanding balances with related parties:

The Group

	Note	*2011* *Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Trade and other receivables	(1)	-	649	4,744	5,393
Loans and advances	(2)	-	1,325	162	1,487
Placements with banks and non-bank financial institutions	(1)	-	21	-	21
Cash and deposits	(1)	-	-	20	20
Other assets	(1)	-	10	-	10
Trade and other payables	(1)	5,145	70	1,176	6,391
Deposits from customers	(1)	-	1,236	4,456	5,692
Deposits from bank and non-bank financial institutions	(1)	-	-	15,323	15,323
Other liabilities	(1)	-	5	-	5
Guarantees provided	(3)	-	-	5,470	5,470

	Note	*2012* *Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Trade and other receivables	(1)	9	1,193	2,391	3,593
Loans and advances	(2)	-	1,600	166	1,766
Placements with banks and non-bank financial institutions	(1)	-	21	-	21
Cash and deposits	(1)	-	1	328	329
Other assets	(1)	-	1,104	-	1,104
Trade and other payables	(1)	3,771	1,250	1,319	6,340
Deposits from customers	(1)	488	1,912	12,031	14,431
Deposits from bank and non-bank financial institutions	(1)	-	-	10,615	10,615
Other liabilities	(1)	-	-	61	61
Guarantees provided	(3)	-	-	4,420	4,420

47 Material related party (continued)

(d) Other related party transactions (continued)

(ii) Outstanding balances with related parties (continued)

The Group (continued)

		2013			
	Note	*Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Trade and other receivables	(1)	7	1,127	3,438	4,572
Loans and advances	(2)	-	1,458	71	1,529
Placements with banks and non-bank financial institutions	(1)	-	21	-	21
Other assets	(1)	-	1,000	-	1,000
Trade and other payables	(1)	2,466	213	400	3,079
Deposits from customers	(1)	538	2,461	3,686	6,685
Deposits from bank and non-bank financial institutions	(1)	-	3	-	3
Guarantees provided	(3)	-	-	4,700	4,700

The Company

		2011				
	Note	*Parent company* RMB Million	*Fellow subsidiaries and CITIC Pacific* RMB Million	*Subsidiaries* RMB Million	*Associates and joint ventures* RMB Million	*Total* RMB Million
Trade and other receivables	(1)	-	-	13,809	-	13,809
Loans and advances	(2)	-	-	19,503	-	19,503
Cash and deposits	(1)	-	-	10,929	-	10,929
Trade and other payables	(1)	5,144	-	1,587	20	6,751
Debt securities issued	(1)	-	-	858	-	858
Other liabilities	(1)	-	-	5,519	-	5,519
Guarantees provided	(1)	-	-	4,541	1,500	6,041

47 Material related party (continued)

(d) Other related party transactions (continued)

(ii) Outstanding balances with related parties (continued)

The Company (continued)

		2012				
	Note	*Parent company* RMB Million	*Fellow subsidiaries and CITIC Pacific* RMB Million	*Subsidiaries* RMB Million	*Associates and joint ventures* RMB Million	*Total* RMB Million
Trade and other receivables	(1)	-	100	19,591	-	19,691
Loans and advances	(2)	-	-	22,348	-	22,348
Cash and deposits	(1)	-	-	2,671	22	2,693
Trade and other payables	(1)	3,755	1,089	2,206	20	7,070
Debt securities issued	(1)	-	-	772	-	772
Other liabilities	(1)	-	-	5,534	-	5,534
Guarantees provided	(1)	-	-	5,120	1,500	6,620

		2013				
	Note	*Parent company* RMB Million	*Fellow subsidiaries and CITIC Pacific* RMB Million	*Subsidiaries* RMB Million	*Associates and joint ventures* RMB Million	*Total* RMB Million
Trade and other receivables	(1)	-	-	21,265	-	21,265
Loans and advances	(2)	-	-	18,852	-	18,852
Cash and deposits	(1)	-	-	2,076	-	2,076
Trade and other payables	(1)	2,454	5	546	20	3,025
Debt securities issued	(1)	-	-	251	-	251
Other liabilities	(1)	-	-	5,203	-	5,203
Guarantees provided	(1)	-	-	4,349	1,500	5,849

Notes:

(1) These balances arose from business transactions which were conducted under the normal commercial terms.

(2) Interest rates of these loans and balances are negotiated between the Group or Company with the corresponding related party on a case by case basis.

(3) Terms on guarantees provided by the Group are agreed with the corresponding related parties on a case by case basis.

47 Material related party (continued)

(e) Transactions with other state-owned entities in the PRC

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations ("state-owned entities").

Transactions with other state-owned entities include but are not limited to the following:

- sales and purchases of goods and provision of services;
- leases of assets;
- lending and deposit taking;
- taking and placing of inter-bank balances;
- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services; and
- sale, purchase, underwriting and redemption of bonds issued by other state-owned entities.

48 Involvement with uncombined structured entities

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include wealth management products, investment management products managed by securities companies, trust investment plans, asset-backed financings and investment funds, The Group does not combine these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through issuance of notes to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group at the balance sheet dates in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the balance sheets in which relevant assets are recognised:

The Group

	31 December 2011						
Carrying amount	*Held-to-maturity investments* RMB Million	*Available-for-sale financial assets* RMB Million	*Investments classified as receivables* RMB Million	*Financial assets held under resale agreements* RMB Million	*Total* RMB Million	*Guarantee* RMB Million	*Maximum loss exposure* RMB Million
Wealth management products	-	480	-	-	480	-	480
Investment management products managed by securities companies	-	-	-	-	-	-	-
Trust investment plans	-	4,114	-	-	4,114	3,807	7,921
Asset-backed financings	89	6	-	-	95	-	95
Investment funds	-	475	-	-	475	-	475
Total	89	5,075	-	-	5,164	3,807	8,971

48 Involvement with uncombined structured entities (continued)

(a) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)

The Group (continued)

	31 December 2012						
Carrying amount	*Held-to-maturity investments* RMB Million	*Available-for-sale financial assets* RMB Million	*Investments classified as receivables* RMB Million	*Financial assets held under resale agreements* RMB Million	*Total* RMB Million	*Guarantee* RMB Million	*Maximum loss exposure* RMB Million
Wealth management products	-	21,716	4,030	-	25,746	-	25,746
Investment management products managed by securities companies	-	-	3,269	698	3,967	-	3,967
Trust investment plans	-	2,869	26,880	1,227	30,976	4,400	35,376
Asset-backed financings	30	3	-	-	33	-	33
Investments finds	-	1,548	-	-	1,548	-	1,548
Total	30	26,136	34,179	1,925	62,270	4,400	66,670

48 Involvement with uncombined structured entities (continued)

(a) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)

The Group (continued)

	31 December 2013						
Carrying amount	*Held-to-maturity investments* RMB Million	*Available-for-sale financial assets* RMB Million	*Investments classified as receivables* RMB Million	*Financial assets held under resale agreements* RMB Million	*Total* RMB Million	*Guarantee* RMB Million	*Maximum loss exposure* RMB Million
Wealth management products	-	21,058	65,558	-	86,616	-	86,616
Investment management products managed by securities companies	-	432	114,987	7,706	123,125	-	123,125
Trust investment plans	20	9,956	96,999	1,951	108,926	2,568	111,494
Asset-backed financings	202	15	-	-	217	-	217
Investment funds	-	918	-	-	918	-	918
Total	222	32,379	277,544	9,657	319,802	2,568	322,370

The maximum loss exposure of the above wealth management products, investment management products managed by securities companies, trust investment plans and investment funds is the fair value of the assets held by the Group at the balance sheet dates. The maximum loss exposure of the asset-backed financings is the amortised cost or fair value of the assets held by the Group at the balance sheet dates in accordance with the line items of these assets recognised in the balance sheets.

48 Involvement with uncombined structured entities (continued)

(b) Structured entities sponsored by the Group which the Group does not combine but holds an interest

The types of uncombined structured entities sponsored by the Group include non-principal-guaranteed wealth management products and trust plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through issuance of notes to investors. Interest held by the Group includes fees charged by providing management services. At 31 December 2013, the carrying amount of management fee receivables being recognised in the balance sheet is RMB 474 million.

At 31 December 2013, the amount of assets held by the uncombined non-principal-guaranteed wealth management products and trust plans which are sponsored by the Group is RMB 976 billion.

At 31 December 2013, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB 5,750 million. During the year of 2013, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB 7,450 million. In the opinion of management, the transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

During 2013, the amount of fee and commission income recognised from the abovementioned structured entities by the Group is RMB 7,115 million.

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 31 December for 2013 is RMB 233 billion.

49 Material business combinations

(a) Acquisition of subsidiaries

There was no acquisition of significant subsidiaries during the years ended 31 December 2011 and 2012.

On 2 January 2013, the Group acquired 100% equity interests of CITIC Building Property Consultants Co., Ltd. ("CITIC Building") from CITIC Guoan Co., Ltd., a fellow subsidiary wholly owned by CITIC Group at a cash consideration of RMB 1,711 million.

The above acquisition is recognised as business combination under common control since CITIC Building and the Group are under the common control of the CITIC Group. The financial statements of CITIC Building are included in the combined financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control.

The carrying amount of the net assets of CITIC Building is RMB 940 million, RMB 964 million and RMB 983 million at 31 December 2011, 2012 and 2013, respectively. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination has been adjusted to the capital reserve.

(b) CITIC Heavy Industries

In 2012, CITIC Heavy Industries raised an amount of RMB 3,090 million through issuing A shares at the Shanghai Stock Exchange, the Group's portion of share ownership in CITIC Heavy Industries was then diluted from 96.71% to 71.04%. According to "the Implementing Measures for the Transfer of Some State-owned Shares from the PRC Securities Market to the National Social Security Fund" (No.94 [2009] of the Ministry of Finance), the Group transferred state-owned shares accordingly. The transferred shares are held by National Council for Social Security Fund of the PRC.

50 Supplementary information to the combined cash flow statements

Cash and cash equivalents held by the Group are as follows:

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Cash	5,043	6,731	6,879
Bank deposits on demand	28,925	33,712	33,001
Surplus deposit reserve funds	60,637	62,223	66,056
Investments in debt securities due within three months	11,816	9,378	12,042
Deposits with banks and non-bank financial institutions due within three months	335,900	216,253	97,617
Placements with banks and non-bank financial institutions due within three months	66,868	48,078	26,616
Cash and cash equivalents in the combined cash flow statements	509,189	376,375	242,211

51 Parent and ultimate holding company

The parent and the ultimate holding company of the Company is CITIC Group. The details of group structure are disclosed in note 1.

52 Post balance sheet events

(a) Shares transfer

As stated in note 1(c), the subsidiaries of the Company which hold the shares of CITIC Pacific will transfer such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group for their respective business needs. The relevant parties entered into framework agreements in March 2014 to transfer such shares of CITIC Pacific, the completion of which is subject to consent of the relevant third parties and regulatory authorities. As at the issuance date of these financial statements, the underlying transfer has not been completed.

(b) Distribution of profits

According to the board of directors' meeting and shareholders' meeting on 21 March 2014, distribution of profits in cash with an amount of RMB 11,200 million and RMB 5,800 million was approved in respect of the year ended 31 December 2013 and year ending 31 December 2014, respectively.

(c) Capital injection

According to the board of directors' meeting and shareholders' meeting of the Company, and the board of directors' meeting of CITIC Group on 24 March 2014, CITIC Group and CITIC Enterprise Management will inject cash with a total amount of RMB 17,000 million to the Company. The capital injection was approved by MOF on 25 March 2014, and approved by the State Administration for Industry and Commerce of the Peoples Republic of China on 27 March 2013.

53 Approval of the combined financial statements

The combined financial statements were approved and authorised for issue by the board of directors on 31 March 2014.

54 Possible impact of amendments, new standards and interpretations issued but not yet adopted

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the years ended 31 December 2011, 2012 and 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to HKAS 32, *Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*	1 January 2014
HKFRS 9, *Financial instruments*	unspecified

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results and financial position except for HKFRS 9, *Financial instruments*, which may have an impact on the Group's result and financial position. The Group has not completed its assessment of the full impact of adopting HKFRS 9 and therefore its possible impact on the Group's results and financial position has not been quantified.

55 Principal subsidiaries, associates and joint ventures

(a) Principal subsidiaries

The following list contains only the particulars of principal subsidiaries of the Group.

Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Proportion of ownership interest*			*Statutory auditors*		
					Attributable to the Group	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC Holdings Co., Ltd. 中信控股有限責任公司	Mainland China	Financial services	50,000	RMB	100%	100%	-	Ernst & Young	Ernst & Young	Ernst & Young
China CITIC Bank Corporation Limited 中信銀行股份有限公司 (Note 1 and 2)	Mainland China	Banking	46,787,327	RMB	66.95% (2011 and 2012: 61.85%)	66.95% (2011 and 2012: 61.85%)	-	KPMG	KPMG	KPMG
CITIC Trust Co., Ltd. 中信信托有限責任公司	Mainland China	Trust Services	1,200,000	RMB	100%	80%	20%	Grant Thornton	Grant Thornton	Grant Thornton
CITIC Finance Company Limited 中信財務有限公司	Mainland China	Financial services	1,000,000	RMB	100%	80%	20%	N/A	KPMG	KPMG
CITIC Kingview Capital Management Co., Ltd. 中信錦繡資本管理有限責任公司	Mainland China	Financial services	50,000	RMB	73.02% (2011 and 2012: 72.79%)	30%	70%	Grant Thornton	Grant Thornton	RuiHua Certified Public Accountants
CITIC Hong Kong (Holdings) Limited	Hong Kong	Investment holding	1,053,711	HKD	100%	100%	-	PricewaterhouseCoopers	PricewaterhouseCoopers	KPMG
CITIC Real Estate Co., Ltd. 中信房地產股份有限公司	Mainland China	Real estate	6,790,000	RMB	88.37% (2012: 88.37%; 2011: 80.86%)	88.37% (2012: 88.37%; 2011: 80.86%)	-	KPMG	KPMG	KPMG

55 Principal subsidiaries, associates and joint ventures (continued)

(a) Principal subsidiaries (continued)

Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Proportion of ownership interest: Attributable to the Group*	*Held by the company*	*Held by subsidiaries*	*Statutory auditors: 2011*	*2012*	*2013*
CITIC Industrial Investment Group Corp., Ltd. 中信興業投資集團有限公司	Mainland China	Real estate and Infrastructure	1,600,000 (2012: 1,600,000; 2011: 670,000)	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Heye Investment (Beijing) Co., Ltd. 北京中信和業投資有限公司	Mainland China	Real estate and Infrastructure	100,000	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
CITIC Power Investments Limited	Hong Kong	Real estate and Infrastructure	10	HKD	100%	100%	-	Kreston CAC CPA	BDO China Shu Lun Pan Certified Public Accountants LLP	BDO China Shu Lun Pan Certified Public Accountants LLP
CITIC Land Co., Ltd. 中信置業有限公司 (Note 3)	Mainland China	Real estate and Infrastructure	500,000	RMB	100%	100%	-	N/A	N/A	Yong Tuo Certified Public Accountants
CITIC Construction Company Limited 中信建設有限責任公司	Mainland China	Construction	300,000	RMB	100%	100%	-	KPMG	KPMG	KPMG
CITIC Engineering Design and Construction Company Limited 中信工程設計建設有限公司 (Note 3)	Mainland China	Construction	1,000,000	RMB	100%	100%	-	N/A	N/A	Yong Tuo Certified Public Accountants
CITIC Resources Holdings Limited (Note 1)	Hong Kong	Resources and Energy	383,287	HKD	59.41% (2012: 59.43%; 2011: 57 %)	-	59.41% (2012: 59.43%; 2011: 57 %)	Ernst & Young	Ernst & Young	Ernst & Young

55 Principal subsidiaries, associates and joint ventures (continued)

(a) Principal subsidiaries (continued)

					Proportion of ownership interest			*Statutory auditors*		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC United Asia Investments Limited	Hong Kong	Resources and Energy	817,469	HKD	100%	-	100%	Ernst & Young	Ernst & Young	Ernst & Young
CITIC Metal Co., Ltd. 中信金屬有限公司	Mainland China	Resources and Energy	1,780,000	RMB	100%	100%	-	KPMG	KPMG	BDO
CITIC Australia Pty Limited	Australia	Resources and Energy	98,763	AUD	100%	100%	-	Ernst & Young	Ernst & Young	Ernst & Young
CITIC Kazakhstan LLP	Kazakhstan	Resources and Energy	1,500	KZT	100%	100%	-	Baker Tilly ELTAL Kazakhstan LLP	Ar-Audit LLP	Ar-Audit LLP
CITIC Heavy Industries Co., Ltd. 中信重工機械股份有限公司 (Note 2)	Mainland China	Manufacturing	2,740,000	RMB	71.04% (2012: 71.04%; 2011: 96.71%)	63.87% (2012: 63.87%; 2011: 86.83%)	7.17% (2012: 7.17%; 2011: 9.88%)	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Investment Holdings Limited 中信投資控股有限公司	Mainland China	Manufacturing	928,000 (2012: 928,000 2011: 328,000)	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
CITIC Asia Satellite Holding Company Limited	British Virgin Islands	Information industry	60,524	USD	100%	-	100%	PricewaterhouseCoopers	PricewaterhouseCoopers	PricewaterhouseCoopers
CITIC Press Corporation 中信出版集團股份有限公司	Mainland China	Publishing	100,000	RMB	100%	95%	5%	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants

55 Principal subsidiaries, associates and joint ventures (continued)

(a) Principal subsidiaries (continued)

Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Proportion of ownership interest: Attributable to the Group*	*Proportion of ownership interest: Held by the Company*	*Proportion of ownership interest: Held by subsidiaries*	*Statutory auditors: 2011*	*Statutory auditors: 2012*	*Statutory auditors: 2013*
CITIC Tianjin Holdings Co., Ltd. 中信天津投資控股有限公司	Mainland China	Services	343,220 (2012: 343,220 2011: 266,220)	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
China Zhonghaizhi Corporation 中國中海直有限責任公司	Mainland China	Services	1,000,000	RMB	51.03%	51.03%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Tourism Group Co., Ltd. 中信旅遊集團有限公司	Mainland China	Services	129,000	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
CITIC Automobile Co., Ltd. 中信汽車有限責任公司	Mainland China	Trading	600,000	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC USA Holding Inc. 中信美國集團	The United States of America	Investment holding	1	USD	100%	100%	-	BDO, USA, LLP	BDO, USA, LLP	BDO, USA, LLP
CITIC Capital Mansion Co., Ltd. 中信京城大廈有限責任公司	Mainland China	Services	800,000	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Building Property Management Co., Ltd. 北京中信國際大廈物業管理有限公司	Mainland China	Services	1,000	RMB	100%	100%	-	Grant Thornton	Grant Thornton	Grant Thornton

55 Principal subsidiaries, associates and joint ventures (continued)

(a) Principal subsidiaries (continued)

					Proportion of ownership interest			*Statutory auditors*		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
China International Economic Consultants Co., Ltd. 中國國際經濟諮詢有限公司	Mainland China	Services	59,000	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
Beijing Guoan Football Club Co., Ltd. 北京國安足球俱樂部有限責任公司	Mainland China	Services	75,000	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants

Notes:

(1) These companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(2) These companies are listed on the Shanghai Stock Exchange.

(3) This company is wholly owned subsidiary established by the Company in 2013.

55 Principal subsidiaries, associates and joint ventures (continued)

(b) Principal associates

Details of the Group's interest in principal associates, which are accounted for using the equity method in the combined financial statements of the Group are as follows:

					Proportion of ownership interest			*Statutory auditors*		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Authorised/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC Securities Co., Ltd. 中信證券股份有限公司 (Notes 1 and 2)	Mainland China	Securities related services	11,016,908	RMB	20.30%	20.30%	-	Ernst & Young	Ernst & Young	Ernst & Young
CITIC Dameng Holdings Limited (Note 1)	Bermuda	Resources	302,480	HKD	33.18% (2012: 33.19%; 2011: 32.24%)	-	49 %	Ernst & Young	Ernst & Young	Ernst & Young
Alumina Limited (Note 3)	Australia	Resources	2,620,000	USD	10.21%	-	13.62%	PricewaterhouseCoopers	PricewaterhouseCoopers	PricewaterhouseCoopers
Sinopec Yizheng Chemical Fibre Company Limited 中國石化儀征化纖股份有限公司 (Notes 1 and 2)	Mainland China	Manufacturing	6,000,000	RMB	17.25% (2012 and 2011: 18%)	17.25%	-	KPMG	KPMG	KPMG

Notes:

(1) These companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(2) These companies are listed on the Shanghai Stock Exchange.

(3) In 2013, the Group acquired an aggregate effective interest of 10.21% in Alumina Limited, which is listed on the Australian Securities Exchange and New York Stock Exchange, and principally involved in bauxite mining and alumina refining operations.

55 Principal subsidiaries, associates and joint ventures (continued)

(c) Principal joint ventures

Details of the Group's interest in principal joint ventures, which are accounted for using the equity method in the combined financial statements of the Group are as follows:

					Proportion of ownership interest			*Statutory auditors*		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Authorised/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC-Prudential Life Insurance Co., Ltd. 信誠人壽保險有限公司	Mainland China	Insurance and reinsurance	2,360,000	RMB	50%	50%	-	KPMG	KPMG	KPMG
Bowenvale Limited (Note 1)	British Virgin Islands	Information industry	29,117	HKD	50.50%	-	50.50%	PricewaterhouseCoopers	PricewaterhouseCoopers	PricewaterhouseCoopers
CITIC Capital Holding Limited	Hong Kong	Investment holding	65,000	HKD	9.43% (2012: 9.30% 2011: 11.96%)	-	20.03%	PricewaterhouseCoopers	PricewaterhouseCoopers	KPMG

Note:

(1) Asia Satellite is listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group's joint venture, Bowenvale Limited holds 74.43% of equity interest in Asia Satellite.

INTRODUCTION

The following is an illustrative and unaudited pro forma financial information of the Enlarged Group ("Unaudited Pro Forma Financial Information"), including unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement of the Enlarged Group, which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition (the "Acquisition") of the 100% equity interest (the "Relevant Equity Interest") in CITIC Limited (the "Target Company") by CITIC Pacific Limited (the "Company"), as if it had taken place on 31 December 2013 for the unaudited pro forma consolidated balance sheet and on 1 January 2013 for the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated cash flow statement. The Target Company and its subsidiaries, excluding CITIC Pacific Limited and its subsidiaries, are collectively referred to as the "Target Group".

The Unaudited Pro Forma Financial Information has been prepared in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and has been prepared by the Directors of the Company for illustrative purpose only.

The Unaudited Pro Forma Financial Information is based upon (i) the audited consolidated financial statements of the Company and its subsidiaries (the "Group") as at and for the year ended 31 December 2013, which have been extracted from the Company's annual report dated 20 February 2014 for the year ended 31 December 2013; (ii) the combined financial statements of the Target Group as at and for the year ended 31 December 2013 as set out in Appendix II of this announcement dated 16 April 2014 (the "Announcement"), and adjusted on a pro forma basis to reflect the effect of the Acquisition. These pro forma adjustments are (i) directly attributable to the Acquisition and not relating to other future events and decision and (ii) factually supportable based on the terms of the Share Transfer Agreement as defined in the Announcement.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, results and cash flows of the Enlarged Group had the Acquisition been completed as at 31 December 2013 or 1 January 2013, where applicable, or at any future dates.

A. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

Audited consolidated balance sheet of the Group as at 31 December 2013 extracted from the Company's annual report dated 20 February 2014		Reclassifications		Consolidated balance sheet of the Group as at 31 December 2013 for the purpose of Unaudited Pro Forma Financial Information
	HK$' million	*HK$' million Note 1*	*HK$' million*	
Non-current assets				**Assets**
Property, plant and equipment	109,480	13,412	122,892	Fixed assets
Investment properties	14,932	-	14,932	Investment properties
Properties under development	10,779	(10,779)	-	
Leasehold land - operating leases	2,633	(2,633)	-	
Joint ventures	22,647	-	22,647	Interests in joint ventures
Associated companies	7,668	-	7,668	Interests in associates
Other financial assets	294	-	294	Available-for-sale financial assets
Intangible assets	18,802	(902)	17,900	Intangible assets
		902	902	Goodwill
Deferred tax assets	2,868	-	2,868	Deferred tax assets
Derivative financial instruments	36	50	86	Derivative financial assets
Non-current deposits and prepayments	3,748	(3,748)	-	
Total non-current assets	193,887			
Current assets				
Properties under development	881	(881)	-	
Properties held for sale	3,729	(3,729)	-	
Other assets held for sale	3,848	(3,848)	-	
	-	4,648	4,648	Other assets
Inventories	14,660	4,610	19,270	Inventories
Derivative financial instruments	50	(50)	-	
Debtors, accounts receivable, deposits and prepayments	15,654	2,948	18,602	Trade and other receivables
Cash and bank deposits	35,070	-	35,070	Cash and deposits
Total current assets	73,892		267,779	**Total assets**
Current liabilities				**Liabilities**
Bank loans, other loans and overdrafts				
- secured	1,426	(1,426)	-	
- unsecured	25,713	(25,713)	-	
Creditors, accounts payable, deposits and accruals	28,717	(442)	28,275	Trade and other payables
	-	572	572	Employee benefits payables
Derivative financial instruments	151	(151)	-	
Provisions	130	(130)	-	
Provision for taxation	1,139	-	1,139	Income tax payable
Liabilities of a company to be disposed classified as held for sale	43	-	43	Other liabilities
Total current liabilities	57,319			

A. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

Audited consolidated balance sheet of the Group as at 31 December 2013 extracted from the Company's annual report dated 20 February 2014		Reclassifications		Consolidated balance sheet of the Group as at 31 December 2013 for the purpose of Unaudited Pro Forma Financial Information
	HK$' million	*HK$' million* *Note 1*	*HK$' million*	
Net current assets	16,573			
Total assets less current liabilities	210,460			
Non-current liabilities				
Long term borrowings	93,591	27,139	120,730	Bank and other loans and debt securities issued
Deferred tax liabilities	3,918	-	3,918	Deferred tax liabilities
Derivative financial instruments	2,546	151	2,697	Derivative financial liabilities
Provisions and deferred income	2,092	-	2,092	Provisions
Total non-current liabilities	102,147		159,466	**Total liabilities**
Net assets	108,313			
Equity				
Share capital	1,460	-	1,460	Share capital
Perpetual capital securities	13,838	-	13,838	Perpetual capital securities
Reserves	85,553	912	86,465	Reserves
Proposed dividend	912	(912)	-	
Total ordinary shareholders' funds and perpetual capital securities	101,763			
Non-controlling interests in equity	6,550	-	6,550	Non-controlling interests
Total equity	108,313		108,313	**Total equity**
			267,779	**Total liabilities and equity**

A. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	Consolidated balance sheet of the Group as at 31 December 2013	Pro forma adjustments: Audited combined balance sheet of the Target Group as at 31 December 2013	Combined balance sheet of the Target Group as at 31 December 2013	Other pro forma adjustments			Unaudited pro forma consolidated balance sheet of the Enlarged Group
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Assets							
Cash and deposits	35,070	680,285	865,282	-	868	(1,939)	899,281
Placements with banks and non-bank financial institutions	-	122,314	155,576	-	-	-	155,576
Financial assets at fair value through profit or loss	-	12,310	15,658	-	-	-	15,658
Derivative financial assets	86	7,768	9,880	-	-	-	9,966
Trade and other receivables	18,602	59,645	75,865	-	1,958	(312)	96,113
Amount due from customers for contract work	-	1,374	1,748	-	-	-	1,748
Inventories	19,270	83,695	106,455	-	127	-	125,852
Financial assets held under resale agreements	-	287,247	365,361	-	-	-	365,361
Loans and advances to customers and other parties	-	1,903,049	2,420,566	-	-	(763)	2,419,803
Available-for-sale financial assets	294	215,396	273,971	-	-	(128)	274,137
Held-to-maturity investments	-	154,792	196,886	-	-	-	196,886
Investments classified as receivables	-	300,158	381,783	-	-	-	381,783
Interests in associates	7,668	35,696	45,403	-	(7,568)	-	45,503
Interests in joint ventures	22,647	9,324	11,860	-	(3,893)	-	30,614
Fixed assets	122,892	47,038	59,830	-	2,591	-	185,313
Investment properties	14,932	4,681	5,954	-	8,082	-	28,968
Intangible assets	17,900	12,414	15,789	-	2,345	-	36,034
Goodwill	902	2,967	3,774	-	9,247	-	13,923
Deferred tax assets	2,868	10,930	13,902	-	33	(2)	16,801
Other assets	4,648	14,620	18,596	-	27	(799)	22,472
Total assets	267,779	3,965,703	5,044,139	-	13,817	(3,943)	5,321,792

A. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

		Pro forma adjustments					
	Consolidated balance sheet of the Group as at 31 December 2013	Audited combined balance sheet of the Target Group as at 31 December 2013	Combined balance sheet of the Target Group as at 31 December 2013	Other pro forma adjustments			Unaudited pro forma consolidated balance sheet of the Enlarged Group
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Liabilities							
Deposits from banks and non-bank financial institutions	-	557,904	709,621	-	-	-	709,621
Placements from banks and non-bank financial institutions	-	41,372	52,623	-	-	-	52,623
Derivative financial liabilities	2,697	6,944	8,832	-	-	-	11,529
Trade and other payables	28,275	138,633	176,333	(iii) 382	1,913	(1,127)	205,776
Amount due to customers for contract work	-	6,322	8,041	-	-	-	8,041
Financial assets sold under repurchase agreements	-	7,949	10,111	-	-	-	10,111
Deposits from customers	-	2,632,152	3,347,942	-	-	(1,999)	3,345,943
Employee benefits payables	572	13,967	17,765	-	61	-	18,398
Income tax payable	1,139	5,773	7,343	-	181	-	8,663
Bank and other loans and debt securities issued	120,730	227,683	289,600	-	9,162	(823)	418,669
Provisions	2,092	500	636	-	-	-	2,728
Deferred tax liabilities	3,918	1,804	2,295	-	223	-	6,436
Other liabilities	43	5,062	6,439	-	137	-	6,619
Total liabilities	159,466	3,646,065	4,637,581	382	11,677	(3,949)	4,805,157
Equity							
Share capital	1,460	128,000	157,888	(i) 8,501 (ii) (157,888)	-	-	9,961
Reserves	86,465	97,051	128,362	(i), (ii), (iii) 149,005	(1,940)	6	361,898
Total equity attributable to ordinary shareholders of the Company	87,925	225,051	286,250	(382)	(1,940)	6	371,859
Perpetual capital securities	13,838	-	-	-	-	-	13,838
Non-controlling interests	6,550	94,587	120,308	-	4,080	-	130,938
Total equity	108,313	319,638	406,558	(382)	2,140	6	516,635
Total liabilities and equity	267,779	3,965,703	5,044,139	-	13,817	(3,943)	5,321,792

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

Audited consolidated profit and loss account of the Group for the year ended 31 December 2013 extracted from the Company's annual report dated 20 February 2014		**Reclassifications**		**Consolidated profit and loss account of the Group for the year ended 31 December 2013 for the purpose of Unaudited Pro Forma Financial Information**
	HK$' million	*HK$' million* *Note 1*	*HK$' million*	
Revenue	88,041	-	88,041	Sales of goods and services
Cost of sales	(77,185)	-	(77,185)	Cost of sales and services
Gross profit	10,856			
Other income and net gains	2,545	2,102	4,647	Other net income
Distributing and selling expenses	(3,243)	3,243	-	
Other operating expenses	(4,523)	(2,808)	(7,331)	Other operating expenses
		(435)	(435)	Impairment losses on others
Change in fair value of investment properties	1,709	-	1,709	Net valuation gain on investment properties
Profit from consolidated activities	7,344			
Share of results of				
- Joint ventures	3,016	-	3,016	Share of profit of joint ventures, net of tax
- Associated companies	390	-	390	Share of profit of associates, net of tax
Profit before net finance charges and taxation	10,750		12,852	**Profit before net finance charges and tax**
Finance charges	(3,297)	-	(3,297)	Finance costs
Finance income	549	-	549	Finance income
Profit before taxation	8,002		10,104	**Profit before tax**
Taxation	(978)	-	(978)	Income tax
Profit for the year from continuing operations	7,024			
Profit for the year from discontinued operations	2,102	(2,102)	-	
Profit for the year	9,126		9,126	**Profit for the year**
Attributable to:				Attributable to:
- Ordinary shareholders of the Company	7,588	-	7,588	- Ordinary shareholders of the Company
- Holders of perpetual capital securities	881	-	881	- Holders of perpetual capital securities
- Non-controlling interests	657	-	657	- Non-controlling interests
	9,126		9,126	

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

		Pro forma adjustments					
	Consolidated profit and loss account of the Group for the year ended 31 December 2013	Audited combined income statement of the Target Group for the year ended 31 December 2013	Combined income statement of the Target Group for the year ended 31 December 2013	Other pro forma adjustments			Unaudited pro forma consolidated income statement of the Enlarged Group
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Interest income	-	164,139	205,711	-	-	-	205,711
Interest expenses	-	(77,576)	(97,224)	-	-	-	(97,224)
Net interest income	-	86,563	108,487	-	-	-	108,487
Fee and commission income	-	23,123	28,979	-	-	-	28,979
Fee and commission expenses	-	(1,508)	(1,889)	-	-	-	(1,889)
Net fee and commission income	-	21,615	27,090	-	-	-	27,090
Sales of goods and services	88,041	141,356	177,159	-	6,369	(225)	271,344
Other revenue	-	2,255	2,826	-	-	-	2,826
	88,041	143,611	179,985	-	6,369	(225)	274,170
Total revenue	88,041	251,789	315,562	-	6,369	(225)	409,747
Cost of sales and services	(77,185)	(125,340)	(157,085)	-	(3,936)	167	(238,039)
Other net income	4,647	6,094	7,637	-	(2,119)	-	10,165
Impairment losses on							
– Loans and advances to customers	-	(10,739)	(13,459)	-	-	-	(13,459)
– Others	(435)	(2,933)	(3,676)	-	(117)	8	(4,220)
Other operating expenses	(7,331)	(51,923)	(65,074)	(iii) (37)	(1,591)	9	(74,024)
Net valuation gain on investment properties	1,709	118	148	-	238	-	2,095
Share of profit of associates, net of tax	390	1,824	2,286	-	-	-	2,676
Share of profit of joint ventures, net of tax	3,016	750	940	-	-	-	3,956
Profit before net finance charges and tax	12,852	69,640	87,279	(37)	(1,156)	(41)	98,897
Finance costs	(3,297)	(4,615)	(5,785)	-	(457)	52	(9,487)
Finance income	549	1,152	1,444	-	5	(8)	1,990
Net finance charges	(2,748)	(3,463)	(4,341)	-	(452)	44	(7,497)

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

		Pro forma adjustments					
	Consolidated profit and loss account of the Group for the year ended 31 December 2013	**Audited combined income statement of the Target Group for the year ended 31 December 2013**	**Combined income statement of the Target Group for the year ended 31 December 2013**	**Other pro forma adjustments**			**Unaudited pro forma consolidated income statement of the Enlarged Group**
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Profit before tax	10,104	66,177	82,938	(iii) (37)	(1,608)	3	91,400
Income tax	(978)	(16,500)	(20,679)	-	717	(1)	(20,941)
Profit for the year	9,126	49,677	62,259	(37)	(891)	2	70,459
Attributable to:							
Ordinary shareholders of the Company	7,588	34,260	42,937	(37)	(2,060)	2	48,430
Holders of perpetual capital securities	881	-	-	-	-	-	881
Non-controlling interests	657	15,417	19,322	-	1,169	-	21,148
Profit for the year	9,126	49,677	62,259	(37)	(891)	2	70,459
Profit attributable to ordinary shareholders of the Company arising from:							
Continuing operations	5,505	34,260	42,937	(37)	23	2	48,430
Discontinued operations	2,083	-	-	-	(2,083)	-	-
	7,588	34,260	42,937	(37)	(2,060)	2	48,430

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

Audited consolidated cash flow statement of the Group for the year ended 31 December 2013 extracted from the Company's annual report dated 20 February 2014		**Reclassifications**		**Consolidated cash flow statement of the Group for the year ended 31 December 2013 for the purpose of Unaudited Pro Forma Financial Information**
	HK$' million	*HK$' million Note 1*	*HK$' million*	
Cash flows from operating activities				**Cash flows from operating activities**
Profit before taxation from continuing operations	8,002	2,102	10,104	Profit before taxation
Profit before taxation from discontinued operations	2,104	(2,104)	-	
Share of results of joint ventures and associated companies	(3,406)	-	(3,406)	Share of profits of joint ventures and associates
Net finance charges	2,748	-	2,748	Finance costs
Net exchange gain	(172)	-	(172)	Finance income
Income from other financial assets	(5)	5	-	
Depreciation and amortisation	3,653	-	3,653	Depreciation and amortisation
Impairment losses	435	86	521	Impairment losses
Provision for gas contract	86	(86)	-	
Share-based payment	21	(21)	-	
Profit on disposal of property, plant and equipment	(3)	3	-	
Change in fair value of investment properties	(1,709)	-	(1,709)	Net valuation gain on investment properties
Net gain from disposal/deemed disposal of joint ventures and associated companies	(367)	367	-	
Net gain on disposal of subsidiary companies	(2,977)	(367)	(3,344)	Gain on disposal of subsidiaries, associates and joint ventures
Operating profit before working capital changes	8,410			
Decrease in properties held for sale	1,193	(1,193)	-	
Increase in inventories	(2,417)	(2,324)	(4,741)	Increase in inventories
Increase in debtors, accounts receivable, deposits and prepayments	(655)	2	(653)	Increase in trade and other receivables
Increase in creditors, accounts payable, deposits and accruals	3,396	281	3,677	Increase in trade and other payables
Effect of foreign exchange rate changes	(4)	4	-	
Cash generated from operating activities	9,923		6,678	**Cash generated from operations**
Income taxes paid	(1,328)	-	(1,328)	Income tax paid
Cash generated from operating activities after income taxes paid	8,595			
Interest received	494	(494)	-	
Interest paid	(5,472)	5,472	-	
Realised exchange loss	(21)	21	-	
Other finance charges	(201)	201	-	
Net cash from consolidated activities before increase of properties under development	3,395			
Increase in properties under development	(3,517)	3,517	-	
Net cash used in consolidated activities	(122)		5,350	**Net cash generated from operating activities**

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

Audited consolidated cash flow statement of the Group for the year ended 31 December 2013 extracted from the Company's annual report dated 20 February 2014		**Reclassifications**		**Consolidated cash flow statement of the Group for the year ended 31 December 2013 for the purpose of Unaudited Pro Forma Financial Information**
	HK$' million	*HK$' million Note 1*	*HK$' million*	
Cash flows from investing activities				**Cash flows from investing activities**
Purchase of:				
Subsidiary companies (net of cash and cash equivalents acquired)	(928)	(1,260)	(2,188)	Payments for acquisition of investments
Properties under development for own use	(256)	256	-	
Property, plant and equipment	(6,851)	(4,879)	(11,730)	Payments for additions of fixed assets, intangible assets and other assets
Leasehold land – operating leases	(5)	5	-	
Intangible assets	(2,680)	2,680	-	
Proceeds of:				
Disposal of property, plant and equipment and investment properties	311	-	311	Proceeds from disposal of fixed assets, intangible assets and other assets
Disposal of subsidiary companies (net of cash and cash equivalents disposed)	3,164	-	3,164	Proceeds from disposal of subsidiaries, associates and joint ventures
Deposits received from sale of business interests	430	(430)	-	
Refund of deposit received	(741)	741	-	
Increase in bank deposits maturing after more than 3 months	(1,964)	1,964	-	
Decrease in pledged deposits with banks	4	(4)	-	
Net payments for non-current deposits and prepayments	(1,937)	1,937	-	
Investment in joint ventures and associated companies	(773)	-	(773)	Net cash payment for acquisition of subsidiaries, associates and joint ventures
Loans repayment received from joint ventures and associated companies	1,010	(1,010)	-	
Dividend received from joint ventures and associated companies	2,177	-	2,177	Dividends received from equity investments, associates and joint ventures
Income received from other financial assets	4	-	4	Interest received
Net cash used in investing activities	(9,035)		(9,035)	**Net cash used in investing activities**

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

Audited consolidated cash flow statement of the Group for the year ended 31 December 2013 extracted from the Company's annual report dated 20 February 2014		Reclassifications		Consolidated cash flow statement of the Group for the year ended 31 December 2013 for the purpose of Unaudited Pro Forma Financial Information
	HK$' million	*HK$' million* *Note 1*	*HK$' million*	
Cash flows from financing activities				**Cash flows from financing activities**
New borrowings	40,875	-	40,875	Proceeds from new bank loans
Repayment of loans	(37,030)	-	(37,030)	Repayment of bank loans and debt securities issued
Decrease in non-controlling interests	(436)	96	(340)	Dividends paid to non-controlling interests
	-	(96)	(96)	Other net cash outflow relating to other financial activities
Dividends paid to shareholders of the Company	(1,460)	-	(1,460)	Dividends paid to shareholders of the Company
Proceeds of issue of perpetual capital securities, net of transaction costs	7,725	-	7,725	Proceeds from new debt securities issued
	-	(5,472)	(5,472)	Interest paid on bank loans and debt securities issued
Distribution made to holders of perpetual capital securities	(796)	-	(796)	Distribution made to holders of perpetual capital securities
Net cash from financing activities	8,878		3,406	**Net cash generated from financing activities**
Net decrease in cash and cash equivalents	(279)	-	(279)	**Net decrease in cash and cash equivalents**
Cash and cash equivalents at 1 January	30,610	-	30,610	**Cash and cash equivalents at 1 January**
Effect of foreign exchange rate changes	568	-	568	**Effect of exchange rate changes**
Cash and cash equivalents at 31 December	30,899	-	30,899	**Cash and cash equivalents at 31 December**

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

		Pro forma adjustments					
	Consolidated cash flow statement of the Group for the year ended 31 December 2013	**Audited combined cash flow statement of the Target Group for the year ended 31 December 2013**	**Combined cash flow statement of the Target Group for the year ended 31 December 2013**	**Other pro forma adjustments**			**Unaudited pro forma consolidated cash flow statement of the Enlarged Group**
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Cash flows from operating activities							
Profit before taxation	10,104	66,177	82,938	(iii) (37)	(1,608)	3	91,400
Adjustments for:							
– Depreciation and amortisation	3,653	3,446	4,319	-	416	-	8,388
– Impairment losses	521	13,672	17,135	-	118	(9)	17,765
– Net valuation gain on investment properties	(1,709)	(118)	(148)	-	(238)	-	(2,095)
– Share of profits of joint ventures and associates	(3,406)	(2,574)	(3,226)	-	1,191	-	(5,441)
– Interest expenses on debts securities issued	-	2,352	2,948	-	-	-	2,948
– Finance income	(172)	(1,152)	(1,444)	-	-	-	(1,616)
– Finance costs	2,748	4,615	5,784	-	451	(44)	8,939
– Net loss from disposal of available-for-sale financial assets	-	2	3	-	-	-	3
– Gain on disposal of subsidiaries, associates and joint ventures	(3,344)	(1,092)	(1,369)	-	(1,107)	-	(5,820)
Changes in working capital							
Increase in balances and deposits with banks and non-bank financial institutions	-	(83,450)	(104,586)	-	-	-	(104,586)
Decrease in placements with banks and non-bank financial institutions	-	7,204	9,029	-	-	-	9,029
Decrease in financial assets at fair value through profit or loss and derivative financial assets	-	5,562	6,971	-	-	-	6,971
Increase in trade and other receivables	(653)	(734)	(920)	-	(30)	714	(889)
Decrease in amount due from customers for contract work	-	42	53	-	-	-	53
(Increase)/decrease in inventories	(4,741)	4,869	6,102	-	(297)	-	1,064
Increase in financial assets held under resale agreements	-	(218,223)	(273,493)	-	-	-	(273,493)
Increase in loans and advances to customers and other parties	-	(288,329)	(361,355)	-	-	(36)	(361,391)

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	Consolidated cash flow statement of the Group for the year ended 31 December 2013	Pro forma adjustments: Audited combined cash flow statement of the Target Group for the year ended 31 December 2013	Pro forma adjustments: Combined cash flow statement of the Target Group for the year ended 31 December 2013	Other pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Enlarged Group
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Increase in investments classified as receivables	-	(243,723)	(305,452)	-	-	-	(305,452)
Increase in other assets	-	(6,351)	(7,960)	-	-	-	(7,960)
Increase in deposits from banks and non-bank financial institutions	-	190,322	238,526	-	-	-	238,526
Increase in placements from banks and non-bank financial institutions	-	24,409	30,591	-	-	-	30,591
Increase in trade and other payables	3,677	7,903	9,905	37	2,299	(364)	15,554
Increase in amount due to customers for contract work	-	2,180	2,732	-	-	-	2,732
Decrease in financial assets sold under repurchase agreements	-	(3,749)	(4,699)	-	-	-	(4,699)
Increase in deposits from customers	-	411,418	515,620	-	-	(895)	514,725
Increase in employee benefits payables	-	294	368	-	-	-	368
Increase in provisions	-	26	33	-	-	-	33
Increase in other liabilities	-	1,211	1,518	-	-	-	1,518
Cash generated from/(used in) operations	6,678	(103,791)	(130,077)	-	1,195	(631)	(122,835)
Income tax paid	(1,328)	(18,206)	(22,817)	-	168	(11)	(23,988)
Net cash generated from/ (used in) operating activities	5,350	(121,997)	(152,894)	-	1,363	(642)	(146,823)

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	Consolidated cash flow statement of the Group for the year ended 31 December 2013	Pro forma adjustments: Audited combined cash flow statement of the Target Group for the year ended 31 December 2013	Pro forma adjustments: Combined cash flow statement of the Target Group for the year ended 31 December 2013	Pro forma adjustments: Other pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Enlarged Group
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Cash flows from investing activities							
Proceeds from disposal and redemption of investments	-	522,164	654,415	-	(73)	(89)	654,253
Proceeds from disposal of fixed assets, intangible assets and other assets	311	208	261	-	-	-	572
Proceeds from disposal of subsidiaries, associates and joint ventures	3,164	1,474	1,847	-	-	(773)	4,238
Dividends received from equity investments, associates and joint ventures	2,177	1,425	1,786	-	(644)	(105)	3,214
Acquisition of additional interest in non-controlling interests	-	(8,987)	(11,263)	-	-	-	(11,263)
Payments for acquisition of investments	(2,188)	(535,585)	(671,235)	-	(9,292)	1,958	(680,757)
Payments for additions of fixed assets, intangible assets and other assets	(11,730)	(11,272)	(14,127)	-	(471)	-	(26,328)
Net cash payment for acquisition of subsidiaries, associates and joint ventures	(773)	(4,717)	(5,912)	-	-	-	(6,685)
Net cash payment for disposal of subsidiaries	-	(1,292)	(1,619)	-	-	-	(1,619)
Interest received	4	829	1,039	-	3	-	1,046
Net cash used in investing activities	(9,035)	(35,753)	(44,808)	-	(10,477)	991	(63,329)

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	Consolidated cash flow statement of the Group for the year ended 31 December 2013	Pro forma adjustments: Audited combined cash flow statement of the Target Group for the year ended 31 December 2013	Pro forma adjustments: Combined cash flow statement of the Target Group for the year ended 31 December 2013	Pro forma adjustments: Other pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Enlarged Group
	HK$' million	*RMB' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
			Note 2	*Note 3*	*Note 4*	*Note 5*	
Cash flows from financing activities							
Capital injection received from non-controlling interests	-	308	386	-	2,194	(1,097)	1,483
Cash received from placing of shares	-	-	-	63,021	-	-	63,021
Net cash payment for acquisition of subsidiaries, associates and joint ventures	-	-	-	(63,021)	-	-	(63,021)
Proceeds from new bank loans	40,875	84,997	106,525	-	9,207	-	156,607
Dividends paid to shareholders of the Company	(1,460)	-	-	-	-	-	(1,460)
Repayment of bank loans and debt securities issued	(37,030)	(76,580)	(95,976)	-	(5,157)	-	(138,163)
Proceeds from new debt securities issued	7,725	32,183	40,334	-	3,510	-	51,569
Interest paid on bank loans and debt securities issued	(5,472)	(10,417)	(13,055)	-	(313)	(199)	(19,039)
Dividends paid to non-controlling interests	(340)	(3,180)	(3,985)	-	588	105	(3,632)
Other net cash outflow relating to other financial activities	(96)	(2,158)	(2,705)	-	(412)	-	(3,213)
Distribution made to holders of perpetual capital securities	(796)	-	-	-	-	-	(796)
Net cash generated from financing activities	3,406	25,153	31,524	-	9,617	(1,191)	43,356
Net decrease in cash and cash equivalents	(279)	(132,597)	(166,178)	-	503	(842)	(166,796)
Cash and cash equivalents at 1 January	30,610	376,375	471,701	-	382	(577)	502,116
Effect of exchange rate changes	568	(1,567)	(1,964)	-	(20)	(954)	(2,370)
Cash and cash equivalents at 31 December	30,899	242,211	303,559	-	865	(2,373)	332,950

D. UNAUDITED PRO FORMA FINANCIAL RATIOS

		Financial information of the Group as at or for the year ended 31 December 2013	Pro forma adjustments	Unaudited pro forma financial information of the Enlarged Group as at or for the year ended 31 December 2013
			Note 6	
(a) Earnings per share				
Profit attributable to ordinary shareholders of the Company (HK$' million)				
Continuing operations	[A]	5,505	42,925	48,430
Discontinued operations	[B]	2,083	(2,083)	-
		7,588	40,842	48,430
Number of ordinary shares outstanding	[C]	3,649,444,160	21,253,879,470	24,903,323,630
Earnings per share attributable to ordinary shareholders of the Company (HK$) Basic and diluted				
Continuing operations	[D]=A/C	1.51		1.94
Discontinued operations	[E]=B/C	0.57		-
		2.08		1.94

Earnings per share arising from continuing operations of the Target Group is HK$0.34, which is calculated by dividing the profit attributable to ordinary shareholders of the Company of HK$42,937 million by the number of shares outstanding of 128,000,000,000. The Target Group did not have profit arising from discontinued operations during the year ended 31 December 2013.

		Financial information of the Group for the year ended 31 December 2013	Pro forma adjustments	Unaudited pro forma financial information of the Enlarged Group for the year ended 31 December 2013
			Note 6	
(b) Net profit margin				
Profit for the year (HK$' million)	[F]	9,126	61,333	70,459
Total revenue for the year (HK$' million)	[G]	88,041	321,706	409,747
Net profit margin	[H]=F/G	10%		17%

Net profit margin of the Target Group is 20%, which is calculated by dividing profit for the year of HK$62,259 million by total revenue for the year of HK$315,562 million.

D. UNAUDITED PRO FORMA FINANCIAL RATIOS

		Financial information of the Group as at or for the year ended 31 December 2013	Pro forma adjustments	Unaudited pro forma financial information of the Enlarged Group as at or for the year ended 31 December 2013
			Note 6	
(c) Return on equity				
Profit attributable to ordinary shareholders of the Company (HK$' million)	[I]	7,588	40,842	48,430
Total equity attributable to ordinary shareholders of the Company (HK$' million)	[J]	87,925	283,934	371,859
Return on equity	[K]=I/J	9%		13%

Return on equity of the Target Group is 15%, which is calculated by dividing profit attributable to ordinary shareholders of the Company of HK$42,937 million by total equity attributable to ordinary shareholders of the Company of HK$286,250 million.

		Financial information of the Group as at 31 December 2013	Pro forma adjustments	Unaudited pro forma financial information of the Enlarged Group as at 31 December 2013
			Note 6	
(d) Net assets per share				
Net assets attributable to ordinary shareholders of the Company (HK$' million)	[L]	87,925	283,934	371,859
Number of ordinary shares outstanding	[M]	3,649,444,160	21,253,879,470	24,903,323,630
Net assets per share (HK$)	[N]=L/M	24.09		14.93

Net assets per share of the Target Group is 2.24, which is calculated by dividing net assets attributable to ordinary shareholders of the Company of HK$286,250 million by the number of shares outstanding of 128,000,000,000.

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. To align with the presentation of the combined financial statements of the Target Group in this Unaudited Pro Forma Financial Information, reclassification adjustments are made to the audited consolidated financial statements of the Group as at and for the year ended 31 December 2013, which are extracted from the Company's annual report dated 20 February 2014 for the year ended 31 December 2013.

2. For the purposes of this Unaudited Pro Forma Financial Information, the amounts in the audited combined income statement and cash flow statement of the Target Group for the year ended 31 December 2013 are converted into Hong Kong dollars using an exchange rate of RMB1 to HK$1.2533, being the average exchange rate adopted by the Company for the year ended 31 December 2013, and the amounts in the audited combined balance sheet of the Target Group as at 31 December 2013 are converted into Hong Kong dollars using an exchange rate of RMB1 to HK$1.2719, being the exchange rate adopted by the Company as at 31 December 2013.

3.(i) The adjustment represents the total consideration of RMB226,930 million (equivalent to approximately HK$286,502 million) for the acquisition of the Target Group, to be satisfied by the issuance of 16,578,756,438 new shares ("Consideration Shares") and cash of RMB49,917 million (equivalent to HK$63,021 million, which is expected to be raised by the issuance of 4,675,123,032 new shares ("Placing Shares")). For the purpose of this Unaudited Pro Forma Financial Information, the fair value of each Consideration Share is deemed to be HK$13.48 per share, being the Issue Price as per the Share Transfer Agreement. Following the issuance of Consideration Shares and Placing Shares, the share capital of the Company will be increased by HK$8,501 million, representing 21,253,879,470 shares at HK$0.4 each.

Since the fair values of the Considerations Shares to be issued at the Completion date may be different from their fair values used in preparing this Unaudited Pro Forma Financial Information, the amount of the consideration and, accordingly, the amount of investment cost of the Company in the Relevant Equity Interest at the Completion date may be different from the amounts presented above and the difference may be significant.

(ii) Prior to the Acquisition, the Target Company and the Company were under common control of CITIC Group. Upon Completion, the assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group using merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The adjustment represents consolidation entries for the elimination of investment cost of the Company in the Target Company against the paid-up capital of the Target Company, and the excess amount is recognised as merger reserve.

Since the fair values of the Consideration Shares to be issued at the Completion date may be different from their fair values used in preparing this Unaudited Pro Forma Financial Information, the amount of the investment cost of the Company and, accordingly, the amount of merger reserve at the Completion date may be different from the amounts presented above and the difference may be significant.

(iii) The adjustment also includes the estimated transaction costs of approximately RMB300 million (equivalent to approximately HK$382 million) payable by the Company in connection with the Acquisition. The estimated transaction costs directly attributable to the issuance of the Consideration Shares and Placing Shares are recognised in equity, while the remaining estimated transaction costs are recognised in consolidated income statement. This adjustment is not expected to have continuing effect on the Enlarged Group's consolidated income statement and consolidated cash flow statement.

4. The adjustment represents the consolidation of a number of entities, which are accounted for as interests in associates or joint ventures in the respective consolidated or combined financial statements of the Group and of the Target Group under equity method. After the aggregation of the equity interest in these entities held by the Group and the Target Group, these entities should be treated as subsidiaries from the Enlarged Group's perspective and therefore its financial position and results should be consolidated to the consolidated financial statements of the Enlarged Group. This adjustment is expected to have continuing effect on the Enlarged Group's consolidated income statement and consolidated cash flow statement.

The adjustment also includes the elimination of gain on disposal part of equity interest in CITIC Telecom International Holdings Limited held by the Group to the Target Group during the year ended 31 December 2013 with the amount of HK$2,055 million. This adjustment is not expected to have continuing effect on the Enlarged Group's consolidated income statement and consolidated cash flow statement.

5. The adjustment represents the elimination of inter-company transactions and balances between the Group and the Target Group, including but not limited to, bank deposits and bank loans, related interest income and expenses, sales of goods and provision of construction services and related costs, receivables and payables. This adjustment is expected to have continuing effect on the Enlarged Group's consolidated income statement and consolidated cash flow statement.

6. Pro forma adjustments represent the net effect of the financial information of the Target Group and adjustments as discussed in Notes 2, 3, 4 and 5 above.

7. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2013.

KPMG

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Prince's Building
10 Chater Road
Central, Hong Kong

INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CITIC PACIFIC LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of CITIC Pacific Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 31 December 2013 and the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2013 and related notes as set out in Appendix III to the announcement of the Company dated 16 April 2014 (the "Announcement"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in the Announcement.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of CITIC Limited and its subsidiaries excluding the Group (the "Target Group") (the "Proposed Acquisition") on the Group's balance sheet as at 31 December 2013 and the Group's financial performance and cash flows for the year ended 31 December 2013 as if the Proposed Acquisition had taken place at 31 December 2013 and 1 January 2013, respectively. As part of this process, information about the Group's financial position as at 31 December 2013 and the Group's financial performance and cash flows for the year ended 31 December 2013 has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Auditors' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Announcement is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2013 or 1 January 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditors' judgement, having regard to the auditors' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

16 April 2014