



**中信证券股份有限公司**  
**CITIC SECURITIES CO.,LTD.**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(STOCK CODE : 6030)

*Annual  
Report*  
**2014**



# IMPORTANT NOTICE



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

This report was considered and approved at the 35th Meeting of the 5th Session of the Board of the Company. All Directors of the Company attended the meeting.

No Director or Supervisor raised any objection to this report.

The Company's 2014 profit distribution proposal considered by the Board is a cash dividend of RMB3.10 for every 10 shares (tax inclusive) based on the total number of Shares of the Company as at 31 December 2014. If the Company completes the issue of new H Shares by the record date for the payment of the dividends in respect of its H Shares, the cash dividend for every share for 2014 will be subject to adjustment accordingly based on the approximate total amount of RMB3,415,241,604.00 (tax inclusive) and the total number of shares after the issue. This proposal is subject to the approval of the general meeting of the Company.

The international annual financial reports of the Company were audited by Ernst & Young, and auditor's reports with standard unqualified audit opinions were issued accordingly.

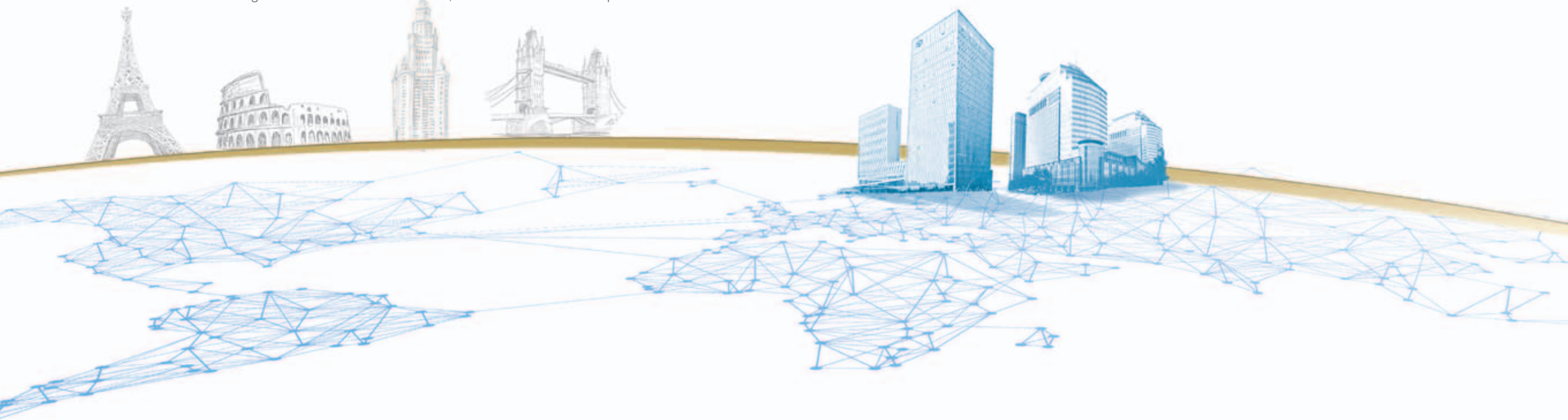
Mr. WANG Dongming, Chairman of the Company, and Mr. GE Xiaobo, the person-in-charge of accounting affairs and the head of the Company's financial department, warrant that the financial statements set out in this report are true, accurate and complete.

There was no appropriation of funds of the Company by largest shareholder or its related/connected parties for non-operating purposes.

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

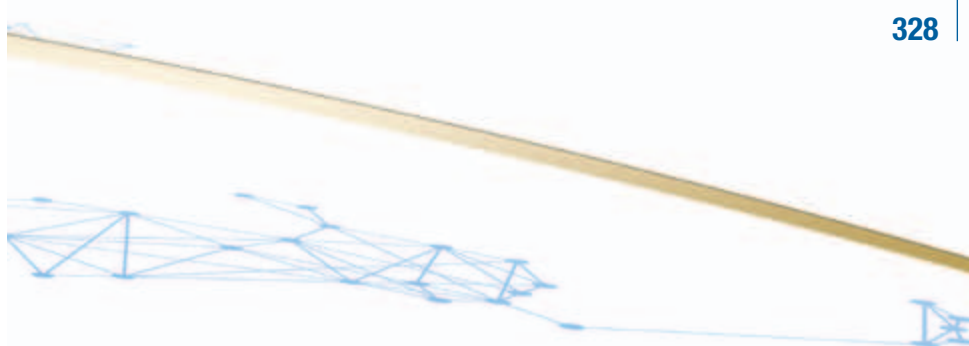
Forward looking statements, including future plans and development strategies, contained in this report do not constitute a substantive commitment to investors by the Company. Investors should be aware of such investment risks.

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



# CONTENTS

<b>2</b>	Definitions
<b>7</b>	Material Risk Factors
<b>8</b>	Company Information
<b>20</b>	Financial Summary
<b>24</b>	Chairman's Statement
<b>28</b>	Management Discussion and Analysis
<b>76</b>	Report of the Board
<b>88</b>	Significant Events
<b>110</b>	Changes in Share Capital and Information on Substantial Shareholders
<b>122</b>	Directors, Supervisors, Senior Management and Employees
<b>144</b>	Corporate Governance Report
<b>190</b>	Independent Auditor's Report and Notes to Financial Statements
<b>317</b>	Documents Available for Inspection
<b>318</b>	Appendix 1: Organization Chart
<b>319</b>	Appendix 2: Index of Information Disclosure
<b>327</b>	Appendix 3: Administrative Consents and Approvals Obtained During the Reporting Period
<b>328</b>	Appendix 4: List of Domestic and Overseas Branches



# DEFINITIONS

“A Shareholder(s)”	holder(s) of A Shares
“A Shares”	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 600030)
“Asia Satellite”	Asia Satellite Telecommunications Holdings Limited
“AUM”	assets under management
“Beijing Guoan”	Beijing Guoan Football Club Co., Ltd.
“Board”	the board of directors of the Company
“CAM”	collective asset management
“China AMC”	China Asset Management Co., Ltd.
“China CITIC Bank”	China CITIC Bank Corporation Limited
“CITIC Buyout Fund”	CITIC Buyout Fund Management Co., Ltd.
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司) (formerly known as CITIC Limited and renamed in 2014, and currently being the wholly-owned subsidiary of CITIC Limited)
“CITIC Newedge Futures”	CITIC Newedge Futures Company Limited
“CITIC Futures”	CITIC Futures Co., Ltd.
“CITIC Global Trade”	CITIC Global Trade (Shanghai) Co., Ltd.
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司) (formerly known as China International Trust and Investment Corporation (中國國際信託投資公司) and CITIC Group (中國中信集團公司))
“CITIC Industrial Investment”	CITIC Industrial Investment Group Corp., Ltd.

“CITIC International Financial”	CITIC International Financial Holdings Limited
“CITIC Limited”	CITIC Limited (中國中信股份有限公司) (formerly known as CITIC Pacific Limited (中信泰富有限公司), renamed in 2014 and currently holding 100% shares of CITIC Corporation Limited)
“CITIC Pacific”	CITIC Pacific Limited (中信泰富有限公司) (renamed as CITIC Limited (中國中信股份有限公司) in 2014.)
“CITIC PE”	CITIC Private Equity Funds Management Co., Ltd.
“CITIC Securities (Zhejiang)”	CITIC Securities (Zhejiang) Co., Ltd.
“CITIC Securities Finance 2013”	CITIC Securities Finance 2013 Co. Ltd.
“CITIC Securities Finance MTN”	CITIC Securities Finance MTN Co., Ltd.
“CITIC Securities Investment”	CITIC Securities Investment Limited
“CITIC Securities (Shandong)”	CITIC Securities (Shandong) Co., Ltd. (formerly known as CITIC Wantong Securities Co., Ltd.)
“CITIC Trust”	CITIC Trust Co., Ltd
“CLSA Limited”	CLSA Limited (中信里昂證券有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“Connected Transaction”	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
“CSDCC”	China Securities Depository and Clearing Corporation Limited
“CSI”	CITIC Securities International Co., Ltd.
“CSIFM”	CITIC Securities International Fund Management Limited

## DEFINITIONS

“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“ECT”	E-Capital Transfer Co., Ltd.
“Ernst & Young Hua Ming”	Ernst & Young Hua Ming LLP
“GoldStone Fund”	CITIC GoldStone Fund Management Co., Ltd.
“GoldStone Haorui”	Qingdao GoldStone Haorui Investment Co., Ltd.
“GoldStone Investment”	GoldStone Investment Co., Ltd
“Group”	CITIC Securities Company Limited and its subsidiaries
“H Shareholder(s)”	holder(s) of H Shares
“H Shares”	the overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a normal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 6030)
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong SFC”	the Securities and Futures Commission of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Jiangyin Lidian”	Jiangyin Lidian Coal Transportation & Marketing Co., Ltd.

“Jiantou Zhongxin”	Jiantou Zhongxin Asset Management Co., Ltd.
“Jindingxin Microfinance”	Qingdao Jindingxin Microfinance Company Limited
“Kington Securities”	Kington Securities Limited Liability Company
“NSSF”	the National Social Security Fund
“Qianhai Equity Exchange”	Qianhai Equity Exchange (Shenzhen) Co., Ltd.
“Qingdao Lanhai Equity Exchange”	Qingdao Lanhai Equity Exchange Co., Ltd.
“Related Party Transaction”	has the meaning ascribed to it under the Shanghai Listing Rules currently in effect and as amended from time to time
“SAIC”	the State Administration for Industry & Commerce of the People’s Republic of China
“SAM”	specified asset management
“Securities Law”	the Securities Law of the People’s Republic of China
“Senior Management”	the senior management of the Company
“Shanghai Listing Rules”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shenzhen Bureau of the CSRC”	the Shenzhen Securities Regulatory Bureau of the CSRC
“SSE”	Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company
“SZSE”	Shenzhen Stock Exchange

## DEFINITIONS

“TAM”	targeted asset management
“Tianjin Jingzheng”	Tianjin Jingzheng Property Services Limited
“Tianjin Shenzheng”	Tianjin Shenzheng Property Services Limited
“We”, “Company” and “CITIC Securities”	CITIC Securities Company Limited
“Wind Info”	Wind Information Co., Ltd.
“Xiamen Cross-strait Equity Exchange”	Xiamen Cross-strait Equity Exchange Co, Ltd.



# **MATERIAL RISK FACTORS**

The Group's business operation is highly dependent on the general economic and market conditions of China and the relevant areas in which the Company operates its business. Therefore, volatility in the Chinese and international capital markets will have effect on the operating results of the Group.

The major risks exposed to by the Group include but not limited to: legal and compliance risk caused by possible failure of the business management and standards to align in a timely manner with changes in national laws and regulations and rules provided by the regulatory authorities; strategic risk where the Group may not be able to determine the strategic plan in response to the profound changes in the domestic and overseas capital markets; internal operations and management risks arising from the transformation of our business model and emergence of new businesses and new technologies; market risk that may arise from the fluctuating price of the financial position held by the Group; credit risk that may arise from the default or deteriorating credit quality of its borrower, trading counterparty or financial position issuers; liquidity risk where the Group may encounter a shortage of fund in fulfillment of payment obligations; operation risk that may arise from the negligence or omission of the internal process management, information system failure or personnel misconduct; reputation risk that may arise from negative evaluation on the Company made by stakeholders due to company operation and other activities or external events; risks such as currency exchange risk that may arise from the operation of international businesses and financial innovative businesses. In particular, credit risk and liquidity risk are the major risks currently being faced by the Group.

To cope with the above risks, the Group takes preventive measures through its organizational structure, management system, information technology, etc., while at the same time, optimizes its business process and focuses on strengthening the management of credit risk and liquidity risk.

# COMPANY INFORMATION

## Profile

Name in Chinese:	中信証券股份有限公司
Abbreviation in Chinese:	中信証券
Name in English:	CITIC Securities Company Limited
Abbreviation in English:	CITIC Securities Co., Ltd.
Legal Representative:	WANG Dongming
President:	CHENG Boming
Authorized Representatives:	YIN Ke, ZHENG Jing
Secretary to the Board, Company Secretary:	ZHENG Jing
Registered Address:	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Postal Code: 518048)
Office Address:	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Postal Code: 518048) (Note: This is a postal address and is in the same tower as that of the registered address of the Company. The registered address of the Company corresponds to the name of building registered with Shenzhen Real Estate Ownership Registration Center.) CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing (Postal Code: 100026)
Place of Business in Hong Kong:	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website:	<a href="http://www.cs.ecitic.com">http://www.cs.ecitic.com</a>
Email:	ir@citics.com
Telephone:	0086-755-2383 5888, 0086-10-6083 8888
Facsimile:	0086-755-2383 5861, 0086-10-6083 6029 0086-755-2383 5525, 0086-10-6083 6031

Brokerage & Asset Management Customer Service Hotline:	0086-95548, 0086-40088 95548
Investor Relations Hotline:	0086-755-2383 5383, 0086-10-6083 6030
Newspapers for Information Disclosure:	China Securities Journal, Shanghai Securities News, Securities Times
Websites for Information Disclosure:	Website designated by the CSRC: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> (website of the SSE) Website designated by the Hong Kong Stock Exchange: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> (website of HKExnews)
Places where Annual Reports are Available:	16/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province 15/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Legal Adviser as to PRC Laws:	Beijing Jiayuan Law Firm
Legal Adviser as to Hong Kong Laws:	Linklaters
Domestic Auditor:	Ernst & Young Hua Ming LLP 16/F, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing Signatories: HUANG Yuedong and CHEN Shan
Overseas Auditor:	Ernst & Young 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
A Share Registrar:	CSDCC, Shanghai Branch 36/F, China Insurance Building, 166 Lujiazui East Road, Pudong New Area, Shanghai
H Share Registrar:	Computershare Hong Kong Investor Services Limited 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Places of Listing, Stock Name and Stock Code:	A Shares SSE CITIC SECURITIES 600030 H Shares Hong Kong Stock Exchange CITIC SEC 6030
Registration Number of Corporate Legal Person Business License:	100000000018305

## COMPANY INFORMATION

Tax Registration Number:	Shen Guo Shui You Zi 440300101781440 Shen Di Shui Zi 440300101781440
Certificate of Organization Code:	10178144-0
Registered Capital:	RMB11,016,908,400
Total Shares:	11,016,908,400 Shares (9,838,580,700 A Shares and 1,178,327,700 H Shares)
Net Capital:	RMB44,319 million

Changes in registration status during the reporting period were as follows:

During the reporting period, the Company completed the registration of change and filing procedures with the SAIC in respect of the amendments to the Articles of Association on 6 March 2014 and 14 October 2014 respectively. The amendments to the Articles of Association were: amendments to articles relating to corporate governance as required by the *Rules for Governance of Securities Companies* and in light of the internal organization structure of the Company; and amendments to profit distribution policies as required by the *No. 3 Guideline for the Supervision of Listed Companies – Cash Dividends of Listed Companies* and in light of the business development of the Company.

Information of First Registration:

Date of First Registration: 25 October 1995

Address of First Registration: Capital Mansion, No. 6 Xinyuan South Road, Chaoyang District, Beijing

Registration Number of Corporate Legal Person Business License: 10001830

Certificate of Organization Code: 10178144-0

Please refer to “1. Company Profile” of 2002 Annual Report of the Company for the information of first registration of the Company.

## Corporate Information

### History

The Company was incorporated in Beijing on 25 October 1995, under the name of CITIC Securities Limited, with registered capital of RMB300,000,000. The principal shareholder of the Company was CITIC Group which directly held 95% of share capital of the Company.

On 29 December 1999, CITIC Securities Limited completed the increase in share capital and was converted into a joint stock limited company known as CITIC Securities Company Limited. The registered capital was increased to RMB2,081,500,000 and the direct shareholding of CITIC Group decreased to 37.85%.

On 6 April 2000, with the approval of the CSRC and the SAIC, the registered address of the Company was changed to Shenzhen.

In December 2002, the Company conducted the initial public offer of 400,000,000 A Shares at the price of RMB4.50 per share, and such Shares were listed on the SSE on 6 January 2003. Upon completion of the offering, the total number of Shares of the Company was increased to 2,481,500,000 shares and the direct shareholding of CITIC Group decreased to 31.75%.

On 15 August 2005, the Company carried out the non-tradable shares reform. As a result, holders of non-tradable shares paid consideration to holders of tradable shares in exchange for listing and trading rights of non-trading shares at a ratio of 10:3.5, pursuant to which holders of tradable shares received 3.5 shares for every 10 tradable shares. In addition, a total of 30,000,000 shares were provided by all the holders of non-tradable shares as the shares for the Company's first share incentive scheme. Upon completion of the non-tradable shares reform, the total number of issued Shares of the Company remained at 2,481,500,000 and all such Shares were tradable shares, of which, 1,941,500,000 shares were subject to trading moratorium, accounting for 78.24% of the total issued Shares of the Company, and the direct shareholding of CITIC Group decreased to 29.89%. On 15 August 2008, all Shares held by the promoters which previously were subject to trading moratorium became tradable on the market.

On 27 June 2006, the 500,000,000 A Shares issued by the Company to China Life Insurance (Group) Company and China Life Insurance Company Ltd. by private placement at the price of RMB9.29 per share were listed and traded on the SSE. The total number of issued Shares of the Company increased from 2,481,500,000 to 2,981,500,000 and the direct shareholding of CITIC Group decreased to 24.88%.

On 4 September 2007, the 333,733,800 A Shares issued by Company by public offering at the price of RMB74.91 per share were listed and traded on the SSE. The total number of issued Shares of the Company increased from 2,981,500,000 to 3,315,233,800 and the direct shareholding of CITIC Group decreased to 23.43%.

In April 2008, the Company completed the 2007 profit distribution and capitalization issue plan, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 A Shares, and completed a capitalization issue of 10 bonus Shares for every 10 A Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 3,315,233,800 to 6,630,467,600.

In June 2010, the Company completed the 2009 profit distribution and capitalization issue plan, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 A Shares, and completed a capitalization issue of 5 bonus Shares for every 10 A Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 6,630,467,600 to 9,945,701,400.

## COMPANY INFORMATION

In September and October 2011, the Company conducted the initial public offer of 1,071,207,000 H Shares (inclusive of the H Shares issued upon partial exercise of the over-allotment option) at the offering price of HK\$13.30 per share. All such Shares were ordinary shares, with a par value of RMB1.00 per share. According to the *Administrative Measures for Reducing the State-owned Shares to Raise Social Security Funds* and with the approval from the Ministry of Finance, the 13 State-owned shareholders of the Company transferred their 107,120,700 State-owned shares (inclusive of the shares reduced as a result of partial exercise of over-allotment option) to the NSSF and converted them into H Shares. The 1,094,830,000 H Shares issued and converted pursuant to the global offering (including the H Shares converted from corresponding State-owned shares), the 75,907,000 H Shares issued upon the partial exercise of the over-allotment option and the 7,590,700 H Shares converted from the corresponding State-owned shares, respectively, were listed and traded on the Main Board of the Hong Kong Stock Exchange on 6 October 2011, 1 November 2011 and 7 November 2011. Upon completion of the offering, the total number of issued Shares of the Company increased from 9,945,701,400 to 11,016,908,400, of which 9,838,580,700 Shares were A Shares and 1,178,327,700 Shares were H Shares, and the direct shareholding of CITIC Group decreased to 20.30%.

On 27 December 2011, the largest shareholder of the Company, CITIC Group, was fully restructured into a wholly State-owned company and changed its name to “CITIC Group Corporation”, which took over all of the business and assets of CITIC Group. According to the restructuring plan, CITIC Group together with Beijing CITIC Enterprise Management Co., Ltd. established CITIC Limited (renamed as CITIC Corporation Limited in 2014, hereinafter referred to as “CITIC Corporation Limited”) on 27 December 2011 by contributing to it substantially all of its operating net assets (inclusive of its 20.30% shares in the Company). With the approval of CSRC, CITIC Group and CITIC Corporation Limited completed the procedures for the transfer of shareholding on 25 February 2013. The largest shareholder of the Company was changed to CITIC Corporation Limited and its direct shareholding in the Company is 20.30%. On 16 April 2014, CITIC Group and Beijing CITIC Enterprise Management Co., Ltd., the shareholders of CITIC Corporation Limited, entered into a share transfer agreement with CITIC Pacific, pursuant to which they agreed to transfer their 100% equity interest held in CITIC Corporation Limited to CITIC Pacific. The relevant equity transfer was completed on 25 August 2014, and CITIC Pacific has become the sole and direct shareholder of CITIC Corporation Limited, the largest shareholder of the Company. On 27 August 2014, CITIC Pacific changed its name to CITIC Limited.

The Company was established against the background of increasing development and maturity of the securities market in China. Since its establishment, the Company has continuously improved its business operations following the principle of “standardized operation and stable and healthy development”. At the end of 1996, the Company became one of the first ten securities houses whose stock underwriting qualification was re-approved by the CSRC; in October 1999, the Company became one of the first batch of comprehensive securities companies approved by the CSRC and one of the first batch of securities houses whose qualification as a lead underwriter for equity product was re-approved by the CSRC. The Company is one of the chief supervisor members of the Securities Association of China, one of the first securities companies to enter into the national interbank lending market, and one of the first securities

companies authorized to engage in stock-secured loans. In 2002, the Company obtained the approval of the CSRC on the qualifications to engage in entrusted investment management and fund sales agency services. In 2006, the Company became the only securities company to obtain the qualification approved by the People's Bank of China as a lead underwriter of commercial papers. In 2007, the Company obtained the qualifications for the trial business of direct investment and overseas securities investment management as a qualified domestic institutional investor (QDII). In 2008, the Company became a Class-A clearing participant of CSDCC, and obtained the qualification for the provision of brokerage services to futures companies. In 2009, the Company obtained the qualification to manage the converted shares held by the NSSF. In 2010, the Company obtained the qualifications for margin financing and securities lending business, stock index futures trading in proprietary business and assets management business. In the same year, it became a domestic investment manager for the NSSF. In 2011, the Company became one of the first companies to obtain the stock repo trading qualification. In 2012, the Company obtained the qualifications for underwriting of private placement of SME bonds, entrusted management of insurance funds, distribution of financial products, and for the pilot businesses of total return swap and refinancing. In 2013, the Company obtained the qualifications for sideline insurance agency business, and treasury futures trading in proprietary business and the securities assets management business. In 2014, the Company obtained the qualifications for agency services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts, OTC option business, Internet-based securities business, new OTC market maker business, securities investment fund custody business, Southbound Trading Link business, credit risk mitigation instruments selling business and financing business with respect to exercising options under share incentive schemes of listed companies, and was qualified as an open market Class A trader. In 2015, the Company obtained the qualification of the stock options market making business, and approved to commence the SSE 50 ETF options market making business; the Company was admitted as a stock options trading participant on the SSE and the trading permission to commence the stock options brokerage and proprietary trading business.

After its listing on the SSE, the Company has since been included in the SSE 180 Index, SSE 50 Index, CSI 300 Index, SSE Corporate Governance Index, FTSE/Xinhua A50 China Index, Dow Jones China 88 Index, and SSE Social Responsibility index, etc. After its listing on the Hong Kong Stock Exchange, the Company has since been included in constituent stocks of indices such as the Hang Seng China H-Financials Index, Hang Seng China AH Index Series, Hang Seng Global Composite Index, Hang Seng Composite Index, Hang Seng Composite Industry Index – Financials and Hang Seng Composite MidCap Index, Hang Seng China Enterprises Index, Hang Seng Mainland 100 Index, Hang Seng CSI Shanghai-Hong Kong AH Smart Index, SSE SH Equities Index, FTSE China 25 Index and MSCI China Index, which greatly enhanced the image of the Company. Since the launch of Shanghai-Hong Kong Stock Connect on 17 November 2014, the shares of the Company have been included in its northbound trading list and southbound trading list respectively.

### Business Qualifications

In accordance with the Business License issued by SAIC, the business scope of the Company covers: securities brokerage (for areas other than Shandong Province, Henan Province, Zhejiang Province, Fujian Province and Jiangxi Province); securities investment consulting; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; provision of brokerage services to futures companies; distribution of financial products; and stock options market making.

In addition, the Company possesses the following business qualifications:

Business qualifications approved or certified by the CSRC: online trading; entrusted wealth management; operation of overseas securities investment management business by qualified domestic institutional investors (QDII); direct investment; inter-bank market interest rate swap; stock index futures trading in proprietary business and asset management business; stock repo; pilot business of stock return swap; treasury futures trading in proprietary business and securities asset management business; and pilot business of agency services for gold and other precious metal spot contracts and proprietary trading for spot gold contracts, custodian business for securities investment funds, and credit risk mitigation instruments selling business.

Business qualifications approved by the SSE: SSE fixed income platform market maker, warrants trading, stock-pledged repo business, Southbound Trading Link business, and financing business with respect to exercising options under share incentive schemes of listed companies, stock options brokerage, proprietary trading for stock options, and principal market maker in SSE 50 ETF options contracts.

Business qualifications approved by the Securities Association of China: quoted transfer; underwriting private placement of bonds by small and medium-sized companies; OTC business; engaging in recommended businesses and broker business through stock transfer systems; OTC option business and Internet-based securities business.



Business qualifications approved by the People's Bank of China: member of the national inter-bank lending market; commercial paper underwriting; inter-bank bond market market-maker and open market Class A trader.

Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of CSDCC; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); qualified enterprise annuity fund management institution; qualified underwriter team of policy bank; qualified manager of converted shares of the NSSF; qualified NSSF domestic investment manager; entrusted management of insurance funds; pilot refinancing business; and sideline insurance agency business, and the new OTC market maker.

### Rating of the Company by Regulatory Authorities

In the classification results of securities companies, the Company was rated AA-level in A-class, which was the highest level amongst the ratings of all securities companies in China that the Company obtained for seven consecutive years.

### The organization status of the Company

The Company currently owns five principal wholly-owned subsidiaries, namely: CITIC Securities (Zhejiang), CITIC Securities (Shandong), CSI, GoldStone Investment and CITIC Securities Investment, and two principal controlling subsidiary, namely: CITIC Futures, China AMC. Please refer to "Appendix 1: Organization Chart" of this report for details.

### Number and Network of Branches

As at 31 December 2014, the Company, CITIC Securities (Zhejiang), CITIC Securities (Shandong), CITIC Futures and Kington Securities owned 256 branches in mainland China, with 212 securities branches and 44 futures branches. In addition, CSI owned four branches in Hong Kong. Please refer to "Appendix 4: List of Domestic and Overseas Branches" of this report for details.

## COMPANY INFORMATION



### Awards in 2014

#### The Company

##### Issued by: *Global Finance*

Stars of China 2014:

- Best Domestic Debt Capital Market Business
- Best Domestic Investment Bank

##### Issued by: *FinanceAsia*

- Best Asian Investment Bank
- Best Chinese Investment Bank
- Best Chinese Bond Financing House

##### Issued by: *Asiamoney*

- Best Domestic Debt House
- Best Local Brokerage in China No. 2
- Best Sales Transaction in China No. 2
- Best Overall Sales Services in China No. 2
- Best Execution in China No. 3
- Best Research Institution in China No. 3
- Best Activities and Conference in China No. 3
- Best Roadshow and Company Visits in China No. 3

##### Issued by: *Global Capital/Asiamoney*

2014 Regional Capital Market Award:

- Issuance of Preference Shares of Bank of China - Best Financial Bonds

##### Issued by: *The Asset Magazine*

2014 Standardization Research Award of The Asset Magazine:

- Best Bank for Asian Currency Corporate Bonds in the Secondary Market of China

The Triple A Country Award 2014:

- Best Local Investment Bank, Best Brokerage in China, Best Local Bond Financing House in China

The Triple A Asia Award 2014:

- Best Mid-Cap Equity Deal: Luye Pharma, deal size: USD878 million IPO and CITIC/CLSA Limited as Joint Global Coordinator, Joint Bookrunner & Joint Lead Manager

##### Issued by: *The TRADE Asia*

Best Local Equity House in Transaction and Execution in China

##### Issued by: *Shanghai Stock Exchange*

Best Dealer in Bonds of the Shanghai Stock Exchange in 2013

Best Underwriter of Corporate Bonds of the Shanghai Stock Exchange in 2013

Excellent Dealer in Bonds of the Shanghai Stock Exchange in 2014

Excellent Market Maker in Treasury Bonds of the Shanghai Stock Exchange in 2014



**Issued by: Securities Association of China, China Futures Association, The Chinese Association of Securities Investment Funds**

The 4th Securities and Futures Industry Science and Technology Award (3rd Class):

CATS Automated Trading Platform

**Issued by: National Interbank Funding Center**

Most Influential Award in Local Currency Interbank Market in 2014

Best Securities Company Award in 2014

**Issued by: China Central Depository & Clearing Co., Ltd.**

Outstanding Issuer, Outstanding Underwriter, Outstanding Dealer, and Outstanding Asset Manager on Chinese Bond Market in 2014

**Issued by: Shanghai Clearing House**

Excellent Clearing Member Award of the Shanghai Clearing House in 2013

**Issued by: Financial Industry Development and Service Office of Shenzhen**

No. 3 for Financial Innovation in Shenzhen 2014:

Cross-border Equity Swap, CITIC Securities International Credit Rating and Offshore USD Bonds

**Issued by: Shanghai Securities News**

2013 Top Brands in the Securities and Futures Market of China:

2013 Excellent Investment Bank Team,  
2013 Best Securities Brokerage in China,  
2013 Comprehensive Management Capabilities Award,  
2013 Best Securities Brokerage in Stock-pledged Financing in China,  
2013 Best Equity House Collective Wealth Management Scheme

**Issued by: Securities Times**

2014 China Wealth Management Forum:

2014 Best Wealth Management Institution in China,  
2014 Best Equity House in Assets Management in China,  
2014 Best Securities Brokerage in China,  
2014 Best Equity House in Margin Financing and Securities Lending in China

**Issued by: Securities Daily**

“Golden Key” Award for the 10th Annual Conference of China Securities Market

**Issued by: Securities Market Weekly**

The Eighth Session of Crystal Ball Awards for Sell-side Analysts in 2014:

First Prize in Gold Medal Roadshow and Client Interviewer, Third Prize in Gold Medal Sales Service Team



**Issued by: *New Fortune***

- Best Local Investment Bank
- Most Innovative Investment Bank
- Best Investment Bank in M&A Transactions
- Best Investment Bank in Asset-backed Securities
- Best Investment Bank in Overseas Marketing Capabilities (Runner-up)
- Best Investment Bank in the TMT Industry (Runner-up)
- Best Local Research Team (Runner-up)

**Issued by: *Financial Times***

- Gold Medals for Chinese Financial Institutions:
  - Most Innovative Equity House of the Year, Best Equity House in Margin Financing and Securities Lending Business in the Year

**Issued by: *Sina Finance***

- 2014 Most Valuable Listed Company
- 2014 Most Social Responsible Listed Company

**Issued by: *QQ.com, FINET***

- Top 100 Hong Kong Listed Companies Selection 2014:
  - Top 100 - Comprehensive Strength

**Issued by: *League of American Communications Professionals***

- 2013 Vision Awards Annual Report Competition:
  - Gold Award for excellence in its industry, Best Annual Report Financials in the Asia-Pacific region, Top 20 Chinese Annual Reports of 2013, and Top 80 Annual Reports in the Asia-Pacific Region

**CSI**

**Issued by: *FinanceAsia***

- Best Chinese Investment Bank in Hong Kong
- Best Chinese Equity Financing House in Hong Kong

**Issued by: *Hong Kong Council of Social Service***

- Caring Company Award (for eight consecutive years)

**Issued by: *Employees Retraining Board***

- Manpower Developer Award

**Issued by: *Family Council of Hong Kong***

- Distinguished Family-Friendly Employers Award
- Award for Innovation
- Special Mention Award

**CLSA Limited**

**Issued by: *The Trade Asia***

- Best Local Brokerage for Trading and Execution in Hong Kong
- Best Local Brokerage for Trading and Execution in The Philippines

**Issued by: *Asiamoney***

No. 1 for Most Independent Research

Regional Research Award (Asia ex-Japan):

No.1 for Best Team for Strategy, No.1 for Best Team for Quantitative/Technical Analysis, No.1 for Best Team for Consumer Staples, No.1 for Best Team for Consumer Discretionary, and No.1 for Best Team for Telecommunication Services

**Issued by: *FinanceAsia*****2014 FinanceAsia Achievement Awards :**

Best Vietnam Deal: Share Offering of Vietnam

Dairy Products JSC, a dairy products company in Vietnam, deal size : USD87 million placement and CLSA Limited as Sole Placing Agent

Deal of the Year, Best Equity Deal, Best IPO :

Alibaba Group Holding Limited, deal size : USD25 billion IPO and CLSA Limited as Joint Lead Manager

**Issued by: *The Asset Magazine*****2014 Triple A The Asset Asian Award:**

Best Mid-Cap Equity Deal: Luye Pharma, deal size: USD878 million IPO and CITIC/CLSA Limited as Joint Global Coordinator, Joint Bookrunner & Joint Lead Manager

Best India Deal: Reliance Communications Limited, deal size: USD1,017 million QIP Issue & Preferential Allotment and CLSA Limited as Global Coordinator & Bookrunning Lead Manager

Best Malaysia Deal: 7-Eleven Malaysia Holdings

Bhd, deal size: USD225 million IPO and CLSA Limited as Joint Bookrunner

Best IPO Deal, Best Equity Deal, Best ADR Deal,

Best China Deal: Alibaba Group Holding Limited, deal size: USD25 billion IPO and CLSA Limited as Joint Lead Manager

**GoldStone Investment****Issued by: *Forbes***

2014 Forbes Best China PE Investment Firm

**Issued by: *Zero2IPO Group*****China Equity Investment Annual Ranking for 2014:**

Top 50 China Private Equity Investment Institutions for 2014

Top 5 Direct Investment Companies of China Securities Firms for 2014

**Issued by: *China Venture Capital and Private Equity Association***

CVCA2014 Top 10 PE Fund Management Agencies in Greater China Region

# FINANCIAL SUMMARY

## Key Financial Data

## Key Accounting Data

In RMB millions

Items	2014	2013	Variance in comparison with last year	2012
Total revenue and other income	39,525	20,279	94.91%	13,071
Operating profit	14,793	6,635	122.95%	5,055
Profit before income tax	15,422	6,846	125.27%	5,487
Net profit attributable to owners of the parent	11,337	5,244	116.19%	4,237
Net cash inflow/(outflow) from operating activities	-26,283	-22,714	N/A	-17,194

Items	31 December 2014	31 December 2013	Variance in comparison with last year	31 December 2012
Total assets	479,626	271,354	76.75%	168,508
Total liabilities	378,495	181,952	108.02%	81,823
Equity attributable to owners of the parent	99,099	87,688	13.01%	86,465
Issued share capital	11,017	11,017	—	11,017

## Key financial indicators

Items	2014	2013	Variance in comparison with last year	2012
Basic earnings per share (RMB yuan)	1.03	0.48	114.58%	0.38
Diluted earnings per share (RMB yuan)	1.03	0.48	114.58%	0.38
			Increased by 6.16 percentage points	
Return on weighted average equity (%)	12.18	6.02		4.90

Items	31 December 2014	31 December 2013	Variance in comparison with last year	31 December 2012
Net assets per share attributable to owners of the parent (RMB yuan)	9.00	7.96	13.07%	7.85
			Increased by 12.76 percentage points	
Gearing ratio (%)	73.23	60.47		35.17

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

### Net capital and relevant risk control indices of the parent company

As at 31 December 2014, the net capital of the parent Company amounted to RMB44,319 million, representing a year-on-year increase of 27.37%, mainly due to the issuance of subordinated bonds and significant increase in net profit of the Company during the reporting period.

Items	31 December 2014	31 December 2013
Net capital (RMB millions)	44,319	34,796
Total risk capital reserves (RMB millions)	7,144	4,095
Net assets (RMB millions)	78,684	71,691
Net capital/total risk capital reserves (%)	620.35	849.74
Net capital/net assets (%)	56.33	48.54
Net capital/total liabilities (%)	19.85	33.15
Net assets/total liabilities (%)	35.24	68.29
Value of equity securities and derivatives held/net capital (%)	90.73	76.11
Value of fixed income securities held/net capital (%)	186.78	176.88

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

### Financial Data for the Last 5 Years

#### Operating results

*In RMB millions*

Items	2014	2013	2012	2011	2010
Total revenue and other income	39,525	20,279	13,071	26,371	30,281
Operating expenses	24,732	13,644	8,016	11,756	13,985
Share of profits and losses of associates and joint ventures	629	211	432	416	24
Profit before income tax	15,422	6,846	5,487	15,031	16,320
Net profit attributable to owners of the parent	11,337	5,244	4,237	12,576	11,311

## FINANCIAL SUMMARY

### Financial position

In RMB millions

Items	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010
Issued share capital	11,017	11,017	11,017	11,017	9,946
Total equity	101,131	89,402	86,685	86,990	70,848
Equity attributable to owners of the parent	99,099	87,688	86,465	86,587	70,435
Total liabilities	378,495	181,952	81,823	61,290	82,330
Customer brokerage deposits	101,846	45,196	34,807	36,477	62,081
Total assets	479,626	271,354	168,508	148,280	153,178

### Key financial indicators

Items	2014	2013	2012	2011	2010
Dividends per share (RMB yuan)	Note(4)	0.15	0.30	0.43	0.50
Basic earnings per share (RMB yuan)	1.03	0.48	0.38	1.23	1.14
Diluted earnings per share (RMB yuan)	1.03	0.48	0.38	1.23	1.14
Return on weighted average equity (%)	12.18	6.02	4.90	17.00	17.28
Gearing ratio (%)	73.23	60.47	35.17	22.19	22.23

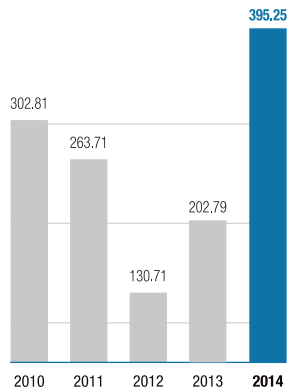
#### Notes:

- (1) Customer brokerage deposits represents the amount received from and repayable to clients arising from the normal course of the Group's securities brokerage business. The fund is restricted and governed by the relevant third-party deposit regulations.
- (2) Earnings per share in 2010 is calculated based on the number of shares with capital reserve converted into issued share capital in 2010.
- (3) In calculating the gearing ratio for the reporting period listed above, the amount of customer brokerage deposits have been excluded from the assets and the liabilities.
- (4) For the details relating to distribution of the cash dividend for every share in 2014, please refer to "Profit Distribution Plans/ Preliminary Plan for the Past Three Years" of this report.



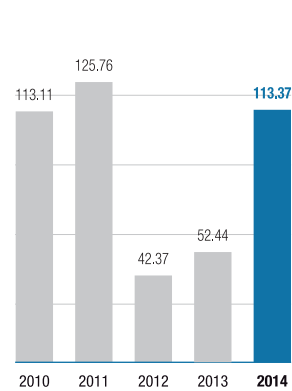
**TOTAL REVENUE AND OTHER INCOME**

In RMB100 millions



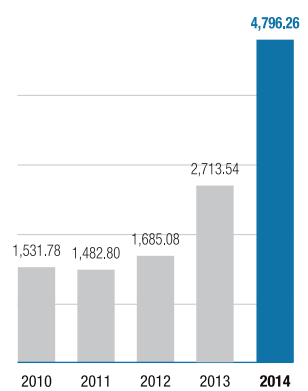
**NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT**

In RMB100 millions



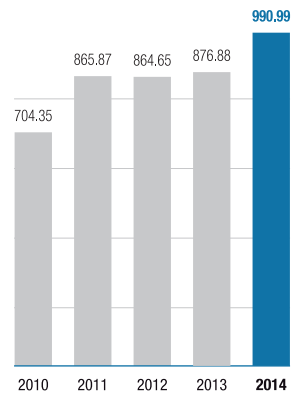
**TOTAL ASSETS**

In RMB100 millions

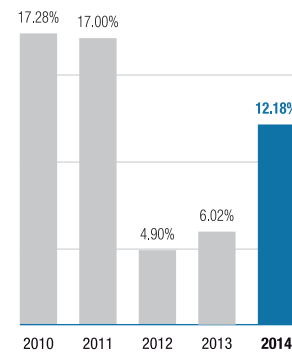


**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**

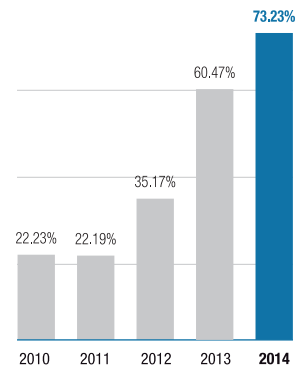
In RMB100 millions



**RETURN ON WEIGHTED AVERAGE EQUITY**



**GEARING RATIO**



## CHAIRMAN'S STATEMENT



**WANG DONGMING**  
Chairman

***2014 was a year of remarkable achievement in our strategic transformation. Our total revenue and other income reached RMB39,525 million, representing a year-on-year growth of 95%. Net profit attributable to owners of the parent was RMB11,337 million, representing a year-on-year growth of 116%.***

Dear Shareholders,

2014 was a year of great harvest for the PRC securities industry. The capital market welcomed a rare bullish market trend in both equity and debt securities with a significant increase in market trading activities. All business segments of the securities industry developed prosperously, showing an explosive growth in industry results.

2014 was a year of remarkable achievement in our strategic transformation. Our total revenue and other income reached RMB39,525 million, representing a year-on-year growth of 95%. Net profit attributable to owners of the parent was RMB11,337 million, representing a year-on-year growth of 116%. Our traditional fee-based businesses, such as brokerage, asset management and investment banking businesses recorded significant growth. Flow-based business developed rapidly, generating a new source of profit growth. Both our revenue and net profit continued to hold No. 1 ranking among domestic securities companies.

## All business segments maintained market leading advantages

The traditional fee-based business maintained and consolidated its market leading position. In 2014, the trading turnover of equities and funds handled by the Group was RMB9.8 trillion, ranking the second highest in the industry. The equity lead underwriting amount of the Company was RMB95,919 million, ranking the highest in the industry. The bond lead underwriting amount of the Company was RMB334,757 million, ranking the highest in the industry. The amount of merger and acquisition transactions was USD51,336 million (approximately RMB316,861 million), ranking the second highest among global investment banks in merger and acquisition transactions involving PRC enterprises. The size of AUM entrusted to the Company was RMB755,007 million, ranking the highest in the industry.

The scale of flow-based business increased significantly. In 2014, the Company's interbank bond transactions amounted to RMB4.1 trillion, ranking the highest among peers in the industry. As at the end of 2014, the balance of domestic margin financing and securities lending business amounted to RMB72,126 million, ranking No. 1 in the industry. The size of stock-pledged repo business was RMB4.4 billion, ranking No.1 in the industry. There was also a significant progress in equity swap business and commodities business.

## Remarkable achievement in strategic transformation

In recent years, we proactively explored and implemented new business models, adhered to the layout of flow-based business, innovative business and internationalization, promoted the transformation and upgrading of traditional businesses, enhanced the four major capabilities - customer relationship management, product pricing and sales, transaction and investment, and liabilities and liquidity management, thus deepening our strategic transformation with remarkable achievements.

Profitability was remarkably strengthened. Our ROE increased significantly from 6% in 2013 to 12% in 2014, which was mainly due to an enhancement in financial leverage, optimization in asset allocation structure and strong innovative capabilities.

Transformation was deepened in traditional fee-based business. In 2014, the brokerage business exerted great efforts in promoting financial services for micro, small and medium enterprises, product sales, internet finance business, etc. and made positive progress in the transformation to wealth management business. The investment banking business expanded its coverage on emerging industries. The asset management business explored the path of differentiated development and investment and research capabilities were notably strengthened.

The revenue contribution from the flow-based business significantly increased. As at the end of 2014, the total size of the flow-based business amounted to RMB202 billion, representing a year-on-year increase of 84%, making the flow-based business a new source of performance growth.



Remarkable achievement was made in the internationalization process. In 2014, our overseas investment banking business recorded historical new high levels in both project number and market rankings, with the amount of equity financing ranking No. 5 in the Hong Kong market and No. 6 in the overall Asian market respectively. Cross-border businesses such as prime services, alternative investments and bond market-making developed stably. The percentage of revenue from international business increased to 20%.

### **Operation strategies in 2015**

During the past 20 years, we have achieved a leapfrogging development through securing our clients RMB800 billion in equity financing and RMB1.3 trillion in bond financing and continued to supplement business chains and improve service methods, preliminarily forming a sustainably profitable model, with significant enhancement in the capabilities of serving real economy. Given the “new normal” economic conditions, financial services are faced with new tasks and new requirements in the real economy. Under the current economic inventory adjustment period, the financial sector is required not only to enrich the means of financing support, but also has to provide intellectual support to enterprises in areas such as industry consolidation and development strategies. Consumption, service industries and emerging industries will become the main driving forces for future economic development, and these new customer groups have urgent demand for financial innovations. The financial sector is required to complement national strategies, provide better services to enterprises and facilitate overseas investments.

In 2015, our operation strategy is to “face changes directly, deepen transformation and enhance capabilities to serve the real economy comprehensively”. We are currently playing five major roles in the capital market, including financing arranger, wealth manager, trading services and liquidity provider, significant market investor and risk manager, and are capable of providing one-stop investment and financing services to customers. Under the new environment, we should further improve on these “five major roles” and enhance the capabilities to serve the real economy comprehensively.

### Looking forward

Firmly rooting on the real economy is the financial sector's basis of foundation. As a leader in the PRC securities industry, we must acknowledge that we are taking on a historical mission and have a sense of responsibility, as well as the courage and passion to re-invent our business. When facing changes, we need to stay closely focused on serving the real economy, improve on our “five major roles”, and strive to realize new enhancement.



**Wang Dongming**

*Chairman*

23 March 2015

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **Corporate Strategy and Long-term Operation Model**

### **Competition Landscape and Development Trend of the Industry**

As the PRC economy enters into a new normal state, the pattern of development of the financial industry is also undergoing profound changes. Competition will be further intensified, as players in the securities industry are faced with impact of mixed operations, internet finance and relaxation of licensing.

Firstly, cross-segment competition in the financial industry is getting increasingly intensive. Against the backdrop of new normal economic conditions, regulatory restrictions will be further relaxed, and mixed business operations in the financial industry will be more common and competition will further intensify. Investment banking and wealth management businesses will be an important direction of transformation of commercial banks and they will maintain absolute advantages in the areas of bond underwriting and financial advisory businesses through leveraging on their advantages in funding, channels and branding. Trust companies will enter into investment banking business and wealth management business through expanding their services of land transfer trust, consumption trust and family trust, etc. Insurance companies are scrambling to increase investments in the asset management business as well.

Secondly, internet finance has become a transforming force against the traditional financial industry. Major internet magnates have introduced the internet banking business, which has evolved from a pure payment service and has penetrated into the traditional financial areas such as transfer and remittance of funds, customer financing, asset management, product consignment etc. Equity crowdfunding is becoming a new hot spot for internet finance, with a large quantity of equity financing activities are being conducted without going through securities companies, and disintermediation of investment banks is becoming a trend.

Thirdly, licensing relaxation and transformation of regulatory restrictions have intensified competition in the securities industry. The liberalization of licensing on operators of securities and approvals of various businesses will force securities companies to change from homogeneous competition towards differential competition. The lift of the ban on “one person one account” and the liberalized access to brokerage business by internet companies have jointly intensified competition in the brokerage business, and the brokers are required to choose a path between retail-oriented or institution-oriented developments. As the regulatory authorities have encouraged securities companies to supplement their capital funds, a hot wave of securities companies scrambling for financing has appeared, thus intensifying the competition in the flow-based business.

Fourthly, a hot wave of innovative entrepreneurship has intensified the competition for financial talents. In 2014, over 200 fund managers of mutual funds have terminated their employment, among them approximately one-quarter has entered into the private equity sector, and many younger professionals who have less industry experience but are passionate to become entrepreneurs have left securities companies to start their own businesses. These have brought new challenges to human resources management of securities companies.

## Development Strategy

When facing changes, the Company will steadfastly focus on serving the real economy and will further improve its five major roles of financing arranger, wealth manager, trading service and liquidity provider, significant market investor and risk manager. The Company will also continue to deepen strategic transformation. The spread and depth of the Company's business will be further expanded through operations across markets, industries and countries to realize balanced development between non-channel and channel businesses, simultaneous growth in both OTC business and exchanged-traded business, and concurrent expansion of both balance-sheet consuming business and fee-based business.

## Business plan

"Taking initiatives to reform, deepening transformation, and fully enhancing capabilities to serve the real economy" will be our guideline in 2015. Specifically, our arrangements are to: 1. strengthen the business research and layout under the new normal condition; 2. further deepen the transformation of traditional fee-based business; 3. maintain stable and rapid development of flow-based business; 4. increase the revenue contribution from capital-efficient businesses; 5. accelerate the globalization process; 6. enhance compliance and risk management; 7. develop proper management related to transformation.

## Capital Requirement

The growth in the size of the Company's flow-based business has accelerated, which requires the Company to further increase the size of liabilities and the leverage level. In 2014, the Company further expanded both domestic and external financing channels, and successfully issued USD650 million medium term notes, RMB13 billion subordinated bonds, RMB8 billion short-term securities company bonds, and 10 tranches of commercial papers. The Company's cumulated debt financing for the full year was approximately RMB71 billion, and the financial leverage ratio increased from 2.5 times at the beginning of the year to 3.7 times at the end of the year.

## Possible Risk Exposure

In 2015, the Group may be exposed to the following risks: an increase in operational risk, compliance risk and reputational risk brought by expansion in the scope of business; increase in market risk and credit risk due to expansion of the flow-based and capital-efficient businesses; increase in liquidity risk arising from increase in financial leverage ratio and changes in financial market liquidity; increase in overseas risks due to cross-border business developments.

The Company always considers that building up risk management capability is highly important and has established a comprehensive risk management system. During the reporting period, the Company has established the liquidity risk management working team, operational risk management working team and reputational risk management working team to strengthen vertical risk management over subsidiaries, to strictly manage and control risks and to ensure progress of various business developments within predictable, controllable and bearable risks.



## Analysis of Principal Business

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

The brokerage business of the Group is mainly engaged in dealing and broking of securities and futures, and distribution of financial products.

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

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

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





## Investment Banking

### *Equity Financing*

#### *Market Conditions*

In 2014, the scale of equity financing in the A-share market amounted to RMB921,508 million, which marked a year-on-year increase of 85.82%. In particular, funds raised by IPOs amounted to RMB78,655 million. Among follow-on offerings, funds raised by non-public issuances were RMB692,853 million (of which, funds raised by non-public issuances in cash category were RMB421,103 million), representing a year-on-year increase of 96.74%, which remains the principal method of follow-on offerings. Funds raised by rights issue were RMB14,536 million, representing a year-on-year decrease of 68.20%, and funds raised by convertible bonds and equity warrant bonds decreased by 41.08% year-on-year to RMB32,099 million.

In 2014, the market share of the top ten securities firms in terms of A-share underwriting amount totaled 57.97%, representing a slight decrease as compared to 60.12% in 2013.

#### *Actions and Achievements*

Since 2014, following the progress of the market-oriented reform, IPO resumption and rapid development of Internet finance, the securities industry is facing a new development landscape and gradually enters a development phase of increased leverage ratio and asset turnover ratio, and its profitability model is shifting from channel-driven to transaction-driven model. In response to the trends toward economic transition and gradual expansion of the clients of investment banking business to micro, small and medium enterprises, the Company timely adjusted its business strategies. On the one hand, the Company adjusted the structure of its investment banking business by adding teams covering information media, medical and health, and consumer sector, etc., strengthened coverage for clients in key regions, and enhanced the execution of equity-based business. On the other hand, the Company continued to implement the business strategy of “full product coverage”, strengthened its efforts in developing innovative businesses, endeavored to enhance its overall competitive edge, and explored the establishment of a new diversified profitability model.

In 2014, the Company completed 40 A-share lead underwriting projects, representing a year-on-year increase of 150%, with an aggregate lead underwriting amount of RMB95,919 million, representing a year-on-year increase of 77% and accounting for a market share of 10.41%. The Company ranked first in the market in terms of both the number of underwriting projects and the lead underwriting amount. Among which, four were IPO projects, with an aggregate lead underwriting amount of RMB6,252 million; 36 were follow-on offering projects, with a total lead underwriting amount of RMB89,667 million.

Projects	2014		2013	
	Lead Underwriting Amount (RMB million)	Number of Issues	Lead Underwriting Amount (RMB million)	Number of Issues
IPOs	6,252	4	15,291	1
Follow-on offerings	89,667	36	39,008	15
Total	95,919	40	54,299	16

Source: Wind Info and the Company's internal statistics

With respect to the international business, the Company continued to facilitate the synergy between international and domestic business platforms and enhanced its influence in the international market through mergers and acquisitions and strategic cooperation. The cooperation between the Company and CLSA Limited achieved historic breakthroughs in various areas. In 2014, CSI (including CLSA Limited) completed 11 IPOs, five cross-border mergers and acquisitions, six follow-on offerings, 20 offshore RMB-denominated bond issues and USD-denominated bond issues in the Hong Kong market. In addition to the Hong Kong market, CSI (including CLSA Limited) also completed two IPOs and 19 follow-on offerings in the international markets. The business strength of the Company to cover the Asia Pacific region has been enhanced continually. In the year of 2014, the Company ranked sixth in Asia (excluding the markets of Mainland China and Japan) in terms of the equity underwriting amount, which represented a significant improvement compared to its 27th place in 2013.



*Outlook for 2015*

In 2015, with regard to the equity financing business, the Company will continue to optimize its business structure in the traditional sectors and new economic sectors, deepen its understanding of customer needs, and create more added value to clients in order to achieve mutual growth. While continuing to optimize its allocation of internal resources, with the traditional IPO business as its basic client service, the Company will push forward the capturing of opportunities for mergers and acquisitions and overseas listing for existing clients, while ensuring its leading position in the market with sufficient pipeline of equity projects after the IPO market returns to normal. It will continue to transform from an investment bank as “intermediary service provider” into that as an “industry service provider” and “trading service provider”, and will strive to achieve a centralized operation for its domestic and overseas investment banking business through establishing and improving the platform, system and mechanism for an investment bank as trading service provider.

*Debt and Structured Financing**Market Conditions*

Influenced by loosened liquidity and successive beyond market expectation operations by the People’s Bank of China, confidence in the bond market in 2014 was significantly stronger than in 2013. The State continued to implement moderate economic stimulus policies and the People’s Bank of China continued to inject capital into the market through measures such as open market operations. These measures had given a clear signal of policy loosening to the market, which had driven the yields of various types of bonds to remain at a low level. Overall, the yields of all types of bond products dropped considerably. For interest rate products, the decrease in short-term yields was slightly slower than that in mid-term and long-term yields, steepening yield curves. Credit products out-performed interest rate products but there was not much difference in the rate of decline in mid-term and long-term yield products of different credit rates.

*Actions and Achievements*

In 2014, the Company completed a total of 262 lead underwriting projects, including that for enterprise bonds, corporate bonds, financial bonds, medium term notes, commercial papers and asset-backed securities, with a lead underwriting amount of RMB334,757 million, representing 5.42% of the market share. The Company ranked first in the industry in terms of both the number of issuances and the underwriting amount.

Projects	2014		2013	
	Lead Underwriting Amount (RMB million)	Number of Issues	Lead Underwriting Amount (RMB million)	Number of Issues
Enterprise bonds	31,133	17	29,000	17
Corporate bonds	21,446	28	31,247	40
Financial bonds	138,208	50	54,775	25
Medium term notes	41,889	52	25,390	32
Commercial papers	14,625	16	15,325	18
Asset-backed securities	87,456	99	3,800	9
<b>Total</b>	<b>334,757</b>	<b>262</b>	<b>159,537</b>	<b>141</b>

Source: Wind Info and the Company’s internal statistics

## MANAGEMENT DISCUSSION AND ANALYSIS

While maintaining its leading position in the conventional debt financing business, the Company has made significant achievements in terms of its market share and business innovations by capturing the opportunities brought by the development of asset securitization market and by overall layout planning and promoting. In addition, as for the structured financing, the Company continued to probe actively and constructively into the transformation and innovation of its business model.

### *Outlook for 2015*

In 2015, the Company will continue to strengthen its operational philosophy in compliance and enhance awareness of risks in order to fully consolidate its internal and external resources and improve its comprehensive competitiveness. In addition, it will further enhance its product innovation, facilitate business transformation into an investment bank as trading service provider which competes mainly on product designs and product innovations, and strive to enhance the brand recognition and product standardization.

### *Financial Advisory Services*

#### *Market Conditions*

According to the Bloomberg statistics, as at 31 December 2014, the total value of global merger and acquisition transactions announced in 2014 was USD3.4 trillion, representing a year-on-year increase of 29%; announced number of merger and acquisition transactions amounted to 32,827, representing a year-on-year increase of 11%. In terms of geographical locations, most of the transaction value was generated from North America, which accounted for approximately 50% of the total value of global merger and acquisition transactions. On a sector basis, transaction value was mainly generated from the finance, non-cyclical consumer and communication sectors, which in aggregate accounted for approximately 53% of the total value of global mergers and acquisitions.

In 2014, the total value of merger and acquisition transactions participated by Chinese enterprises amounted to USD353.4 billion, representing a year-on-year increase of 48%. The announced number of merger and acquisition transactions amounted to 3,115, representing a year-on-year increase of 13%. The value of merger and acquisition transactions in China accounted for 42% of that in the Asia Pacific region. Most of the transaction value was generated from the finance, industrial and cyclical consumer sectors, which in aggregate accounted for approximately 55% of the total value of mergers and acquisitions in China.

*Actions and Achievements*

The Company strived to enhance its competitive strengths in domestic and overseas mergers and acquisitions by developing innovative financial advisory services as well as investment and financing services for mergers and acquisitions. In 2014, according to rankings compiled by Bloomberg in terms of mergers and acquisitions participated by Chinese companies, the Company ranked second in terms of transaction value and first in terms of number of transactions among financial advisors around the world with an aggregate transaction value amounting to USD51,336 million (approximately RMB316,861 million) and 44 completed transactions.

In 2014, based on its consolidated leading position in the domestic market, the Company deepened its all-rounded cooperation with CLSA Limited and other overseas strategic partners, thereby further developing and expanding its overseas business networks to cover key regions such as Europe, North America, Asia and Australia, and building up a worldwide network for merger and acquisition business.

*Outlook for 2015*

In 2015, with respect to the domestic merger and acquisition market, the Company will continue to strengthen its professional ability in execution and resource consolidation by undertaking in-depth studies of customer demands. In order to further strengthen its leading position and provide innovative products by leveraging its extensive resources, the Company will capitalize on business opportunities arising from market-based mergers and acquisitions, industry consolidation, business transformation and upgrade of private-owned enterprises, and mixed ownership reform of state-owned enterprises.





With respect to the cross-border merger and acquisition market, through sustained development and continuous expansion of its overseas networks and more extensive and deeper participation in cross-border merger and acquisition activities with international influence, the Company aims to build up its brand name and dominant position in the cross-border merger and acquisition market involving Chinese enterprises.

While maintaining its traditional competitive edge in financial advisory services, the Company will also make full use of its accumulated project experience and client resources to develop buy-side business through its market position and influence on sell-side business, enhance its ability to provide flow-based services for merger and acquisition transactions, vigorously explore investment and financing business opportunities in domestic and overseas merger and acquisition transactions, increase the added-value of its financial advisory business, improve client loyalty and boost capital return.

### **Brokerage**

#### *Market Conditions*

In 2014, the domestic secondary market recorded a strong recovery. The average daily turnover of the stocks and funds amounted to RMB309.8 billion, representing a year-on-year growth of 54.75%. Having stabilized for a short while in 2013, the average commission rate of the industry further declined to 6.91 basis points, representing a decrease of 13.20% as compared to the end of 2013. As at 31 December 2014, the value of securities in custody in the whole market was RMB37.25 trillion, up by 55.79% over the end of last year. The value of client balance (including credit transactions) was RMB1,247.6 billion, up by 124.49% year-on-year.

#### *Actions and Achievements*

In 2014, by seizing the market trend of “institution-orientation and product development” for brokerage business, the Group continued to vigorously develop institutional clients and provided clients with comprehensive financial services. In 2014, the Group recorded a total trading turnover of RMB9.8 trillion of stocks and funds on the SSE and the Shenzhen Stock Exchange, representing a market share of 6.46% and an increase of 0.28 percentage points compared to the corresponding period of 2013, ranking second in the market.

The Company pushed forward the transformation of its brokerage business, focusing on product sales, financing business and enterprise finance. In 2014, the Company, CITIC Securities (Zhejiang) and CITIC Securities (Shandong) distributed a total of RMB154,248 million of financial products. The Company vigorously developed its financing business, which became an important source of increased revenue for its brokerage business. The Company insisted on providing services for the real economy and was actively capturing the opportunities arising from the national industrial restructuring to vigorously develop its financial services for SMEs.

The Company proactively promoted the transformation of its network by positioning its branches as entities for carrying out all businesses of the Company. According to a resolution passed at a Board meeting held in June 2014, the Company may within the scope of its business authorize its securities sales branches and branches to conduct businesses of the Company. The Company's branches are gradually becoming comprehensive sales outlets and service centers for all businesses of the Company.

The Company has long emphasized on the importance of building up its high-end clientele. As at the 31 December 2014, the value of entrusted client assets of the Group (including the assets from holders of shares which are still subject to trading moratorium) amounted to RMB2.8 trillion in total. The number of high-net-worth individual clients with an entrusted asset value of RMB5 million or more increased by 58.2% year-on-year, of which the percentage of high-end retail clients increased by six percentage points year-on-year. In respect of institutional clients, the number of general legal person customers reached 29, 000. The number of QFII clients was 135 and the number of RQFII clients was 28, ranking number one in terms of the aggregate market shares of QFII and RQFII trading volume.

#### *Outlook for 2015*

With the liberalization over branch opening, commission rate and securities licenses, as well as the emergence of internet finance, competition in the securities industry will become even more intense. Meanwhile, innovation remains the mainstream for the development of the industry. Innovative businesses such as stock options and Shanghai-Hong Kong Stock Connect may bring new opportunities for business growth.

In 2015, the Company will accelerate its transformation towards high-end development. In order to take advantage of the recovering secondary market, the Company will primarily promote the sales of equity-based products, master the opportunity arising from the rapid growth in quantitative hedging and other professional transactions to expand the sales of quantitative hedging products and nurture professional trading clients. The Company will seize the historic opportunity of the explosive growth in new OTC market based on the listing business on new OTC market and explore various business opportunities such as market making, financing, merges and acquisitions, and investment. The Company will promote high-end transformation of the traditional brokerage business and to increase its commission pricing ability through the provision of comprehensive financial services.

### Trading

#### *Market Conditions*

In 2014, the A-share market showed signs of weak beginning but strong ending. During the first half of the structural market conditions, the emerging industries represented by the computer and the defense industry had spectacular performance. In the subsequent overall rises in the market, good performances of the traditional blue-chip companies in their wealth management and benefits from expected sector interaction caused by “One Belt And One Road”, Shanghai-Hong Kong Stock Connect and state-owned enterprise reforms were the main driving forces behind the rise in the stock indices. In 2014, the SSE Composite Index closed at 3,234.68 points, up 52.87%; the SZSE Component Index closed at 11,014.63 points, up 35.62%; and the CSI 300 Index closed at 3,533.71 points, up 51.66%.

#### *Actions and Achievements*

##### *Flow-based Business*

For the equity flow-based business, the Company provided its corporate clients with equity management services such as stock repo, stock-pledged repo and market cap management, launched OTC derivatives businesses such as structured products, total return swaps, OTC options quotation and beneficiary certificates for institutional clients, and continued to make great efforts in developing its market-making business through expanding its scale of the market-making business in ETF and the new OTC market. In addition, the Company actively prepared for the market-making business of exchange traded options (including index options, individual stock options and ETF options) to form a business model with extensive client base, a wide range of products, and relatively stable yields in general. During the reporting period, these businesses experienced rapid growth. The scale of businesses of stock repo, stock-pledged repo, OTC derivatives businesses, ETF market-making, and the new OTC market-making increased rapidly, maintaining the market leading position.

With respect to fixed income business, by capitalizing on its extensive clientele network, the Company actively developed new customers, new sources of demand, and further enhanced the capabilities in product innovation and design to develop flow-based business. More specifically, measures adopted included promoting innovative products such as quotation-based repo and asset-backed securitization; continuing to promote self-branded wealth management products; enhancing its capabilities in product design and sales; continuing to enhance its liquidity management and improve its market-making capability, winning the Most Influential Award in Local Currency Interbank Market in 2014; strengthening its investment advisory services for wealth management of commercial banks and small-sized and medium-sized financial institutions; meeting the demands of its clients for risk management, investment and financing.



With respect to the commodities business, the Company, by adhering to the principle of serving the real economy, strengthened its business exploration in the commodities business. The Company obtained the qualification for engaging in proprietary business for spot gold contracts, and commenced the precious metal trading business on the Shanghai Gold Exchange; the Company also commenced OTC forwards and swaps business such as freight index, thermal coal and iron ore on the Shanghai Clearing House and the carbon emissions trading business in Beijing and other areas as well as explored the CCER (China Certified Emission Reduction) business opportunities to complete the first carbon emission quota repurchase transaction in China. The Company's implementation plan on commodities return swap business was accepted and recorded by the Securities Association of China. The Company actively expanded spot related business and through its spot trading platform, completed the first ship chartering, first non-ferrous metal spot trading business and first precious metal physical business and is expected to provide services to a wide range of clients via a variety of means.

With respect to the prime services business, as a result of strictly controlled market risks and liquidity risks, the Company was able to maintain sustainable and stable growth in the business scale. As at 31 December 2014, the aggregate market share of the margin financing and securities lending business of the Group was 7.03% and continued ranking first in the market, among which the balance of the margin financing business and securities lending business was RMB72,036 million and RMB90 million respectively.

Item	Company	31 December 2014	31 December 2013
Balance of domestic margin financing and securities lending accounts (RMB million)	CITIC Securities	48,786	22,502
	CITIC Securities (Zhejiang)	16,077	7,310
	CITIC Securities (Shandong)	7,263	3,608
	Total	72,126	33,420

Source: Wind Info

#### *Proprietary Trading*

In 2014, the Company proactively pushed forward the strategic transformation of proprietary trading, strengthened its business diversification, proactively managed risks, and received relatively stable gains by leveraging on the inefficiency across the domestic and overseas markets, through fundamentals investment, hedging, arbitrage and quantitative investment etc. In the first half of 2014, the Company actively responded to the market and together with the good control of its development pace in the conventional equity trading business, thereby mastering the opportunities of investing in emerging industries arising from the structural market. In the second half of 2014, the Company captured the opportunities in blue-chip market, thereby realizing higher investment efficiency.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, the Company further diversified its alternative investment strategies by flexibly utilizing all kinds of financial instruments and derivatives and, by seeking transaction and arbitrage opportunities in the domestic and overseas markets realized low-relationship, low-risk and stable investment yields in conventional assets. Businesses or strategies already commenced by the Company include, among others, investment in domestic and overseas fund of hedge funds, stock index future spot arbitrage, statistical arbitrage, fundamental quantitative investment, convertible debt arbitrage and special situations strategy. Among the above, the percentage of revenue generated from the foreign investment business has increased significantly, effectively spreading the investment risks.

### *Outlook for 2015*

In 2015, the Company will further research and develop new trading strategies for its investment in ordinary stocks to diversify sources of revenue and steadily enhance the trading yields, while proactively managing risks and prudently allocating capital. The Company will further research and develop new trading strategies for its alternative investment business and proactively capture investment opportunities offered by the multi-market environment, multi-asset categories and multi-investment tools domestically and internationally in order to diversify sources of revenue and to steadily increase investment yields.

In 2015, the Company will continue to put in great efforts in developing the equity flow-based business and continue to diversify the structure and types of products and focus on nonlinear products such as exchange traded options, OTC options and equity-linked beneficiary certificates in order to better meet its clients' demands for investment, financing and risk management. It will expand the construction of infrastructure such as trading system to improve client experience. The Company will continue to enhance the management over liquidity of fixed income flow-based business to improve its abilities in market-making, sale and pricing; and it will proceed with scale development and internationalization of the commodities business to consolidate its competitive edges.



In 2015, it is expected that the market scale of margin financing and securities lending business will maintain a steadily growing trend. However, the rate of growth will slow down to some extent, with securities lending expecting to account for a greater proportion of the margin financing and securities lending business. Based on the achievements made in building up the prime services system, the Company will focus on enhancing its quality of service and, through product innovation and service innovation, maintain its leading position.

## Asset Management

### Market Conditions

By the end of 2014, the total principal amount of AUM of securities companies in China exceeded RMB7 trillion, only lower than those managed by banks, trusts and insurers. The rapid growth of securities companies' asset management business was mainly attributable to wealth accumulation and strong demand for investment and financing by residents and enterprises, loosening regulation, financial market reforms and other positive factors, thereby ushering the best development opportunities in the history of asset management business of securities companies in China.

With residents' wealth accumulation, high-net-worth population has sprung up in China to lay an extensive foundation for market demands, while economic restructuring led to substantial investment and financing demands in industrial capital field. Financial market reforms created diversified innovative investment instruments, therefore investment targets tended to be diversified and asset allocation was transforming from regionalization to globalization. Most importantly, loosening regulation policies brought about rare opportunities for development. Under the supervisory principle of "loosening regulation and relaxing restriction", CSRC intensively introduced innovative policies by relaxing the policy restrictions on the asset management business of securities companies. In the future, further liberalization is expected in the regulation over the investment scope, product entrance, investor qualification and capital restriction of the asset management products offered by securities companies.

### Actions and Achievements

#### Asset Management of the Company

As at 31 December 2014, the Company's total AUM amounted to RMB755,007 million, comprising CAM, TAM (including enterprise annuity and NSSF) and SAM of RMB77,961 million, RMB661,129 million and RMB15,917 million respectively.

Type	AUM (RMB million)		Management fees (RMB million)	
	31 December 2014	31 December 2013	2014	2013
CAM	77,961	33,064	388.76	193.56
TAM	661,129	468,965	420.37	245.96
SAM	15,917	2,829	5.29	2.06
Total	755,007	504,858	814.42	441.58

Source: the Company's internal statistics

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, the Company, by upholding “customer orientation”, “employees’ development”, “team cooperation” and “profitability” as the four core values of its asset management business, established, promoted and implemented scientific operation principles and customer orientation, focused on employee growth, enhanced team cooperation and strengthened the revenue from new businesses.

In terms of asset management business development, the Company carried out differentiated operation and emphasized on institutional business, and by the provision of integrated and comprehensive asset management services in respect of investment and financing for institutional clients, comprising mainly banks, harvested larger business scale, higher income and greater number of clients. The total AUM in respect of institutional business amounted to RMB721.8 billion; the income from institutional business accounted for more than 75% of the total income from asset management business; in respect of the number of clients, the Company cooperated with more than 100 banks and other institutions, out of which 32 banks cooperated with the Company on active management business.

In terms of product innovation, the Company established a total of 94 new CAM plans for asset management business in 2014, and the size of its CAM plans increased by RMB44,897 million compared to the end of 2013. The Company proactively participated in and promoted various innovations advocated by the regulatory authorities, stock exchanges and industry associations, continuously improved the product line of CAM plans through innovation and launch of new products, as well as optimization and upgrading of the existing products. The Company successfully issued the first QDII CAM Plan in the first half of 2014.

### *China AMC*

During the reporting period, China AMC retained a steady business operation driven by the four driving forces of “talents, investment and research, products and sales”. Meanwhile, through actively capturing opportunities for innovation and breakthrough, it remained in the forefront of the industry in terms of AUM.

As at 31 December 2014, the AUM of China AMC was RMB458,362 million, representing a year-on-year increase of 37.49%, of which the AUM of its mutual funds was RMB332,241 million, representing a year-on-year increase of 35.77% and taking up a market share of 7.32%. The AUM of institutional business (excluding investment and consultation, etc.) reached RMB126,121 million, representing an increase of 42.25% year-on-year.

### *Outlook for 2015*

In 2015, the Company’s asset management business will adhere to the investment philosophy of “high safety and steady appreciation”, and continue to provide integrated and comprehensive asset management service of all-rounded and full-product investment and financing for its clients. While constantly enhancing the level of investment management of various accounts and maintaining satisfactory investment performance, the Company will further improve its talent and asset reserves, fully promote innovation in product types and strategies, and insist on the business development approach of “enlarging its platform on the basis of institutions”, which aims to provide comprehensive asset allocation solutions for institutional and high-net-worth clients, and achieve the mutual growth of its clients, staff and shareholders.

In 2015, China AMC will adjust its strategies, broaden its vision, increase the efforts on cultivating talents and actively introduce excellent talents while at the same time, vigorously promote product innovation, enrich the product lines to constantly meet the diverse needs of its clients, with the aim to making breakthroughs in its international business and innovations to push forward an extended growth.

## Investment

### *Private Equity Investment*

#### *Market Conditions*

In 2014, the private equity investment fund market was very active. The number and amounts of newly launched funds increased significantly year-on-year. According to the statistics of Zero2IPO, 448 private equity investment funds were disclosed to have completed their subscriptions in the PRC private equity investment fund market in 2014, representing a year-on-year increase of 28.4% and the subscription amount of 423 of these disclosed private equity investment funds amounted to USD63,129 million, representing a year-on-year growth of 83% .

In 2014, investments in the private equity investment industry were exceptionally active, which were encouraged by a new round of mixed ownership reform of state-owned enterprises, the boom in the domestic and overseas merger and acquisition market, the active capital operation of listed companies and the upsurge of emerging investment industries such as biomedical and mobile internet. According to the statistics of Zero2IPO, 943 private equity investments were completed in 2014 in the private equity investment market in the PRC, representing a year-on-year increase of 42.9% and a concentration of investment projects in the sectors of internet, real estate, bio-technology/medical health, mechanical manufacture, telecommunication and added value services, information technology, and entertainment media. In particular, the disclosed total value of 847 investment projects amounted to USD53,757 million, representing a year-on-year increase of 119.6%, and the average investment amount of each project increased significantly mainly attributable to frequent substantial investments in industries, such as real estate, energy and mineral, chain and retail, and finance .

Due to the re-opening of the domestic IPOs, there was a sharp rebound in divestment activities in the private equity investment, while IPO exit regained its position as the major exit method. According to the statistics of Zero2IPO, in 2014, a total of 386 exit cases occurred in the private equity investment market in the PRC, of which 165 cases were effected through IPO, which was the chief exit method, accounting for 42.7% of the total, followed by equity transfer and merger and acquisition, amounting to 76 and 68 divestment cases, representing 19.7% and 17.6% respectively of the total.

### *Actions and Achievements*

By leveraging on the network of the Group and the project resources of its investment team, GoldStone Investment, a wholly-owned subsidiary of the Company, kept its strategic focus on the opportunities arising from medium-to-large scale equity investments in China. GoldStone Haorui, a wholly-owned subsidiary of GoldStone Investment, is the Company's investment business platform for its proprietary capital. Its business, funds, personnel and management are independent from the third-party asset management business of GoldStone Investment, and it is committed to realizing the preservation and appreciation of the Company's proprietary funds. In 2014, GoldStone Haorui completed 23 PE investments with proprietary capital and its equity investment funds with a total investment of RMB789 million, covering various fields such as information technology, medical services and high-end manufacturing. Furthermore, it also made investments through various methods, such as subscribing convertible bonds and participating in the rights issue of enterprises already listed on the new OTC market.

As at 31 December 2014, Qingdao GoldStone Hongxin Investment Centre (Limited Partnership), a direct investment fund established by GoldStone Investment, invested in four projects with a total investment amount of RMB817 million. CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership), a buyout fund established by GoldStone Investment, accumulated a total investment amount of more than RMB3.5 billion and had a total AUM of more than RMB7 billion. Its investment strategy focused on three areas, consisting of acquisition of controlling interests, industry consolidation and mezzanine investment. Its current investment focus is mainly on the agriculture, environmental protection, tourism, internet, and finance industries.

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

CITIC Suning Yunchuang Private Investment Fund, for which GoldStone Fund acts as the fund manager, was formally established on 4 November 2014 with a total size of RMB4,342 million for investments in the relevant interests of the 11 outlet properties formerly held by Suning Commerce. Following CITIC Qihang Securities Investment Private Fund, this fund is the first domestic exchange-traded REITs fund investing in commercial properties, which helps the domestic commercial enterprises to initiate their revitalization of stock assets and more effectively carry out their innovative models on asset operation.

### *Outlook for 2015*

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

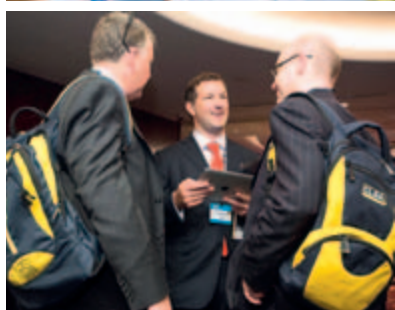
Based on the completion of the fund raising of its preliminary direct investment fund and buyout fund as well as the successful operation of investment business, GoldStone Investment will carry out investment with full efforts in 2015. Meanwhile, upon the implementation of innovative businesses such as real estate funds and fund of funds, in response to the industrial development waves resulting from economic environment changes such as profound adjustments on economic structure, aging of population and new urbanization, it will proactively explore innovative fields for investment and innovative business models with a view to building an all-rounded and multi-level capability for equity investment, enlarging its income scale and increasing its revenue by fully utilizing its financial capabilities and advantages.

### *Principal Investments*

CITIC PE Fund manages two funds, namely CITIC Mianyang Private Equity Fund and Beijing CITIC Investment Center (Limited Partnership). In 2014, the two funds increased their investments by investing in 10 projects with a total investment amount of approximately RMB2,200 million.

In 2015, taking account of the global macro-economic development trends, industrial development characteristics and the inherent features of PE industry, CITIC PE Fund will continue to adhere to the dual investment strategies of "buyout investment and growth investment", whereby it will principally focus on the key sectors with high entry barriers for which it has the investment experience and requisite resources, select and invest in leading enterprises with high growth, excellent management team, core technology or innovative capacities in order to enhance its corporation value and achieve outstanding returns by means of organic growth and buyout of enterprises.

CITIC PE Fund will further deepen its post-investment management through providing all-rounded and value-added services of strategic development, supply chain management, branding, marketing, buyout and capital operation for the invested enterprises, so as to optimize the enhancement of their long-term value. Meanwhile, it will focus on monitoring the performance of invested enterprises, and supervise the formulation and implementation of strategic plans and financial budgets of its holding company in the medium and long term. In addition, considering that its first managed fund, CITIC Mianyang Private Equity Fund, has entered into the exit period, CITIC PE Fund will prudently evaluate opportunities and feasibilities for listing of the invested projects and seek appropriate exit channels for divestment of such project.



## Research Business

In 2014, the Company actively adjusted the service direction of its research business by increasing the investment on internet and crossover research, and made breakthroughs in the field of research services overseas. It was ranked the second in the “Best Domestic Local Research Team” during the appraisal and election of “2014 Best Analyst” by “New Fortune”; and among the six platinum analysts appraised so far, three of them were from the Company. Furthermore, the Company’s research business served its client by following the latest hot spots in the market. In addition to interim and annual strategic meetings, the Company also organized several large-scale special meetings, such as “Mobile Internet: to Achieve O2O”, “Mobile Internet: Chinese Story”, “Energy Revolution in China” and “Growth and Reformation”. In particular, the meeting of “Mobile Internet: to Achieve O2O” created the highest attendance record of special forum in the A-share market, and the relevant report on the meeting “Mobile Internet: to Achieve O2O” was officially published in May 2014.

In 2014, the Company and CLSA Limited jointly released research reports such as “The Chinese Dream (Challenges along the road to reform)”, “Thru Train A Share/H Share Strategy”, “Thru Train A Share/H Share Bible” and “China Internet (Building the future: Leader in the mobile economy)” etc., and cooperated to organize several overseas forums, which were well received by domestic and overseas institutional investors.

CLSA Limited was well-reputed for its independent thematic research, economic analysis and equity strategy, and rated by institutional investors as one of the leading Asian equity research institutions. As at 31 December 2014, CLSA Limited had more than 140 analysts, covering around 1,300 companies in 18 industry sectors, also embracing five macro categories including economics, quantitative analysis, country and industry, strategy and technical analysis.

In 2015, the Company will target “institution-orientation”, “high-end-orientation” and “internationalization” for a comprehensive reform of its research business, with a view to adjusting to an internationalized and crossover research reform and enhancing its influence in the overseas market.



## Financial Statement Analysis

### Financial Statement Summary

#### *Profitability analysis*

In 2014, the Group continued to maintain its competitive advantage in respect of the traditional fee-based business and recorded significant increase in revenue from each of its traditional businesses, maintaining a leading position in the industry. With the increase in the financial leverage and enhancement of market-making capacity of the Group, the flow-based business of the Group experienced rapid expansion and became another contributor to the profit growth. Successful exit from private equity investment projects brought good returns for the capital investment business of the Group. Successful issuance of CITIC Qihang Securities Investment Private Fund, the first REITs product of the Group, improved the profit contribution of the innovative businesses of the Group. Lower increase in the operating expenses than that in the operating revenue of the Group, together with the full-year consolidation of CLSA BV and China AMC in 2014, enabled the Group to record satisfactory results of operations.

In 2014, the Group recognized total revenue and other income of RMB39,525 million, representing a year-on-year increase of 94.91%. Net profit attributable to owners of the parent amounted to RMB11,337 million, representing a year-on-year increase of 116.19%. Basic earnings per share was RMB1.03, representing a year-on-year increase of 114.58%. Return on weighted average equity was 12.18%, representing a year-on-year increase of 6.16 percentage points.

#### *Assets structure and assets quality*

The Group experienced a significant increase in its total assets and liabilities in 2014. With further improvement in its market credibility, the Group constantly expanded various financing channels and continued to improve its financial leverage. The Group experienced significant increase in both total assets and total liabilities due to significant increase in customer brokerage deposits resulting from active market trading as well as rapid improvement in the profitability of the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2014, the Group's total assets amounted to RMB479,626 million, representing a year-on-year increase of RMB208,272 million or 76.75%. Excluding customer brokerage deposits, the Group's total assets amounted to RMB377,780 million, representing a year-on-year increase of RMB151,622 million or 67.04%. As at 31 December 2014, the Group's total liabilities amounted to RMB378,495 million, representing a year-on-year increase of RMB196,543 million or 108.02%. Excluding customer brokerage deposits, the Group's total liabilities amounted to RMB276,649 million, representing a year-on-year increase of RMB139,893 million or 102.29%. As at 31 December 2014, equity attributable to owners of the parent amounted to RMB99,099 million, representing a year-on-year increase of RMB11,411 million or 13.01%.

The Group's asset and liability structure maintained stable. As at 31 December 2014, excluding customer brokerage deposits, the Group's total assets amounted to RMB377,780 million. Investments, which mainly included investments in associates/joint ventures and financial assets, accounted for 49.34% of the total assets; margin accounts and reverse repurchase agreements accounted for 30.97% of the total assets; cash and bank balances accounted for 10.05% of the total assets; and fixed assets, constructions in progress, intangible assets and investment properties in aggregate accounted for 0.84% of the total assets. During the reporting period, the Group made corresponding allowance for impairment losses in respect of available-for-sale financial assets and there was no significant impairment for other assets. Therefore, the Group maintained a high asset quality.

As at 31 December 2014, excluding customer brokerage deposits, the Group's total liabilities amounted to RMB276,649 million with a high proportion of short-term liabilities, among which repurchase agreements were RMB124,914 million, accounting for 45.15% of the total liabilities; bonds payable and long-term loans were RMB45,482 million, accounting for 16.44% of the total liabilities; short-term loans, due to banks and other financial institutions and short-term financing instrument payables were RMB34,400 million, accounting for 12.43% of the total liabilities; financial liabilities held for trading, financial liabilities designated as at fair value through profit or loss and derivative financial liabilities were RMB36,404 million, accounting for 13.16% of the total liabilities; and other liabilities were RMB35,449 million in total, accounting for 12.82% of the total liabilities.

The gearing ratio of the Group increased. As at 31 December 2014, excluding customer brokerage deposits, the gearing ratio of the Group was 73.23%, representing an increase of 12.76 percentage points as compared to last year.

### *Cash flow status*

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB10,013 million in 2014, representing a year-on-year increase of RMB9,828 million compared to last year, which was mainly due to the net cash inflow from financing activities.

From the structural perspective, the net cash outflow from operating activities in 2014 was RMB26,283 million, representing a year-on-year increase of RMB3,569 million as compared to an outflow of RMB22,714 million in 2013, which was attributable to the fact that the increase in cash inflow from operating activities such as interests, fees and commissions received as well as repurchase agreements, although significant, was lower than that in operating cash outflows due to the increase in the size of investment in financial assets held for trading, margin financing and securities lending business and number of entities consolidated into the financial statements of the Group.

Net cash inflow from investing activities in 2014 was RMB24 million, representing a year-on-year decrease of RMB2,577 million as compared to that of RMB2,601 million in 2013, which was mainly attributable to the increase in the investment size and lower amount of cash inflows from investing activities than investment amount.

Net cash inflow from financing activities in 2014 was RMB36,272 million, representing a year-on-year increase of RMB15,974 million or 78.70% as compared to that of RMB20,298 million in 2013, which was mainly attributable to the revolving issuance of commercial papers, the issuance of USD-denominated medium term notes and RMB-denominated subordinated bonds by the Group in the domestic and international markets, and the consolidation of structured entities during the reporting period, resulting in higher cash inflows from financing activities than cash outflows from financing activities during the same period.

Based on the aforesaid, in 2014, with the rapid development of its principal business, the quality and level of the profitability of the Group improved simultaneously, and its solvency and financing capacity further enhanced, which contributed to the increase in the investment size of the Group and laid a foundation for the promotion of sound business development.

#### *Financing channel and financing ability*

Currently, the Company obtains short-term funds from commercial banks and other investors primarily by way of bond repurchases, inter-bank lending, collateralized loans, issuance of commercial papers, issuance of beneficiary certificates, issuance of short-term corporate bonds of securities companies on the SSE, Shenzhen Stock Exchange and inter-bank market pursuant to the relevant policies and regulations.

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

The Company held a number of fixed income products to maintain a balance between liquidity and profitability, and any change in interest rates will have direct impact on the interests received from the cash deposit held by the Company, the market price of the bond investment and the investment income. Meanwhile, equity investment of the Company is also impacted though indirectly, by changes in interest rates. In addition, the Company has also incorporated certain subsidiaries outside mainland China, and invested in capital denominated in foreign currencies. Considering the foreign capital and assets of the Company and the implementation of financing through the issuance of bonds denominated in foreign currencies of overseas subsidiaries, the financial condition of the Company may also be influenced by the changes in exchange rates and overseas market interest rate levels.

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

## Analysis on Income Statement

### Financial Highlights

In 2014, the Group accomplished a profit before income tax of RMB15,422 million, representing an increase of 125.27%.

Major financial highlights of the Group are as follows:

*In RMB millions*

Items	2014	2013
Fee and commission income	18,915	10,699
Interest income	7,851	4,090
Investment income	10,204	5,259
Other income	2,555	231
Operating expenses	24,732	13,644
Share of profits and losses of associates and joint ventures	629	211
Profit before income tax	15,422	6,846
Income tax expenses	3,560	1,538
Profit attributable to owners of the parent	11,337	5,244

### Structure of the revenue

In 2014, the total revenue and other income of the Group amounted to RMB39,525 million, representing a year-on-year increase of 94.91%. All items of revenue were on the increase as compared to last year, and structure of the revenue was relatively stable with a balanced development of all businesses. The following table sets out the composition of total revenue and other income of the Group in the past 5 years:

Items	2014	2013	2012	2011	2010
Fee and commission income	47.86%	52.76%	54.24%	36.83%	54.81%
Interest income	19.86%	20.17%	16.62%	7.80%	6.57%
Investment income	25.82%	25.93%	27.91%	54.58%	37.98%
Other income	6.46%	1.14%	1.23%	0.79%	0.64%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

**Fee and commission income**

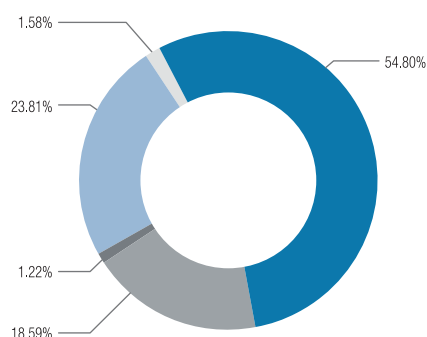
In 2014, the net fee and commission income of the Group amounted to RMB17,116 million, representing a year-on-year increase of 77.59%. Such increase was mainly attributable to a substantial increase in revenue from brokerage, investment banking and asset management businesses. The segmental breakdown of fee and commission income of the Group is as follows:

*In RMB millions*

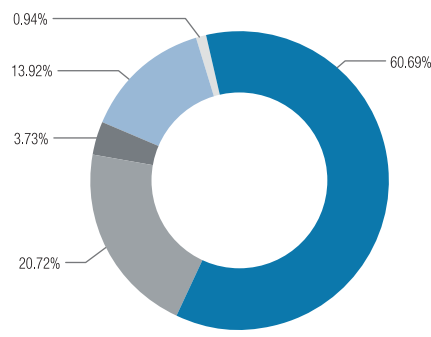
Items	2014	2013	Variance in amount	Variance in percentage
Fee and commission income				
Brokerage	10,365	6,493	3,872	59.63%
Investment banking	3,516	2,217	1,299	58.59%
Trading	231	399	-168	-42.11%
Asset management	4,504	1,489	3,015	202.48%
Others	299	101	198	196.04%
Fee and commission expenses	1,799	1,061	738	69.56%
Net fee and commission income	17,116	9,638	7,478	77.59%

The segmental breakdown of fee and commission income during 2013 and 2014 were as follows:

**BREAKDOWN OF FEE AND COMMISSION INCOME FOR 2014**



**BREAKDOWN OF FEE AND COMMISSION INCOME FOR 2013**



■ Brokerage ■ Investment banking ■ Trading ■ Asset management ■ Others

The fee and commission income from brokerage increased by RMB3,872 million, representing a growth of 59.63%. In 2014, Shanghai and Shenzhen stock markets showed a significant upturn with the average daily trading turnover of stocks and funds in A-share market increasing by 54.75% year-on-year. In addition, the Group continued to develop institutional clients for its brokerage business by providing comprehensive financial services for clients, which contributed to a significant increase in the revenue from the brokerage business.

## MANAGEMENT DISCUSSION AND ANALYSIS

The fee and commission income from investment banking increased by RMB1,299 million, representing a year-on-year increase of 58.59%. In 2014, A-share and H-share capital markets were activated by the IPO resumption and the rapid development of internet finance. The Group stayed in the forefront of the market in terms of the both the issuance number and underwriting amount in the market, leading to a significant increase in the fee and commission income from the investment banking business.

The fee and commission income from trading decreased by RMB168 million as compared to the previous year, mainly derived from a decrease in the revenue from the financial advisory business.

The fee and commission income from asset management increased by RMB3,015 million or 202.48% compared to the previous year. On the one hand, due to the launch of the new policy of “relaxing control and restriction” in 2014, the Company’s total AUM grew significantly to breakthrough the RMB750 billion. On the other hand, the incorporation of China AMC into the consolidated financial statements during the year resulted in an increase in the revenue from the asset management business.

### Interest income

In 2014, the net interest income of the Group amounted to RMB950 million, representing a year-on-year increase of 14.60%. The table below sets out the major composition of the net interest income during the period:

*In RMB millions*

Items	2014	2013	Variance in amount	Variance in percentage
Interest income				
– Bank interest income	2,131	1,611	520	32.28%
– Interest income on margin and other financing	5,688	2,478	3,210	129.54%
– Others	32	1	31	3,100.00%
Interest expense				
– Accounts payable to clients	202	142	60	42.25%
– Due to banks and other financial institutions	3,791	1,776	2,015	113.46%
– Bonds issued	2,229	1,246	983	78.89%
– Others	679	97	582	600.00%
Net interest income	950	829	121	14.60%

Bank interest income increased by RMB520 million or 32.28% year-on-year, mainly due to a significant increase in client deposits and reserves with the brokerage segment as the stock market was buoyant, as a result of which, the average daily balance of the monetary assets during the year increased.

Interest income from margin and other financing increased by RMB3,210 million, representing a year-on-year increase of 129.54%. The significant increase was mainly attributable to the rapidly growing flow-based business including margin financing and securities lending business, which was further promoted by the upturn in A-share market.

Interest expense increased by RMB3,640 million or 111.62% year-on-year, mainly due to the expansion of financing scale of the Group during the reporting period. In 2014, the Group continued to expand financing channels and increased its ability in this regard by issuing subordinated bonds, medium term notes, short-term corporate bonds of securities companies and beneficiary certificates in addition to commercial papers, resulting in a great increase of interest expense.

#### *Investment income*

In 2014, the investment income of the Group amounted to RMB10,204 million, representing a year-on-year increase of 94.03%. The table below sets out the major composition of the investment income during the period:

*In RMB millions*

Items	2014	2013	Variance in amount	Variance in percentage
Net income from available-for-sale financial assets	3,599	2,774	825	29.74%
Net income from financial instruments held for trading and financial instruments designated as at fair value through profit or loss	15,606	1,259	14,347	1,139.56%
Others	-9,001	1,226	-10,227	-834.18%
<b>Total</b>	<b>10,204</b>	<b>5,259</b>	<b>4,945</b>	<b>94.03%</b>

Net income from available-for-sale financial assets rose by RMB825 million, representing a year-on-year increase of 29.74%, attributable to an increase of RMB295 million or 18.40% in investment income from the disposal of available-for-sale financial assets, and an increase of RMB530 million or 45.22% in dividend income and interest income from available-for-sale financial assets held by the Group.

Net income from financial instruments held for trading and financial instruments designated as at fair value through profit or loss increased by RMB14,347 million or 1,139.56% compared to 2013. Affected by the buoyant stock markets, income arising from the holding and disposal of such instruments by the Group increased by RMB7,323 million and the gains arising from changes in the fair value rose by RMB7,024 million.

Other investment income decreased by RMB10,227 million, representing a decrease of 834.18% year-on-year, which was mainly attributable to fair value changes in the derivative financial instruments.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating expenses

In 2014, operating expenses of the Group (excluding fee and commission expense and finance costs) amounted to RMB16,032 million, representing a year-on-year increase of RMB6,710 million. The table below sets out the major composition of the operating expenses during the period:

*In RMB millions*

Items	2014	2013	Variance in amount	Variance in percentage
Staff costs	9,463	5,077	4,386	86.39%
Depreciation	377	331	46	13.90%
Business tax and surcharges	1,257	773	484	62.61%
Other operating expenses	4,335	2,788	1,547	55.49%
Impairment losses	600	353	247	69.97%
Total	16,032	9,322	6,710	71.98%

In 2014, staff costs of the Group recorded an increase of RMB4,386 million, representing a year-on-year increase of 86.39%, mainly due to the increase in staff remuneration and the consolidation of CLSA BV and China AMC during the year.

In 2014, depreciation increased by RMB46 million, representing a year-on-year increase of 13.90%, mainly due to an increase in depreciation of electronic devices.

Business tax and surcharges increased by RMB484 million or 62.61% year-on-year, mainly due to an increase in taxable income of the Group in 2014.



In 2014, impairment losses amounted to RMB600 million, representing a year-on-year increase of RMB247 million, mainly attributable to impairment losses occurred on available-for-sale financial assets. As the fair value of certain available-for-sale financial assets held by the Group declined during the the first half of the year under the influence of the securities market, the Group provided allowance for the impairment losses on available-for-sale financial assets according to the Group's accounting policies. The following table sets out the major composition of the impairment losses provided during the period:

*In RMB millions*

Items	2014	2013	Variance in amount	Variance in percentage
Impairment loss on available-for-sale financial assets	566	350	216	61.71%
Impairment loss on bad debt	34	2	32	1,600.00%
Others	—	1	-1	-100.00%
<b>Total</b>	<b>600</b>	<b>353</b>	<b>247</b>	<b>69.97%</b>

### Analysis on Financial Position

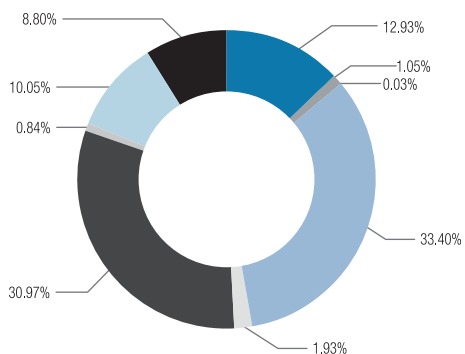
As at 31 December 2014, the total assets of the Group were RMB479,626 million, representing a year-on-year increase of 76.75%. Excluding the effect of the customer brokerage deposits, the total assets of the Group amounted to RMB377,780 million as at the end of 2014, representing a year-on-year increase of 67.04%. Major changes in the total assets of the Group were as follows:

*In RMB millions*

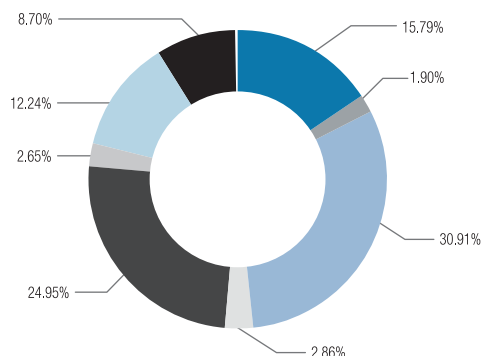
Items	31 December 2014	31 December 2013	Variance in amount	Variance in percentage
Available-for-sale financial assets	48,836	35,704	13,132	36.78%
Investments in associates/joint ventures	3,962	4,298	-336	-7.82%
Held-to-maturity investments	143	—	143	N/A
Financial assets held for trading and financial assets designated as at fair value through profit or loss	126,185	69,898	56,287	80.53%
Derivative financial assets	7,282	6,491	791	12.19%
Margin accounts and reverse repurchase agreements	116,998	56,394	60,604	107.47%
Properties and intangible assets	3,183	5,986	-2,803	-46.83%
Cash and bank balances	37,967	27,685	10,282	37.14%
Others	33,224	19,702	13,522	68.63%
<b>Total</b>	<b>377,780</b>	<b>226,158</b>	<b>151,622</b>	<b>67.04%</b>

The following chart sets forth the composition of the total assets of the Group as of the period:

**ANALYSIS OF THE COMPONENTS OF THE GROUP'S ASSETS FOR 2014**



**ANALYSIS OF THE COMPONENTS OF THE GROUP'S ASSETS FOR 2013**



- Available-for-sale financial assets
- Investments in associates/joint ventures
- Held-to-maturity investments
- Financial assets held for trading and financial assets designated as at fair value through profit or loss
- Derivative financial assets
- Margin accounts and reverse repurchase agreements
- Properties and Intangible assets
- Cash and bank balances
- Others

**Investment**

The investment of the Group primarily comprises available-for-sale financial assets, investments in associates and joint ventures, held-to-maturity investments, financial assets held for trading, financial assets designated as at fair value through profit or loss and derivative financial assets, etc.

As at 31 December 2014, the total investments of the Group were RMB186,408 million, representing a year-on-year increase of RMB70,017 million or 60.16%. Its total investments accounted for 49.34% of the total assets, representing a decrease of 2.12 percentage points, mainly due to the Group's ongoing commitments to development of the flow-based business, expansion of market-making size and enhancement of investment capacities. The following table sets forth the investments of the Group's financial assets:

*In RMB millions*

Items	31 December 2014		31 December 2013	
	Amount	Percentage to total assets	Amount	Percentage to total assets
Available-for-sale financial assets	48,836	12.93%	35,704	15.79%
Investments in associates/ joint ventures	3,962	1.05%	4,298	1.90%
Held-to-maturity investments	143	0.03%	—	—
Financial assets held for trading and financial assets designated as at fair value through profit or loss	126,185	33.40%	69,898	30.91%
Derivative financial assets	7,282	1.93%	6,491	2.86%
<b>Total</b>	<b>186,408</b>	<b>49.34%</b>	<b>116,391</b>	<b>51.46%</b>

#### *Available-for-sale financial assets*

As at 31 December 2014, available-for-sale financial assets of the Group increased by RMB13,132 million, representing a year-on-year increase of 36.78%, and it accounted for 12.93% of the total assets. The following table sets forth the components of the available-for-sale financial assets portfolio of the Group:

*In RMB millions*

Items	31 December 2014		31 December 2013	
	Amount	Percentage to available-for-sale financial assets	Amount	Percentage to available-for-sale financial assets
Debt securities	10,847	22.21%	6,451	18.07%
Equity investments	21,846	44.73%	20,589	57.67%
Others	16,143	33.06%	8,664	24.26%
<b>Total</b>	<b>48,836</b>	<b>100.00%</b>	<b>35,704</b>	<b>100.00%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Investments in associates/joint ventures

In RMB millions

Items	31 December 2014	31 December 2013	Variance in amount	Variance in percentage
Investments in associates	3,954	3,484	470	13.49%
Investments in joint ventures	8	814	-806	-99.02%
<b>Total</b>	<b>3,962</b>	<b>4,298</b>	<b>-336</b>	<b>-7.82%</b>

In 2014, investments in associates and joint ventures decreased by 7.82% compared to the end of the previous year, mainly due to the decrease in investments in joint ventures.

### Financial assets held for trading and financial assets designated as at fair value through profit or loss

As at 31 December 2014, the Group's financial assets held for trading and financial assets designated as at fair value through profit or loss increased by RMB56,287 million, representing an increase of 80.53% year-on-year, and accounted for 33.40% of the total assets of the Group. The following table sets forth the investment categories:

In RMB millions

Items	31 December 2014	31 December 2013	Variance in amount	Variance in percentage
Debt securities held for trading	64,051	46,340	17,711	38.22%
Equity investments held for trading	46,270	11,308	34,962	309.18%
Financial assets designated as at fair value through profit or loss	12,434	12,036	398	3.31%
Others	3,430	214	3,216	1,502.80%
<b>Total</b>	<b>126,185</b>	<b>69,898</b>	<b>56,287</b>	<b>80.53%</b>

*Properties and intangible assets*

As at 31 December 2014, properties and intangible assets of the Group amounted to RMB3,183 million, representing a year-on-year decrease of 46.83%, which was mainly attributable to the issuance of CITIC Qihang Securities Investment Private Fund and the disposal of the entire equity interests in two wholly-owned subsidiaries holding two building properties in Beijing and Shenzhen. The following table sets out the properties and intangible assets of the Group as at the dates indicated:

*In RMB millions*

Items	31 December 2014	31 December 2013	Variance in amount	Variance in percentage
Property, plant and equipment	1,222	3,637	-2,415	-66.40%
Investment properties	74	432	-358	-82.87%
Other intangible assets	1,887	1,917	-30	-1.56%
<b>Total</b>	<b>3,183</b>	<b>5,986</b>	<b>-2,803</b>	<b>-46.83%</b>

*Cash and bank balances*

As at 31 December 2014, cash and bank balances increased by RMB10,282 million year-on-year, which was mainly attributable to the increase in liquidity reserve.

*In RMB millions*

Items	31 December 2014	31 December 2013	Variance in amount	Variance in percentage
Cash and bank balances	37,967	27,685	10,282	37.14%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liabilities

As at 31 December 2014, total liabilities of the Group amounted to RMB378,495 million, representing a year-on-year increase of RMB196,543 million or 108.02%. Excluding the effect of customer brokerage deposits, total liabilities of the Group would have amounted to RMB276,649 million as at the end of 2014, representing a year-on-year increase of 102.29%. To facilitate expansion of flow-based business, the Group has employed a variety of financing channels to expand the scale of financing during the year. The following table sets out the breakdown of the liabilities of the Group as at the dates indicated:

*In RMB millions*

Items	31 December 2014	31 December 2013	Variance in amount	Variance in percentage
Customer brokerage deposits	101,846	45,196	56,650	125.34%
Short-term loans, due to banks and other financing institutions, and short-term financing instrument payables	34,400	19,233	15,167	78.86%
Financial liabilities held for trading, financial liabilities designated as at fair value through profit or loss, and derivative financial liabilities	36,404	22,097	14,307	64.75%
Repurchase agreements	124,914	55,704	69,210	124.25%
Bonds payable and long-term loans	45,482	26,744	18,738	70.06%
Others	35,449	12,978	22,471	173.15%
<b>Total</b>	<b>378,495</b>	<b>181,952</b>	<b>196,543</b>	<b>108.02%</b>

As at 31 December 2014, balances of domestic and overseas customer brokerage deposits increased year-on-year significantly due to favorable A-share market and greater investors' enthusiasm following the listing of a number of new shares in the Hong Kong stock market. Total customer brokerage deposits of the Group amounted to RMB101,846 million, representing a year-on-year increase of 125.34%. It accounted for 26.91% of the total liabilities of the Group. The following table sets out the Group's customer brokerage deposits as categorized by geographical locations and types of customers as at the dates indicated:

*In RMB millions*

Items	31 December 2014	31 December 2013	Variance in amount	Variance in percentage
Mainland China	90,750	36,591	54,159	148.01%
– Individual	58,530	26,842	31,688	118.05%
– Corporate	32,220	9,749	22,471	230.50%
Outside Mainland China	11,096	8,605	2,491	28.95%
Total	101,846	45,196	56,650	125.34%

As at 31 December 2014, short-term loans, due to banks and other financing institutions, and short-term financing instrument payables amounted to RMB34,400 million, representing an increase of 78.86% year-on-year, mainly attributable to the issuance of short-term corporate bonds of securities companies with a total size of RMB8 billion and the increase in short-term financing instrument during the reporting period.

As at 31 December 2014, financial liabilities held for trading, financial liabilities designated as at fair value through profit or loss, and derivative financial liabilities amounted to RMB36,404 million, representing a significant growth as compared to the end of the previous year, mainly attributable to the Group's commitment to the development of innovative business.

In 2014, amounts from repurchase agreements increased by RMB69,210 million or 124.25% year-on-year, which was mainly attributable to continuous expansion of financing scale during the year.

As at 31 December 2014, the total outstanding amount of bonds payable amounted to RMB43,167 million, representing a year-on-year increase of RMB16,990 million. In 2014, the Group issued subordinated debentures of RMB13 billion and medium term notes with face value of USD650 million (approximately RMB3,995 million) through its wholly-owned subsidiary CITIC Securities Finance MTN. In addition, the size of long-term loans also increased.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Equity

As at 31 December 2014, the total equity of the Group amounted to RMB101,131 million, representing a year-on-year increase of 13.12%, mainly attributable to the significant increase in investment revaluation reserve and net profit in 2014. The following table sets out, as at the dates indicated, the components of the Group's total equity:

*In RMB millions*

Items	31 December 2014	31 December 2013
Share capital	11,017	11,017
Capital reserve	34,123	34,428
Surplus reserve	7,093	6,439
General reserve	13,339	11,402
Investment revaluation reserve	1,778	-334
Foreign currency translation reserve	-961	-896
Retained profits	32,710	25,632
Non-controlling interests	2,032	1,714
Total	101,131	89,402

### Fair Value Measurement

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

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

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

### Explanation of change in scope of statement consolidation

During the reporting period, the Company disposed the equity interests in two wholly-owned subsidiaries, namely Tianjin Jingzheng and Tianjin Shenzheng, and newly established Kington Securities by way of split of its wholly-owned subsidiary, CITIC Securities (Zhejiang) and 17 structured entities are consolidated to the scope of the financial statements. The number of primary subsidiaries that are consolidated to the scope of financial statements of the Company increased to 30.



### No change in the income tax policy of the Company during the reporting period

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

### Core Competitiveness Analysis

The Company has continuously deepened its strategic transformation in recent years, enhancing its four capabilities in customer relationship management, product pricing and sales, trading and investment, liabilities and liquidity management, and driving its business' transformation towards a diversified business model, in the customer-focused and flow-based business direction, and hence its core competitiveness has been re-invented and consolidated continuously.

Integrated competitive advantages are remarkable. By fully leveraging on its integrated advantages and by consolidating resources of human resources, capital funds and licenses, the Company provides a full basket of financial solutions for its various types of customers. The traditional fee-based business of the Company has maintained its market leadership position. The brokerage business has exerted great efforts to develop financing services for micro, small and medium enterprises, sales of financial products, margin financing and securities lending, and stock-pledged repo businesses. The investment banking business provides various types of financing services to customers, including equities, bonds, merger and acquisition and asset securitization. The asset management business has built up a multi-level asset management platform covering the parent company, China AMC, GoldStone Investment, and CITIC PE Fund, etc. The flow-based business covers multi-market businesses including equities, bonds, bulk commodities and foreign exchange, etc. Capital-efficient businesses such as equity investment, alternative investment and cross-border investment have stable developments as well.

Proprietary innovative capabilities have been continuously strengthened. In 2014, the Company successfully issued CITIC Qihang Securities Investment Private Fund and recorded several first-time successes in the market. It led the establishment of the Zhengtong Company to create a unified internet communicative payment platform for the securities industry. It developed carbon trading, vessel leasing and bulk commodity business such as precious metals, and obtained the custodian qualification for securities investment fund. With gradual improvements in financial infrastructural functions such as investment, financing, trading, payment and custodian services, the Company will further open up its proprietary innovative space.

## **Profit Distribution Policy of the Company**

### **Formulation and Implementation of Cash Dividend Policy**

Following the amendments to the profit distribution policy in the Articles of Association made at the 2012 First Extraordinary General Meeting of the Company pursuant to the Notice Regarding Further Implementation of Cash Dividend Distribution by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) issued by the CSRC, the Company further amended the relevant provisions relating to the profit distribution policy set out in the Articles of Association in accordance with the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (《上市公司監管指引第3號—上市公司分紅》) issued by the CSRC and the Guidelines on Distribution of Cash Dividends by Listed Companies issued by the SSE while taking into account the actual needs of the Company's business development. The main amendments include: revising the dividend payment proportion and formulating differentiated cash dividend policy; specifying the profit distribution plans, particularly the decision-making procedures and mechanisms for the cash dividend plans, and clarifying the priority of cash dividend in the profit distribution, etc. These amendments to the Articles of Association have come into effect following the approval at the 2013 Annual General Meeting of the Company, the approval by the Shenzhen Bureau of the CSRC and the completion of the formalities for the registration of change and filing with the industry and commerce authorities by the Company on 14 October 2014.

The amendments in relation to the profit distribution policy are transparent and are in compliance with the laws and regulations, the Articles of Association, and the review procedures of the Company. The Company has a definite and clear policy regarding the cash dividends payment criteria and ratio, and a standard decision making procedure and mechanism.

On 18 June 2014, the 2013 Profit Distribution Plan was considered and approved at the 2013 Annual General Meeting of the Company: a cash dividend of RMB1.50 (tax inclusive) was distributed for every 10 Shares held. The plan was completed on 15 August 2014. The cash dividend, representing 31.51% of the net profit attributable to the owners of the parent in 2013, was in compliance with the related provisions in the Guidelines on Distribution of Cash Dividends by Listed Companies issued by the SSE. The Company's independent Directors have issued independent opinions in respect of the 2013 Profit Distribution Plan which states that the plan is beneficial for the long term development of the Company as well as the long term interests of the shareholders as a whole. In order to further facilitate the communication with investors, and listen to opinions and demands from them, especially the minority investors, the Company consulted with investors on the 2013 profit distribution plan of the Company from 5 May to 9 May 2014 prior to the record date of the 2013 Annual General Meeting via means such as email, phone and fax and has gained their recognition.

### Profit Distribution Plans/Preliminary Plan for the Past Three Years

Upon prior approval by the Board and the Supervisory Committee, the profit distribution plan of the Company will be subject to the consideration of and approval by shareholders at a general meeting. In the process of prior approval by the Board, the independent Directors of the Company have provided objective and independent opinions from the perspective of investor protection. During the general meeting, minority shareholders of the Company will be provided with sufficient opportunities to express their views and concerns to protect their legitimate rights.

The Company has declared cash dividend every year since its incorporation. The plans and preliminary plan for profit distribution for the past three years were as follows:

2014: a cash dividend of RMB3.10 (tax inclusive) for every 10 shares based on the total number of Shares of the Company as at 31 December 2014. If the Company completes the issue of new H Shares by the record date for the payment of the dividends in respect of its H Shares, the cash dividend for every Share for 2014 will be subject to adjustment accordingly based on the approximate total amount of RMB3,415,241,604.00 (tax inclusive) and the total number of Shares after the issue. This proposal is subject to the approval of general meeting of the Company.

2013: a cash dividend of RMB1.50 (tax inclusive) for every 10 shares.

2012: a cash dividend of RMB3 (tax inclusive) for every 10 shares.

From 2012 to 2014, the cash dividends declared by the Company represented over 30% of the net profit attributable to owners of the parent, which are in compliance with regulatory requirements and the profit distribution policy of the Company, the details are as follows:

*In RMB*

Year of distribution	Amount of cash dividend (tax inclusive)	Net profit attributable to owners of the parent as stated in the consolidated statements of the year of distribution	Percentage to net profit attributable to owners of the parent as stated in the consolidated statements
2014	3,415,241,604.00	11,337,193,825.46	30.12%
2013	1,652,536,260.00	5,243,916,979.11	31.51%
2012	3,305,072,520.00	4,237,418,476.37	78.00%

### Profit Distribution Plan of 2014

The retained profits of the Company at the beginning of 2014 amounted to RMB12,011,654,980.98, together with the Company's 2014 net profit of RMB6,605,908,900.38, and after deduction of the 2014 cash dividends of RMB1,652,536,260.00, the distributable profits of the Company in 2014 amounted to RMB16,965,027,621.36.

Pursuant to the *Company Law*, *Securities Law*, *Financial Rules for Financial Enterprises* and the Articles of Association, the net profits of the Company for 2014 are appropriated in the following sequences:

- (1) The Company appropriates a total of RMB361,208,803.25 to the statutory surplus reserve, after which the accumulated amount of the statutory surplus reserve of the Company will amount to 50% of the registered capital of the Company;
- (2) The Company appropriates a total of RMB660,590,890.04 to the general risk reserve calculated on the basis of 10% of the net profit recognized by the parent for 2014;
- (3) The Company appropriates a total of RMB660,590,890.04 to the transaction risk reserve calculated on the basis of 10% of the net profit recognized by the parent for 2014.

The aggregate of the above three items amounted to RMB1,682,390,583.33.

Net of the above three items, the distributable profits of the parent amounted to RMB15,282,637,038.03.

According to the auditing requirements applicable to listed companies under the accounting principles currently in force, and the relevant requirement that changes in fair values that are recognized in the net profit or loss for the period are not distributable as cash dividends, net of the effect of gains or losses arising from changes in the fair values on the distributable profits of 2014, the distributable profits attributable to the Shareholders that can be distributed as cash dividends in 2014 amounted to RMB14,663,167,957.06.

In consideration of factors such as the development of the Company and the interests of the Shareholders, the Company proposed the profit distribution plan of 2014 as follows:

- (1) The Company will adopt cash dividend payment method for its 2014 profit distribution plan (i.e. 100% cash dividend). Cash dividend was proposed to be distributed to the holders of A Shares and H Shares whose names appeared on the register of members of the Company on the record date: the total proposed cash dividend was RMB3,415,241,604.00 (tax inclusive), representing 30.12% of the net profit attributable to the owners of the parent and 23.29% of the distributable profits in 2014. The outstanding balance of the retained profits distributable for 2014 amounted to RMB11,247,926,353.06 and will be carried forward to the next year. On the basis of the total number of Shares of the Company as at 31 December 2014, a cash dividend of RMB3.10 (tax inclusive) for every 10 Shares held will be distributed. If the Company completes the issue of new H Shares by the record date for the payment of the dividends in respect of its H Shares, the cash dividend for every Share for 2014 will be subject to adjustment accordingly based on the approximate total amount of RMB3,415,241,604.00 (tax inclusive) and the total number of Shares after the issue (i.e. the total amount of actual cash dividends may deviate from the above figures due to rounding).

- (2) Cash dividend is denominated and declared in RMB and payable in RMB to the A Shareholders and in HKD to the H Shareholders. The actual amounts declared in HKD are converted based on the average benchmark exchange rate for RMB to HKD as announced by the People's Bank of China for the five business days before the date of the 2014 Annual General Meeting of the Company.

After the 2014 profit distribution plan of the Company is considered and approved at the 2014 Annual General Meeting, the Company expects to distribute its cash dividends for 2014 before 30 August 2015. The Company will give further notice(s) on the record date and book closure date for the payment of the dividends in respect of its H Shares, and the record date and the date for the payment of the dividends in respect of its A Shares.

## Risk Management

### Overview

In the opinion of the Company, effective risk management and internal control are critical to the Company's successful operation. The Company has implemented comprehensive risk management and internal control processes, through which the Company monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

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

### Structure of Risk Management

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

#### *Level 1: Board of Directors*

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Level 2: Executive Committee (Operation Management)*

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

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

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and Executive Committee of the Company, and is responsible for monitoring and managing the daily risks of the Company within its designated authority, deciding on and approving material matters related to risk management and relevant system and setting limits for risk. The Risk Management Committee comprises a risk management sub-working group and a reputation risk management sub-working group. The risk management sub-working group is the main body responsible for the daily monitoring and management of the financial risks over the buy-side business and facilitating the execution of the decisions made by the Risk Management Committee. The risk management sub-working group comprises a credit risk management sub-working group, which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management; a liquidity risk management sub-working group, which is responsible for monitoring and managing the Company's liquidity risks, promoting the development of the Company's liquidity risk assessment methodology and management system, coordinating the implementation of specific assessment and management measures, and providing relevant decision-making support; and an operational risk management sub-working group, which is responsible for drafting the Company's operational risk management rules, monitoring the execution of the operational processes, collecting information on operational risk events and coordinating and improving the Company's operational risk management mechanism. The reputation risk management sub-working group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent.

The Company has established the Product Committee. This committee performs planning, coordination, decision-making and review under the authority of the Board and Executive Committee on major matters such as design, sales and related systems of PE-related financial products of the Company. The committee manages relevant risks through pre-sale risk assessment of PE-related financial products and preparation of relevant post-sale risk management measures and risk event handling plans. The committee has set up risk evaluation units to review the qualification of the principal which entrusted the Company to sell PE-related financial products, manage the quality control of various PE-related financial product businesses and provide supervision and guidance services during the period of its existence. The product sales panel under the committee is responsible for review of the marketability of such products.

*Level 3: Division/Business Lines*

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

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

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

The Audit Department of the Company has the overall responsibility for internal audit, planning and implementing internal audit of all departments/business lines of the Company, its subsidiaries and branches, monitoring the implementation of internal control systems, preventing various moral and policy risks, and assisting the Company with the investigation of emergency events.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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

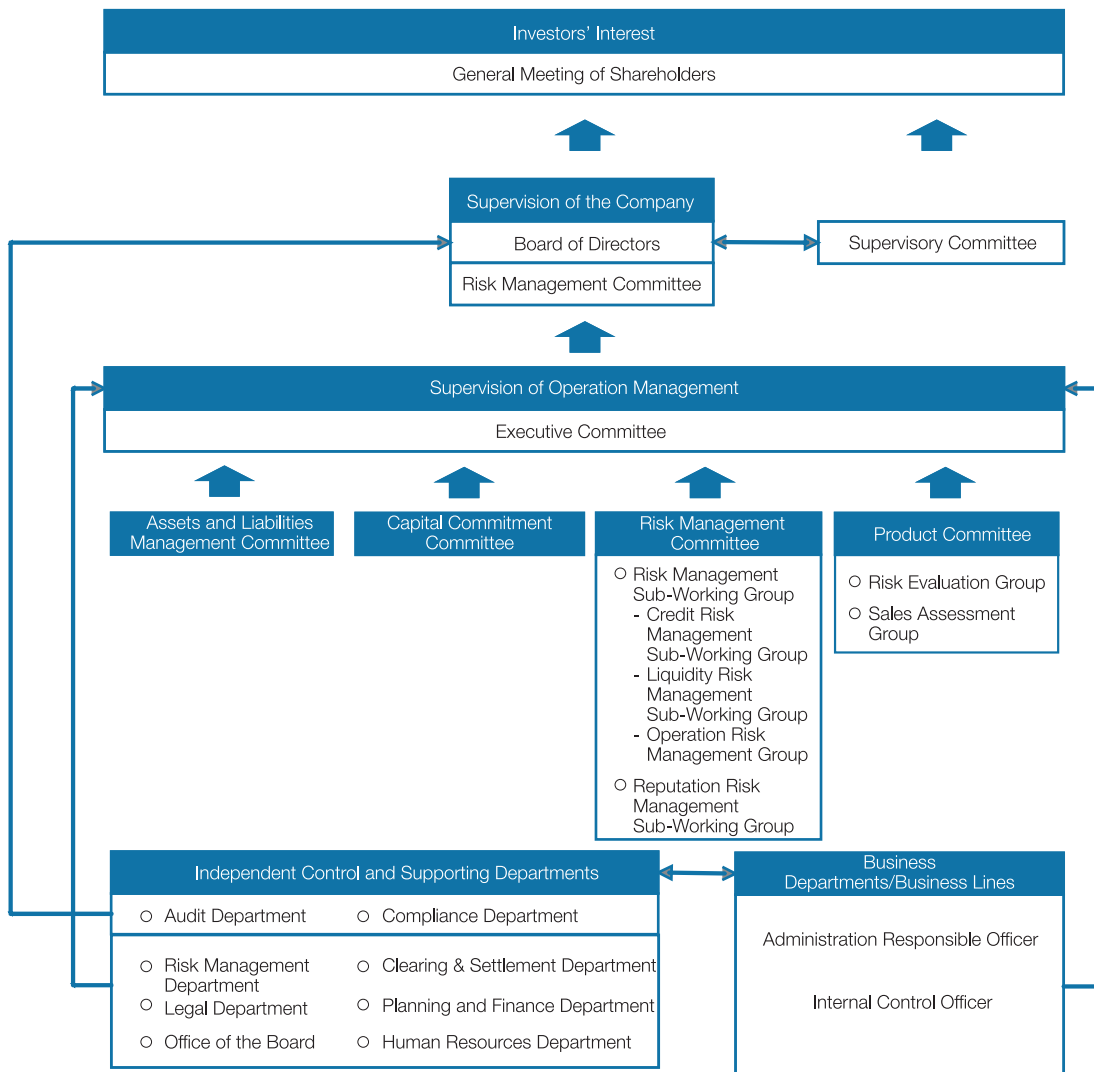


Chart: Structure of the Risk Management



## Market Risk

Market risks represent potential losses due to movement in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions received from the customers and the relevant strategies of proprietary investment.

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

For details of the market risk of the Group, please refer to the Note 54 to the Financial Statements of this report.

### **Credit Risk**

Credit risk is the risk in respect of loss arising from inability of a borrower, counterparty or issuer of financial positions held to meet its obligations or whose credit qualifications deteriorate.

The credit risk of the Group mostly arises from four aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of clients, if the Group does not require the clients to pay sufficient margin deposits in advance according to the laws, the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or face financing gaps due to other factors on the settlement date, and accordingly resulting in losses; secondly, credit risk arising from the securities financing businesses including margin financing and securities lending, stock repo, stock-pledged repo, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of the Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested<sup>1</sup>; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, equity swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts reach the mature dates.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, measures its credit risk by means of stress test and sensitivity analysis, and manage such credit risk based on these results through credit approval system. Meanwhile, the Company uses its information management systems to monitor its credit risk on a real time basis, keep track of the credit risk of its business products and transaction counterparties, provide analysis and pre-warning reports, and adjust its credit limits in a timely manner.

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

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

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

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions and the main risks are their failure to make payments on time, their failure to cover the security deposits in a timely manner when the losses are made on investments and discrepancy between amounts calculated by the parties. The Company sets certain proportions for the security deposits of counterparties and restrictions on the transaction size, controls the credit risk exposure of counterparties through daily mark to market, margin calls and forced liquidation of clients' positions, and carries out recourse through judicial procedures upon the forced liquidation of clients' positions and the occurrence of losses.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### *Credit risk exposure of investments in bonds (by domestic rating agencies)*

*Unit: RMB millions*

Investment Rating	31 December 2014	31 December 2013
China's Sovereign Credit Rating	6,457	10,334
AAA	7,871	7,829
AA	22,780	16,649
A	94	400
A-1	7,354	2,654
Others	6,086	4,503
<b>Total exposure</b>	<b>50,642</b>	<b>42,369</b>

Note: AAA~A represents rating for debts with maturity over one year, of which AAA represents the highest rating; A-1 represents the highest rating for debts with maturity within one year; AA includes products with AA+, AA and AA- actual ratings; A includes products with A+, A and A- actual ratings; others refer to products with ratings below A- (excluding A-) and those without external debt ratings.

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

*Unit: RMB millions*

Investment Rating	31 December 2014	31 December 2013
A	36	76
B	864	528
C	2,837	1,271
D	313	18
NR	3,557	2,613
<b>Total exposure</b>	<b>7,607</b>	<b>4,506</b>

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

As at the end of the reporting period, the close-out amount of the Group's margin financing and securities lending business was RMB70 million and the Group did not incur any loss. Moreover, as at the end of the reporting period, the minimum margin ratio was 128% for the Group's clients with liability balance in margin financing and securities lending business and 143% for the Group's clients with liabilities in stock repo transactions, the minimum guarantee ratio was 174% for the Group's clients with liabilities in stock-pledged repo transactions and 130% for the Group's clients with liabilities in stock returns swap business.

### Liquidity Risk

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

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

Please refer to Note 54 to the Financial Statements of this report for the Group's liquidity risk profile.

### Operational Risk

Operational risk is the risk of losses arising from inadequate or flawed internal processes, breakdown of information system or misconduct of staff, external events and other reasons. During the reporting period, according to the latest requirements of regulatory authorities in the PRC and with reference to the foreign regulatory requirements and the best practices of international investment banks, the Company has fully initiated the development of its governance structure, management instruments and processes, regulations and rules, IT supporting system in respect of operational risk. It has also striven to enhance the operational risk management awareness of all staff of the Company by means of online trainings and business communications with its subsidiaries. The Company has set up certain special management positions for operational risk. Each department has assigned a liaison officer in respect of operational risk to form an operational risk management team. Through comprehensive analysis of risk loss events, business environment and internal control factors as well as implementation of rectification measures on a regular basis, such liaisons fully monitor and manage various operational risks which the Company has faced with, and regularly report to the risk management sub-working group of the Company and the relevant responsible officer. Meanwhile, the Company has formulated operational risk management systems and supporting guidance on processes to further standardize its management processes.

# REPORT OF THE BOARD

## Operation of the Principal Businesses of the Group

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

## Profit Distribution

For details of formulation and implementation of the Company’s cash dividend policy and profit distribution plan in 2014, please refer to “Profit Distribution Policy of the Company” in this report.

## Use of Proceeds

According to the Capital Verification Report (Ernst & Young Hua Ming (2011) Yan Zi No. 60469435\_A09) issued by Ernst & Young Hua Ming, the net proceeds from the initial public offering of H Shares in 2011 were RMB11,271 million. As at 31 December 2014, the Company utilized RMB7,165 million for the acquisition of overseas platforms and the expansion of overseas business, RMB3,402 million for flow-based intermediary business, and RMB704 million for operating capital and general corporate use.

In 2013, the Company issued two tranches of RMB-denominated bonds in the size of RMB20 billion, which was utilised for replenishing the operating capital of the Company. The Company also issued 11 tranches of commercial papers to replenish the liquidity of the Company. CITIC Securities Finance 2013, the Company’s wholly-owned subsidiary, issued USD800 million USD-denominated bonds, which was utilized for daily operations.

During the reporting period, the Company issued two tranches of RMB subordinated bonds and raised a total of RMB13 billion, and issued one tranche of short-term corporate bonds and raised a total of RMB8 billion which was fully utilized for supplementing the operating capital of the Company. The Company issued 10 tranches of commercial papers and 13 tranches of beneficiary certificates to supplement the liquidity of the Company. The Company’s indirect wholly-owned subsidiary CITIC Securities Finance MTN, set up an overseas medium term note program and completed the initial issuance of USD650 million, which was utilized for daily operations.

As at 31 December 2014, the outstanding balance of corporate bonds issued by the Company was RMB21.5 billion; the outstanding balance of subordinated bonds was RMB13 billion; the outstanding balance of USD-denominated bonds was USD1.45 billion (equivalent to approximately RMB8.872 billion); the outstanding balance of short-term corporate bonds of securities companies was RMB8 billion; the outstanding balance of commercial papers was RMB10 billion. The total outstanding amount of all of the bonds was approximately RMB61,372 million. In addition, by the end of the reporting period, the outstanding balance of beneficiary certificates was RMB2,860.48 million.

The above utilization of proceeds was in line with the disclosure in the prospectus/offering documents. In 2015, the Company will continue to utilize the proceeds in accordance with the Company’s operation and development strategies with reference to the capital market conditions.

## Analysis of the Operation and Results of Principal Subsidiaries and Non-Controlling Companies

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

Name of Company	Shareholding held by the Company (%)	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact number
CITIC Securities (Zhejiang) Co., Ltd	100.00	6 February 2002	RMB785 million	22-23/F, Dikai Ginza, 29 Jiefang East Road, Hangzhou	22-23/F, Dikai Ginza, 29 Jiefang East Road, Hangzhou	SHEN Qiang	0086-571-85783737
CITIC Securities (Shandong) Limited	100.00	2 June 1988	RMB800 million	20th Floor, Tower 1, Qingdao International Finance Center, No. 222 Shenzhen Road, Laoshan District, Qingdao	Unit 2001, Tower 1, Qingdao International Finance Center, No. 222 Shenzhen Road, Laoshan District, Qingdao	YANG Baolin	0086-532-85021179
CITIC Securities International Co., Ltd.	100.00	9 April 1998	Paid-up Capital of HK\$6,516.05 million	26th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong	26th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong	YIN Ke	00852-22376899
GoldStone Investment Co., Ltd	100.00	11 October 2007	RMB7,200 million	17th Floor, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	QI Shuguang	0086-10-60837800
CITIC Securities Investment Limited	100.00	1 April 2012	RMB3,000 million	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, Qingdao International Finance Center, No. 222 Shenzhen Road, Laoshan District, Qingdao	GE Xiaobo	0086-10-60838838
CITIC Futures Co., LTD	93.47	30 March 1993	RMB1,604,792,982	Units 1301-1305 and 14/F, North Tower, Excellence Times plaza II, No. 8 Zhong Xin San Road, Rutian District, Shenzhen	Units 1301-1305 and 14/F, North Tower, Excellence Times Plaza II, No.8 Zhong Xin San Road, Futian District, Shenzhen	ZHANG Lei	0086-755-83217504
China Asset Management Co., Ltd.	62.20	9 April 1998	RMB238 million	16th Floor, Tower B, Tong Tai Plaza, No. 33 Finance Street, Xicheng District, Beijing	Zone A, Tianzhu Airport Industrial Zone, Shunyi District, Beijing	YANG Minghui	0086-10-88066688
CITIC Private Equity Funds Management Co., Ltd.	35.00	6 June 2008	RMB1,800 million	11th Floor, Jin Bao Building, No. 89 Jinbao Street, Dongcheng District, Beijing	District C, Incubator Building, Technology Education and Industrial Park, Technology, Mianyang, Sichuan	TIAN Yu	0086-10-85079062
Jiantou Zhongxin Asset Management Co., Ltd.	30.00	30 September 2005	RMB1,900 million	Unit 1032, Block 2, No 1 Chang An Xin Rong Center, Naoshikou Street Xicheng District, Beijing	5th Floor, Hong An International Building, No. 188 Chaoneida Road, Dongcheng District, Beijing	GAO Shixin	0086-10-66276508

The subsidiaries and non-controlling companies of the Company also include:

Name of Company	Shareholding held by the Company (%)	Date of Establishment	Registered Capital	Remarks
Kington Securities Limited Liability Company	100.00	27 August 2014	RMB100 million	The Board had resolved to transfer of the entire equity interest held by the Company in Kington Securities. The relevant procedural formalities are under process.
CITIC Securities Information and Quantitative Service (Shenzhen) Limited Liability Company	100.00	30 October 2013	RMB10 million	—
S&P/CITIC Index Information Services (Beijing) Co., Ltd.	50.00	27 December 2005	USD1 million	The Board had resolved to transfer of the entire equity interest held by the Company in S&P/CITIC Index Information Services (Beijing) Co., Ltd.. The relevant procedural formalities are under process.
Qianhai Equity Exchange (Shenzhen) Co., Ltd.	25.98	15 November 2011	RMB555 million	
Xiamen Cross-strait Equity Exchange Co, Ltd.	11.11	26 December 2013	RMB90 million	
Qingdao Lanhai Equity Exchange Co., Ltd.	40.00	13 February 2014	RMB50 million	Held as to 24% by the Company and 16% by CITIC Securities (Shandong)

- (1) CITIC Securities (Zhejiang) Co., Ltd is a wholly-owned subsidiary of the Company with a registered capital of RMB785 million. As at 31 December 2014, the total assets and net assets of CITIC Securities (Zhejiang) amounted to RMB38,923.66 million and RMB3,888.34 million, respectively; the revenue, gross profit and net profit realized in 2014 amounted to RMB2,485.74 million, RMB1,337.77 million and RMB999.08 million, respectively. CITIC Securities (Zhejiang) had 65 securities branches and 2,264 staff (brokers and dispatched staff inclusive) as at 31 December 2014.

The principal businesses of CITIC Securities (Zhejiang) include: securities brokerage (in Zhejiang excluding Cangnan and Tiantai counties, Fujian and Jiangxi provinces only); securities investment advisory (for securities investment advisory business in Zhejiang excluding Cangnan and Tiantai counties, Fujian and Jiangxi provinces only); margin trading (in Zhejiang excluding Cangnan and Tiantai counties, Fujian and Jiangxi provinces only); distribution of securities investment fund; provision of intermediate referral services to futures companies; and distribution of financial products (in Zhejiang excluding Cangnan and Tiantai counties, Fujian and Jiangxi provinces only).



- (2) CITIC Securities (Shandong) Limited is a wholly-owned subsidiary of the Company with a registered capital of RMB800 million. As at 31 December 2014, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB18,530.31 million and RMB3,575.70 million, respectively, and the revenue, gross profit and net profit realized in 2014 amounted to RMB1,320.55 million, RMB664.88 million and RMB499.51 million, respectively. CITIC Securities (Shandong) had 57 securities branches and 1,982 staff (brokers and dispatched staff inclusive) as at 31 December 2014.

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

- (3) CITIC Securities International Co., Ltd. is a wholly-owned subsidiary of the Company with paid-up capital of HK\$6,516.05 million. As at 31 December 2014, the total assets and net assets of CSI amounted to approximately RMB61,399.10 million and RMB6,529.88 million, respectively; the revenue, gross profit and net profit realized in 2014 amounted to RMB5,011.10 million, RMB614.02 million and RMB430.77 million, respectively. CSI had 4 branches in Hong Kong and 1,904 staff (brokers inclusive) as at 31 December 2014.

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

- (4) GoldStone Investment Co., Ltd is a wholly-owned subsidiary of the Company with a registered capital of RMB7.2 billion. As at 31 December 2014, the total assets and net assets of GoldStone Investment amounted to RMB17,737.52 million and RMB10,476.78 million, respectively; the revenue, gross profit and net profit realized in 2014 amounted to RMB2,566.54 million, RMB2,023.76 million and RMB1,637.13 million, respectively. GoldStone Investment had 121 staff (dispatched staff inclusive) as at 31 December 2014.

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

- (5) CITIC Securities Investment Limited is a wholly-owned subsidiary of the Company with a registered capital of RMB3 billion. As at 31 December 2014, the total assets and net assets of CITIC Securities Investment amounted to RMB4,212.10 million and RMB3,546.39 million, respectively; the revenue, gross profit and net profit realized in 2014 amounted to RMB381.94 million, RMB301.74 million and RMB226.29 million, respectively.

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

- (6) CITIC Futures Company Limited is held as to 93.47% by the Company with a registered capital of RMB1,604,792,982. As at 31 December 2014, the total assets and net assets of CITIC Futures amounted to RMB21,540.34 million and RMB2,597.91 million, respectively; the revenue, gross profit and net profit realized in 2014 amounted to RMB756.33 million, RMB379.70 million and RMB283.32 million, respectively. CITIC Futures had 44 futures brokerage branches and 923 staff as at 31 December 2014.

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

- (7) China Asset Management Co., Ltd. is held as to 62.20% by the Company with a registered capital of RMB238 million. As at 31 December 2014, the total assets and net assets of China AMC amounted to RMB5,581.79 million and RMB4,329.15 million, respectively; the revenue, gross profit and net profit realized in 2014 amounted to RMB3,577.56 million, RMB1,565.63 million and RMB1,200.76 million, respectively. China AMC had 738 staff (dispatched staff inclusive) as at 31 December 2014.

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

- (8) CITIC Private Equity Funds Management Co., Ltd. is held as to 35% by the Company with a registered capital of RMB1.8 billion. As at 31 December 2014, the total assets and net assets of CITIC PE Fund amounted to RMB5,026.53 million and RMB4,066.21 million, respectively; the net profit realized in 2014 amounted to RMB1,335.93 million (unaudited).

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

- (9) Jiantou Zhongxin Asset Management Co., Ltd. is held as to 30% by the Company with a registered capital of RMB1.9 billion. As at 31 December 2014, the total assets and net assets of Jiantou Zhongxin amounted to RMB1,864.74 million and RMB1,707.11 million, respectively; the net profit realized in 2014 amounted to RMB-26.57 million (unaudited).

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

## Branches of the Company

The Company has established a total of 6 branches in Beijing, Shanghai, Guangdong, Hubei, Jiangsu and Shanghai Pilot Free Trade Zone, particulars of which are as follows:

- (1) Beijing Branch was established on 29 September 2010 with SONG Dianguo as its responsible officer, its business scope includes: securities brokerage (the operational areas are the ones stated in the license for Securities Business Operation of the Company); securities investment advisory (limited to securities investment advisory business, and the operational areas are the ones stated in the License for Securities Business operation of the Company); financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship (limited to new OTC market, SME private placement bonds and asset securitization only); securities asset management (limited to project proposal, project information circulation and recommendation, customer relationship management and other supporting work only); margin trading (customer relationship management, customer solicitation and etc.); distribution of securities investment fund; provision of intermediate referral services to futures companies; distribution of financial products; and management of the securities sales branches of the Company in Beijing. The place of business is 4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing (contact number: 010-65648685).
- (2) Shanghai Branch was established on 26 October 2010 with ZHANG Hao as its responsible officer, its business scope includes: securities brokerage (for areas other than Shandong Province, Henan Province, Zhejiang Province, Fujian Province and Jiangxi Province); securities investment advisory; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities asset management; margin trading; securities investment fund distribution; provision of intermediate referral services to futures companies ; and distribution of financial products. The place of business is 10/F, No. 1568 Century Avenue, Pudong New District, Shanghai (contact number: 021-61768696).
- (3) Guangdong Branch was established on 10 December 2010 with ZHU Jianfeng as its responsible officer, its business scope includes: securities brokerage (for areas other than Shandong Province, Henan Province, Zhejiang Province, Fujian Province and Jiangxi Province); securities investment advisory; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities asset management; margin trading; distribution of securities investment fund; provision of intermediate referral services to futures companies and distribution of financial products. The place of business is 11/F and 37/F, Poly Center, No. 5 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong (contact number: 020-66609909).
- (4) Hubei Branch was established on 26 September 2010 with SHI Xiangrong as its responsible officer, its business scope includes: securities brokerage; securities investment advisory; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship (limited to project proposal, project information circulation and recommendation, customer relationship management and other supporting work only); securities asset management (limited to project proposal, project information circulation and recommendation, customer relationship management and other supporting work only); margin trading; distribution of securities investment fund; provision of intermediate referral services to future companies; distribution of financial products; and management of the securities sales branches of the Company in Hubei, Hunan and Chongqing. The place of business is 16/F, CITIC Bank Building, No. 747 Jianshe Avenue, Jiangnan District, Wuhan, Hubei (contact number: 027-85355300).

- (5) Jiangsu Branch was established on 21 October 2010 with WANG Guoqing as its responsible officer, its business scope includes: securities brokerage; securities investment advisory; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities asset management (limited to project proposal, project information circulation and recommendation, customer relationship management and other supporting work only); margin trading; distribution of securities investment fund; provision of intermediate referral services to future companies and distribution of financial products. The place of business is No. 5 Gaoloumen, Xuan Wu District, Nanjing, Jiangsu (contact number: 025-83282413).
- (6) Shanghai Pilot Free Trade Zone Branch was established on 12 August 2014 with GE Xiaobo as its responsible officer, its business scope includes: securities brokerage (for areas other than Shandong Province, Henan Province, Zhejiang Province, Fujian Province and Jiangxi Province); securities investment advisory; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin trading; distribution of securities investment fund; and distribution of financial products. The place of business is Unit 1003, 10/F, Tower No.1 Jilong Road, China (Shanghai) Pilot Free Trade Zone (contact number: 021-58957037).

### Special Purpose Vehicles (“SPV”) Controlled by the Company

As at 31 December 2014, the Company controlled two SPVs: one was CITIC Securities Finance 2013, an indirectly wholly-owned subsidiary established by the Company in March 2013 in Hong Kong for the purpose of issuing overseas USD-denominated bonds, which was also the issuer of the USD-denominated bonds of the Company in 2013; and the other was CITIC Securities Finance MTN, an indirectly wholly-owned subsidiary established by the Company in September 2014 in the British Virgin Islands for the purpose of issuing overseas medium term notes, which was also the founder and issuer of the overseas medium term notes program of the Company.

### Major Clients

The Company serves a diverse set of institutional and individual clients across a spectrum of sectors. The Company's clients range from multinational corporations and SMEs to high-net-worth individuals and retail customers. The clients are primarily located in China. The Company expects to serve more overseas clients as the Company seeks to further expand its international business in the future. In 2014, the revenue attributable to the Company's five largest clients accounted for 2.41% of the total revenue and other income of the Company.

The top five major clients of the Company include CITIC Corporation Limited, the largest shareholder of the Company, and its shareholder, CITIC Limited, and CITIC Group.

Save as disclosed above, none of the shareholders holding more than 5% of the issued share capital of the Company, Directors, Supervisors and their respective associates has any interest in any of the five largest clients of the Company. The Company has no major supplier due to the nature of its business.

### Directors' and Supervisors' Service Contracts

The Company entered into an appointment letter with each of the 9 Directors of the 5th Session of the Board. All appointments commenced from the date of election and approval at the General Meeting, and when the relevant qualification had been obtained, until the expiry date of the term of the 5th Session of the Board. The appointment letter sets out the Director's responsibilities, grounds for termination, undertakings and Directors' fees during the term of office. None of the Supervisors entered into a service agreement with the Company or its subsidiaries which could not be terminated within one year or without paying compensation (other than statutory compensation).

### Directors' and Supervisors' Interests in Material Contracts

The Company or its subsidiaries did not enter into any material contract in which the Directors or Supervisors may be materially interested, whether directly or indirectly during the reporting period.

### Directors' Interests in Businesses Competing with the Company

None of the Directors has interests in any business which competes with businesses of the Company.

### Interests and Short Positions of Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures of the Company or the Company's Associated Corporations

As at 31 December 2014, the following persons had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of the Company's associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows:

Name	Position	Nature of Interest	Class of Shares	Number of Shares Held (shares)	Percentage of Total Number of Shares of the Company
WANG Dongming	Executive Director, Chairman, and member of Executive Committee	Personal Interest	A Shares	2,649,750	0.024%
CHENG Boming	Executive Director, President and member of Executive Committee	Personal Interest	A Shares	1,733,160	0.016%
NI Jun	Chairman of the Supervisory Committee	Personal Interest	A Shares	1,368,363	0.012%
LEI Yong	Supervisor	Personal Interest	A Shares	483,285	0.004%
YANG Zhenyu	Supervisor	Personal Interest	A Shares	81,000	0.001%

Pursuant to the Securities and Futures Ordinance, none of the Senior Management (except the president of the Company) is required to disclose his/her interests to the Hong Kong Stock Exchange. For details of the shareholdings of other Senior Management, please refer to “Changes in shareholding and information of the remuneration” of this report. In addition, as at 31 December 2014, no other Directors, Supervisors and Senior Management or any of their spouses or children under 18 years of age had been granted equity securities or warrants of the Company.

Currently the Company has no arrangement regarding pre-emptive rights.

### Reserves and Distributable Reserves

Please refer to the Consolidated Statement of Changes in Equity and Note 46 to the financial statements as set out in this report for details of changes in the reserves and the reserves of distributable profits of the Company.

### Tax Relief

#### Holders of A Shares

In accordance with the Notice on Issues Regarding the Implementation of Different Individual Income Tax Policies on Dividends and Bonus of Listed Companies (Cai shui [2012] No. 85) issued jointly by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividends obtained from listed companies by individual investors, if the period between the date of the individual investor obtaining the Company’s share and the record date is more than one year, listed companies shall, in respect of their individual income tax, pay withholding tax at a rate of 5% of the dividends; if the period between the date of the individual investor obtaining the Company’s share and the record date is less than one year (inclusive), listed companies shall, in respect of their individual income tax, pay withholding tax at a provisional rate of 5% of the dividends, subject to adjustment to be made in accordance with the Notice at the time when the individual investors transferred their respective Shares.

For Shareholders who are resident enterprises, the income tax on their cash dividends shall be payable by themselves.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47) issued by the State Administration of Taxation. Shareholders who are QFII and who wish to enjoy tax concessions shall apply to the competent taxation authority for tax rebates according to the relevant rules and regulations after they receive the dividends.

Pursuant to the “Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets” (Cai Shui [2014] No. 81), for dividends derived by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on SSE, and prior to Hong Kong Securities Clearing Company Ltd. is able to furnish the identity, holding period and other detailed data of investors in the Hong Kong market to CSDCC, the differentiated tax treatment based on the holding period of shares will temporarily not be implemented. Listed companies shall withhold income tax at a tax rate of 10% and make withholding filings with their competent tax authorities. For those investors who are tax residents of other countries and the tax rate applicable to dividends is lower than 10% under the tax treaty between China and their residence countries, investors may by themselves or ask the withholding agent to act on their behalf to apply to the competent tax authorities of the listed company for the application of preferential treatment under the treaties. With the approval of the competent tax authorities, the difference between the tax withheld and the tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

#### Holders of H Shares

Pursuant to the Notice of the PRC State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the dividends received by overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of “interests, dividend and bonus income”, which shall be withheld by the withholding agents according to the relevant laws. The overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland and Hong Kong (Macau). The relevant dividend tax rate under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. In circumstances where the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements subject to tax rates lower than 10%, the withholding agents will file applications on their behalf to seek entitlement to the relevant agreed preferential treatments, and upon approval by the tax authorities, excessive withheld tax amounts will be refunded; (2) for citizens from countries under agreements subject to tax rates higher than 10% but lower than 20%, the withholding agents shall withhold individual income tax at the agreed-upon effective tax rate upon distribution of dividends (bonus), and are not obligated to file an application; (3) for citizens from countries without tax agreements or under other circumstances, the withholding agents shall withhold individual income tax at a tax rate of 20% upon distribution of dividends.

## REPORT OF THE BOARD

Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No.897), a PRC resident enterprise, when distributing dividends for the year 2008 and the years thereafter to H shareholders who are overseas non-resident enterprises, shall be subject to enterprise income tax withheld at a uniform rate of 10%.

Pursuant to the “Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets” (Cai Shui [2014 ]No.81), for dividends derived by Mainland individual investors from investing in H-shares listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For Mainland securities investment funds investing in shares listed on Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. Dividends derived by Mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect shall be reported and paid by the enterprise investors themselves. The Company will not withhold or pay enterprise income tax on their behalf in the distribution of dividends. For dividends derived by Mainland resident enterprises where the relevant H shares have been continuously held for more than 12 months, the enterprise income tax thereon may be exempt according to the tax law.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders of the Company are taxed and/or entitled to enjoy tax relief in accordance with the aforementioned regulations.

### Fixed Assets

Please refer to Note 18 to the financial statements as set out in this report for details of the Group’s fixed assets as at 31 December 2014.



## Social Responsibilities

The Company has established and maintained an excellent image of integrity, observance and justice, which are seen in the following aspects: tax payment in accordance with the relevant laws; commitment to development of the society and economy and the advancement of the industry; making positive contributions to the preservation and appreciation of the value of social wealth as well as healthy development of China's capital market. In order to become a good corporate citizen, the Company is dedicated to supporting social



welfare and has actively fulfilled its social responsibilities through natural disaster relief, donations to schools, attention to the underprivileged, devoting itself to environmental protection and other social responsibilities.

After the earthquake in Ludian, Yunnan in 2014, the Company and its employees reached out to fellow countryman in disaster area by donating an aggregate amount of RMB3.72 million. Over the years, the Company has provided sustainable funds for impoverished students in the First Senior High School of Guyuan, Hebei with an aggregate donation of RMB300,000 in 2014. The kindergarten funded by the Company in Bazaar Town, Shenzha County, Tibet was officially opened in September 2014, effectively solving the difficulties of the local Tibetan pre school children from entering kindergartens. In 2014, CSI was awarded the “Caring Company” logo by the Hong Kong Council of Social Service for the eighth consecutive year. The award is intended to recognize contributions made by qualified enterprises to improving the community and forming a harmonious society. In December 2014, the Company completed the first carbon emissions quota repurchase transaction in China, with the total amount of financing reaching RMB13.3 million.

In 2014, the Company did not have any material environmental protection or other significant social security issues.

As a model company on the SSE Corporate Governance Board of the SSE, the Company released its “2014 Annual Report on Social Responsibilities” at the same time as disclosing the 2014 Annual Results Announcement of the Company.

By Order of the Board  
*Chairman*  
**Wang Dongming**

Beijing, 23 March 2015

# SIGNIFICANT EVENTS

## Material Litigation and Arbitration

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

The small and medium enterprise private debt/asset management plan managed by China AMC, a subsidiary controlled by the Company, subscribed for the private bonds (the bonds are referred to as "13 Stda 01", for a term of two years at a coupon rate of 10.2% p.a.) issued by Xiamen Stdawee Fashion Co., Ltd. ("Stdawee") in the amount of RMB25 million on 7 June 2013. Stdawee did not make the first stage interest payment for "13 stda 01" bonds that was due on 13 June 2014. To safeguard the legitimate interests of the asset management plan and the principals, China AMC filed a lawsuit on 30 June 2014 against Sino-capital Guaranty Trust Co., Ltd. (中海信達擔保有限公司), the guarantor of the "13 Stda 01" private bonds, requesting Sino-capital Guaranty Trust Co., Ltd. to assume its joint and several guarantee liabilities to settle the claim for damages of approximately RMB30.40 million. The People's Court of Chaoyang District, Beijing, issued to China AMC a filing acceptance notice on 1 July 2014, and trial of the case commenced on 11 March 2015. Currently, the case is still under trial.

On 25 April 2014, Jindingxin Microfinance, a controlling subsidiary of CITIC Securities (Shandong) (a wholly-owned subsidiary of the Company) granted a loan in an amount of RMB10 million to Qingdao Jinghao Mining Co., Ltd ("Jinghao Mining") pursuant to the Loan Contract (Jin Ding Xin 2014 Jie Zi No. 00071) signed with Jinghao Mining. The term of such loan was from 5 April 2014 to 20 August 2014. As Jinghao Mining failed to repay the principal and interest of such loan on 20 August 2014, being the scheduled repayment date, in order to safeguard its legitimate interests, Jindingxin Microfinance brought a litigation action against Jinghao Mining as well as Lu Conggang, Lu Yan, Wang Tao, Li Xue, Zhang Yaqun, Zang Weijing, Zhang Hucheng and Ordos Yafeng Coal Group Co., Ltd, being guarantors with joint liabilities, on 21 January 2015 to claim a compensation of approximately RMB10.9 million. Currently, the Intermediate People's Court of Qiangdao City has accepted such case and has in turn frozen a property of a joint guarantor and will hold a hearing on 20 April 2015. Jindingxin Microfinance has downgraded the 5th level grading of Jianghao Mining to the secondary level and made impairment provision of RMB2.5 million.

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

## Major Acquisition and Disposal of Assets

### Absorption and Merger of CITIC Securities (Zhejiang) and transfer of 100% equity interest in Kington Securities

To achieve integration of internal resources and enhance the Company's competitiveness in the relevant regional markets, during the reporting period, CITIC Securities (Zhejiang) was split into CITIC Securities (Zhejiang) and Kington Securities pursuant to the resolutions made at the 14th meeting of the 5th session of the Board and the *Approval relating to the Split of CITIC Securities (Zhejiang) Co., Ltd.* (Zheng Jian Xu Ke [2014] No. 671) issued by the CSRC, and the post-split CITIC Securities (Zhejiang) and Kington Securities remain wholly-owned subsidiaries of the Company with registered capital of RMB785 million and RMB100 million, respectively.

In order to further integrate internal resources, reduce management costs and improve operational efficiency, on 30 October 2014, it was agreed at the 28th meeting of the 5th session of the Board that the Company shall transfer 100% equity interest in Kington Securities held by it via public bidding in a property rights exchange institution at an initial listed price of no less than the appraisal value of 100% equity interest in Kington Securities filed with the state-owned assets supervision and administration department. However, the final transfer price shall be determined by the property rights exchange institution based on the trading rules on a market-oriented principle. On 22 December 2014, it was agreed at the 2014 First Extraordinary General Meeting of the Company that the Company shall merge by absorption of with the post-split subsisting CITIC Securities (Zhejiang) and CITIC Securities (Zhejiang) shall cease to have its legal person status upon its deregistration pursuant to laws. This merger by absorption will not lead to changes in the registered capital and shareholders of the Company. Currently, the related matters are going through the approval process with the regulatory authorities.

### **Merger by Absorption of CITIC Newedge Futures by CITIC Futures**

On 29 April 2014, it was agreed at the 24th Meeting of the 5th Session of the Board that CITIC Industrial Investment would subscribe for the increase in registered capital in CITIC Futures, a wholly-owned subsidiary of the Company (the Company waived its preemptive right to subscribe for the increased registered capital of CITIC Futures), the consideration for which would be satisfied by the transfer of the 58% equity interest held by CITIC Industrial Investment in CITIC Newedge Futures to CITIC Futures. The amount of this transaction would not exceed RMB300 million. On 14 October 2014, the 27th meeting of the 5th session of the Board approved that CITIC Futures would acquire by cash the remaining 42% equity interest in CITIC Newedge Futures held by Newedge Broker Hong Kong Limited for a consideration of not exceeding RMB166 million, in order to realize the acquisition of the entire equity interest in CITIC Newedge Futures. While acquiring the entire equity interest in CITIC Newedge Futures, CITIC Futures shall act as a subsisting corporation to conduct the merger by absorption of CITIC Newedge Futures and CITIC Newedge Futures shall cease to have its legal person status upon its deregistration pursuant to laws. Pursuant to the Reply Letter in Relation to the Approval of the Absorption of CITIC Newedge Futures Co., Ltd. by CITIC Futures Co., Ltd. (Zheng Jian Xu Ke [2014] No. 1309) from the CSRC, CITIC Futures has been granted the approval to absorb CITIC Newedge Futures and the related procedures related to changes in and cancellation of industrial and commercial registration were completed on 29 December 2014. CITIC Newedge Futures has ceased to have its legal person status upon its deregistration pursuant to laws. The registered capital of CITIC Futures has increased from RMB1.5 billion to RMB1,604,792,982 (of which the Company contributed RMB1.5 billion with a change of its equity interest from 100% to 93.47% and CITIC Industrial Investment contributed RMB104,792,982, obtaining an equity interest of 6.53%).

CITIC Industrial Investment is a wholly-owned subsidiary of CITIC Corporation Limited, the largest shareholder of the Company. The acquisition by CITIC Futures of the 58% equity interest held by CITIC Industrial Investment in CITIC Newedge Futures is a related party/connected transaction. Since the transaction amount was less than 0.5% of the 2013 audited net assets value of the Company, and the highest of the applicable size test percentage ratios in relation thereto under the Hong Kong Listing Rules was less than 5%, this related party/connected transaction was only required to be considered and approved by the Board. The Company also complied with the relevant reporting and announcement requirements. During the course of consideration by the Board, the related/connected director Mr. JU Weimin had abstained from voting (this related party/connected transaction was approved by the Related Party Transactions Control Committee of the 5th session of the Board in its preliminary review, and independent Directors of the Company had given their consent in their independent opinions on this transaction).

## SIGNIFICANT EVENTS

Save as disclosed above, the Company did not undertake any major acquisition, disposal, replacement or reorganization of assets in 2014.

### **Administration of Related Party/Connected Transactions**

The Group implemented its related party/connected transactions in strict compliance with the Listing Rules of the place where the shares of the Company are listed, the Management Measures on Information Disclosure and the Administrative Measures on Related Party Transactions issued by the Company. Related-party/connected transactions of the Group are conducted in accordance with the principles of impartiality, openness and fairness and related party/connected transaction agreements are entered into based on the principles of equality, free will, fair value and mutual consideration.

The related party/connected transactions of the Company are mainly entered into with CITIC Group, its subsidiaries and associates. As the principal shareholder of the Company, CITIC Group, its subsidiaries and associates are related/connected parties of the Company according to the Shanghai Listing Rules and the Hong Kong Listing Rules. CITIC Group together with its substantial numbers of subsidiaries are engaged in a wide range of businesses and through the platform provided by CITIC Group, the Company is able to capture certain business opportunities. The related party/connected transactions between the Group and CITIC Group, its subsidiaries and associates are carried out at market price. The Group, as a participant in the financial market, would inevitably transact with China CITIC Bank Corporation Limited, CITIC Trust Co., Ltd., and CITIC Prudential Life Insurance Co., Ltd., which are companies with strong market influences, and to form integrated operations with them under CITIC Holdings Limited to provide comprehensive domestic and overseas financial services to its clients together, which is favorable to expansion of the business and enhancement of the service level, and at the same time providing business opportunities to the Group. Such related party/connected transactions will be favorable to the business development, increase investment returns, and are in line with the Group's business and thus favorable to the long term development of the Group.

According to the relevant requirements, and based on the types and contents of possible ongoing related party/connected transactions in the future, the Group categorized its related party/connected transactions with CITIC Group, its subsidiaries and associates into three major categories, namely securities and financial products transactions and services, property leasing and miscellaneous services. Upon the approval granted by the 2013 Third Extraordinary General Meeting of the Company, the Company renewed the Securities and Financial Products Transactions and Services Framework Agreement and the Miscellaneous Services Framework Agreement and entered into the Supplemental Agreement I to the Property Leasing Framework Agreement with CITIC Group on 31 December 2013. The parties reached agreements on the contents and set annual caps of the transaction amounts for the related party/connected transactions in the ordinary course of business from 2014 to 2016 under each of these framework agreements.

## Implementation of the Related Party/Connected Transactions during the Reporting Period

### ***Related party/connected transactions with CITIC Group, its subsidiaries and associates***

The ordinary ongoing related party/connected transactions entered into by the Group and CITIC Group, its subsidiaries and associates have been implemented according to the relevant framework agreements between the Company and CITIC Group. Neither the transaction amount nor its subject matter exceeded the scope covered by the agreements. Matters related to the framework agreements and their implementation during the reporting period were as follows:

### ***Securities and Financial Products Transactions and Services Framework Agreement between the Company and CITIC Group***

Pursuant to the framework agreement, both the Company and CITIC Group agreed that: ① Securities and Financial Products Transactions: irrespective of whether or not such securities and financial products transactions are conducted in the PRC interbank bond market, such transactions shall be conducted by the parties at the prevailing market prices applicable to independent counterparties for the same type of transactions; ② Securities and Financial Services: interest rates on deposits: shall not be lower than the interest rates authorized by the People's Bank of China for the same type of deposits with commercial banks and shall not be lower than the interest rates for the same type of deposits offered to the clients by CITIC Group, its subsidiaries and associates; commissions and service fees: shall be based on negotiations between the parties with reference to the prevailing market rates and in accordance with the requirements of the applicable laws and regulations. The agreement is valid for three years, that is, from 1 January 2014 to 31 December 2016, subject to renewal.

The Hong Kong Stock Exchange has granted approval to the Group in respect of the following matters: ① as for the securities and financial products transactions, exemption from setting the annual caps for such transactions; ② as for the securities and financial services, in respect of the proprietary funds of the Group and its clients' funds placed with the banking subsidiaries of CITIC Group and its associates in the PRC and Hong Kong, exemption from complying with the requirement to set a maximum daily deposit balance limit on such deposits.

In terms of the securities and financial products transactions, as at 31 December 2014, where the Group carried out securities and financial products transactions with CITIC Group, its subsidiaries and associates, ① the total cash inflow to the Group arising from sale of fixed income products and equity-linked products, interest received from fixed income derivative products, and through borrowing/repurchase from financing transactions amounted to RMB6,416 million; ② the total cash outflow from the Group and its associates arising from purchase of fixed income products and equity-linked products, interest paid for fixed income derivative products, and through lending/reverse repurchase from financing transactions amounted to RMB4,938 million.

## SIGNIFICANT EVENTS

In terms of the securities and financial services, as at 31 December 2014, ① the income that the Group received by providing securities and financial services to CITIC Group, its subsidiaries and associates amounted to RMB995 million, which did not exceed the annual cap of RMB2,400 million in 2014; ② the expenses that the Group paid for securities and financial services provided by CITIC Group, its subsidiaries and associates amounted to RMB124 million, which did not exceed the annual cap of RMB1 billion in 2014. Details are set out below:

*In RMB thousands*

Subject matter	Annual cap for transactions in 2014	Actual transaction amount in 2014	Percentage to total amount of similar transactions
<b>1. Securities and Financial Products Transactions</b>			
Total cash inflow to the Group arising from sales of fixed income products and equity-linked products, interest received from fixed income derivative products, and borrowing/repurchase of financing transactions	—	6,416,052.10	—
Total cash outflow from the Group arising from purchase of fixed income products and equity-linked products, interest paid for fixed income derivative products, and lending/reverse repurchase of financing transactions	—	4,937,700.00	—
<b>2. Securities and Financial Services</b>			
Income: Securities and financial services provided by the Group to CITIC Group, its subsidiaries and associates	2,400,000	995,139.60	3.72%
Expense: Securities and financial services provided by CITIC Group, its subsidiaries and associates to the Group	1,000,000	124,432.20	1.43%

### **Supplemental Agreement I to the Property Leasing Framework Agreement between the Company and CITIC Group**

Pursuant to the agreement, the Company and CITIC Group both agreed to determine the rentals for the leased property according to the relevant laws and regulations and the local fair market value as confirmed by the qualified independent property valuer. This agreement is valid for three years, from 1 January 2014 to 31 December 2016, subject to renewal.

As at 31 December 2014, ① the rental income received by the Group from lease of properties to CITIC Group or its subsidiaries or associates amounted to RMB13,585,600, which did not exceed the annual cap of RMB33 million in 2014; ② the rental expenses paid by the Group for lease of properties from CITIC Group or its subsidiaries or associates amounted to RMB36,619,700, which did not exceed the annual cap of RMB40 million in 2014. Details are set out below:

*In RMB thousands*

Subject matter	Annual cap for transactions in 2014	Actual transaction amount in 2014	Percentage to total amount of similar transactions
Income: Lease of properties to CITIC Group or its subsidiaries or associates by the Group	33,000	13,585.60	3.45%
Expenses: Lease of properties from CITIC Group or its subsidiaries or associates by the Group	40,000	36,619.70	0.26%

#### **Miscellaneous Services Framework Agreement between the Company and CITIC Group**

Pursuant to the framework agreement, the Company and CITIC Group both agreed to mutually provide certain non-financial miscellaneous services to each other during the term of the Miscellaneous Services Framework Agreement at prices and terms no less favorable than those available to or from independent third parties in compliance with the relevant laws and regulations and upon normal commercial terms. The agreement is valid for three years, from 1 January 2014 to 31 December 2016, subject to renewal.

As at 31 December 2014, ① the income received by the Group by providing non-financial services to CITIC Group or its subsidiaries or associates amounted to RMB3,100,600, which did not exceed the annual cap of RMB4 million in 2014; ② the expenses paid by the Group for non-financial services provided by CITIC Group or its subsidiaries or associates amounted to RMB33,024,200, which did not exceed the annual cap of RMB100 million in 2014. Details of such transactions are set out below:

*In RMB thousands*

Subject matter	Annual cap for transactions in 2014	Actual transaction amount in 2014	Percentage to total amount of similar transactions
Income: Non-financial services provided by the Group to CITIC Group or its subsidiaries or associates	4,000	3,100.60	0.79%
Expenses: Non-financial services provided by CITIC Group or its subsidiaries or associates to the Group	100,000	33,024.20	0.23%

## SIGNIFICANT EVENTS

The auditors of the Company have reviewed the abovementioned continuing related party/connected transactions and issued a letter to the Board stating that:

- nothing has come to its attention that may cause it to believe that these transactions have not been approved by the Board;
- if the transactions involved the provision of goods or services by the Group, nothing has come to its attention that may cause it to believe that these transactions were not, in all material respects, in accordance with the pricing policy of the Group;
- nothing has come to its attention that may cause it to believe that these transactions were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions;
- with respect to the actual annual amount for each of these non-exempt continuing related party/connected transactions, nothing has come to its attention that may cause it to believe that these transactions have exceeded the 2014 annual caps for such transactions as stated in the announcement issued by the Company with regard to the renewal of the relevant annual caps for continuing connected transactions on the HKExnews website of HKEx on 26 September 2013.

### ***Other Related Party Transactions under the Shanghai Listing Rules***

According to the Shanghai Listing Rules, in addition to CITIC Group, its subsidiaries and associates, related parties of the Company also include the companies in which the Directors, Supervisors and the Senior Management of the Company hold positions as directors or the senior management, but they do not constitute connected parties under the Hong Kong Listing Rules. Related party transactions between the Company and such parties were entered into in compliance with the relevant requirements under the Shanghai Listing Rules, and were not categorized as continuing connected transaction according to the Hong Kong Listing Rules. During the reporting period, these related party transactions have been implemented according to the Resolution Relating to the Estimate on Normal Related Party/Connected Transactions of the Company in 2014, which were considered and approved at the 2013 Annual General Meeting of the Company. New related party transactions have been approved under the corresponding procedures set out in the Shanghai Listing Rules according to the transaction amounts involved.



## SIGNIFICANT EVENTS

In RMB thousands

Related party/ counterparties	Subject matter	Estimated transaction amount in 2014	Actual transaction amount in 2014	Percentage to total amount of similar transactions (%)	Impact on profit of the Company
CITIC PE Fund	Fee income	30,300.00	—	—	—
CITIC PE Fund	Equity investment	2,500,000.00	—	—	—
CITIC PE Fund	Subscribed capital contribution fund	HKD200 million	—	—	—
CITIC PE Fund	Securities and Financial Products Transactions	in actual amount	—	—	—
Qianhai Equity Exchange	Fee income	3,000.00	221.60	—	221.60
Qianhai Equity Exchange	Income: Lease of properties	4,500.00	2,142.40	0.01	2,142.40
Qianhai Equity Exchange	Operating and administrative expenses	1,000.00	—	—	—
Qingdao Lanhai Equity Exchange	Fee income	3,000.00	—	—	—
Qingdao Lanhai Equity Exchange	Operating and administrative expenses	1,000.00	100.00	—	-100.00
Xiamen Cross-strait Equity Exchange	Fee income	3,000.00	—	—	—
Xiamen Cross-strait Equity Exchange	Operating and administrative expenses	1,000.00	—	—	—
China Life Asset Management Company Limited	Fee income	42,100.00	—	—	—
China Life Asset Management Company Limited	Securities and Financial Products Transactions	in actual amount	—	—	—
China Life Investment Holding Company Limited	Subscribed equity investment fund	1,000,000.00	—	—	—
China Life Investment Holding Company Limited	Securities and Financial Products Transactions	in actual amount	—	—	—
Industrial Securities Company Limited	Fee income	500.00	—	—	—
Industrial Securities Company Limited	Securities and Financial Products Transactions	in actual amount	2,462,048.50	—	1,295.30
Changjiang Securities Company Limited	Fee income	500.00	300.00	—	300.00
Changjiang Securities Company Limited	Securities and Financial Products Transactions	in actual amount	—	—	—
Zhejiang Mintai Commercial Bank Co., Ltd.	Fee income	10,000.00	—	—	—
Zhejiang Mintai Commercial Bank Co., Ltd.	Securities and Financial Products Transactions	in actual amount	—	—	—
Nanjing Gaoke Co., Ltd.	Fee income	2.00	—	—	—
Nanjing Gaoke Co., Ltd.	Fee expense	1.00	—	—	—
S&P/CITIC Index Information Services (Beijing) Co., Ltd.	Fee income	100.00	—	—	—

### **New Related Party/Connected Transactions during the Reporting Period**

(1) *CITIC Futures acquired a 58% equity interest in CITIC Newedge Futures*

For details, please refer to “Absorption and merger of CITIC Newedge Futures by CITIC Futures” of this report.

(2) *CSI adjusted the shareholding structure of relevant subsidiaries*

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

CSI owns 55% of the shares in CSIFM. CITIC Securities International Investment Management (Hong Kong) Limited is a wholly-owned subsidiary of CSIFM and it has been licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities by Hong Kong SFC. CSI acquired the remaining 45% equity interest in CSIFM through its wholly-owned subsidiary CSIAMF (CL) Limited to realize 100% ownership of CSIFM at a purchase price of HKD10 million. According to the Shanghai Listing Rules, the holder of the remaining 45% equity interest in CSIFM, China Alpha Fund Management Limited, constituted a related party of the Company, and the transaction constituted a related party transaction. As CSIFM is an insignificant subsidiary of the Company, the transaction did not constitute a connected transaction under the Hong Kong Listing Rules. Currently, the transfer of equity interest has been completed, and the shareholding in CSIFM held by CSI has increased from 55% to 100%.

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

Since the amounts of the transactions above were both less than 0.5% of the 2013 audited net assets value of the Company, and the highest of the applicable size test percentage ratios under the Hong Kong Listing Rules did not exceed 0.1%, the above transactions could be conducted with the consent of more than half of the independent non-executive Directors of the Company. On 10 February 2014, the independent non-executive Directors of the Company conducted a special voting on the matters above, and both of them were considered and approved unanimously.

(3) *Bareboat charter*

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

Jiangyin Lidian is an indirect subsidiary of CITIC Pacific Limited (renamed from Golden Crest Company Ltd., the subsidiary of CITIC Pacific in 2014, and currently a first-level wholly-owned subsidiary of CITIC Limited), thus making Jiangyin Lidian a related/connected party and the transaction a related party/connected transaction. As the transaction amount did not reach 0.5% of the 2013 audited net assets value of the Company and the highest of the applicable size test percentage ratios under the Hong Kong Listing Rules did not exceed 0.1%, the transaction can be conducted with the consent of more than half of the independent non-executive Directors of the Company. On 30 May 2014, the independent non-executive Directors of the Company conducted a special voting on this matter, and it was considered and approved unanimously.

Before the transactions above were conducted, the parties had negotiated to change the lessee of the bareboat charter contract to Shanghai CITIC Shipping Corporation Limited (上海中信輪船有限公司), a wholly-owned subsidiary of Jiangyin Lidian, the original lessee, and to extend the lease period from one year to 10 years. The rent remains RMB40,000 per day, totaling approximately RMB144 million. As the transaction amount did not reach 0.5% of the 2013 audited net assets value of the Company and the highest of the applicable size test percentage ratios under the Hong Kong Listing Rules did not exceed 0.1% (based on a transaction amount of RMB14.4 million, being the annual cap of rental fee, under the Hong Kong Listing Rules), the transaction could be conducted with the consent of more than half of the independent non-executive Directors of the Company. On 25 November 2014, the independent non-executive Directors of the Company conducted a special voting on the changed transaction, and it was considered and approved unanimously. During the reporting period, the rent received by the Company reached RMB2.24 million.

(4) *The Company received related research services provided by Changjiang Securities Company Limited*

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

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

## SIGNIFICANT EVENTS

(5) *The Company received relevant research services from Industrial Securities Co., Ltd.*

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

As Mr. WU Xiaoqiu, an independent non-executive Director of the Company, also serves as the director of Industrial Securities, and therefore Industrial Securities constituted a related party of the Company under the Shanghai Listing Rules, and this transaction constituted a related party transaction under the Shanghai Listing Rules but did not constitute a connected transaction under the Hong Kong Listing Rules. As the transaction amount is less than 0.5% of the 2013 audited net assets value of the Company, this transaction could be conducted with the consent of more than half of the independent non-executive Directors of the Company. On 26 August 2014, the independent non-executive Directors of the Company conducted a special voting on this matter, and it was considered and approved unanimously (Note: as Mr. WU Xiaoqiu was re-assigned as an independent Director of Industrial Securities on 23 December 2014, Industrial Securities would not constitute a related party of the Company since then).

### **Guarantees, debts and liabilities due from/owed to related/connected parties between the Company and its related/connected parties**

#### ***Guarantees provided to the Company by its related/connected parties.***

In 2006, the Company issued RMB corporate bonds in an amount of RMB1,500 million for a term of 15 years guaranteed by CITIC Group. As at 31 December 2014, the guarantee provided by CITIC Group to the Company amounted to a total of RMB1,500 million (the guarantee was inherited by CITIC Corporation Limited according to the reorganization agreement of CITIC Group).

**Debts and liabilities due from/owed to related/connected parties**

In RMB

Related/connected parties	Capacity	Amount due from related/connected parties			Amount due to related/connected parties		
		Opening balance	Actual amount	Closing balance	Opening balance	Actual amount	Closing balance
CITIC Bank	Subsidiary of the shareholder	753,858.75	-438,084.00	315,774.75	3,526,779.00	-2,704,343.80	822,435.20
CITIC Bank	Subsidiary of the shareholder				—	2,269,395.85	2,269,395.85
Beijing CITIC Investment Co., Ltd.	Subsidiary of the shareholder				68,000.00	35,295.37	103,295.37
CITIC Real Estate Co., Ltd.	Subsidiary of the shareholder				150,000.00	—	150,000.00
Total		753,858.75	-438,084.00	315,774.75	3,744,779.00	-399,652.58	3,345,126.42
The actual amount of capital provided by the Company to the controlling shareholder and its subsidiaries during the reporting period		-438,084.00					
The balance of capital provided by the Company to the controlling shareholder and its subsidiaries		315,774.75					
Reason for the formation of debts and liabilities due from/owed to related/connected parties		This was mainly the rental deposit refunded and custodian fee payable to related/connected parties by the Company.					
Settlement of debts and liabilities due from/owed to related/connected parties		Nil					
Commitments relating to debts and liabilities due from/owed to related/connected parties		Nil					
Impact of debts and liabilities due from/owed to related/connected parties on the operating results and financial position of the Company		The above debts and liabilities due from/owed to related/connected parties did not have any adverse impact on the operating results and financial position of the Company.					

**During the reporting period, there was no other related party/connected transaction related to the disposal or acquisition of the Group's assets, nor any major related party/connected transaction related to overseas joint investment.**

**Opinions of independent non-executive Directors**

The aforesaid related party/connected transactions were conducted at market prices under the pricing principles that are reasonable and fair. Such transactions are not prejudicial to the interests of the non-related/connected shareholders and do not have any adverse effect on the independence of the Company.

## SIGNIFICANT EVENTS

The independent non-executive Directors have confirmed to the Board that they have reviewed the non-exempt continuing related party/connected transactions and considered that the transactions were:

- conducted in the ordinary course of business of the Group;
- on normal commercial terms, or if there is no comparable transaction for determining whether the terms of the transaction are on normal commercial terms, on terms no less favorable to the Group than those available from or to (as the case may be) independent third parties;
- conducted according to the terms set out in the agreement of the relevant transaction, which were fair and reasonable and in the interests of the Company's shareholders as a whole.

### **Material Contracts and their Performance**

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

### **Material Guarantees**

#### ***Guarantees Provided by the Company***

In 2013, according to the resolution of the 12th meeting of the 5th Session of the Board, the Company agreed to provide a counter guarantee in favor of the Bank of China in relation to the standby letter of credit issued by the Bank of China Macau Branch in respect of the first tranche of offshore bonds issued by the Company's subsidiary, CITIC Securities Finance 2013, with the amount of the counter guarantee of USD902 million, covering the principal, interest and related fees of the bonds. The guarantee is a joint liability guarantee, which expires at the end of six months after the expiration date of the standby letter of credit.

In 2014, according to the resolution of the 2013 Annual General Meeting, an authorized group of the Company approved to provide an unconditional and irrevocable guarantee on a joint and several basis for repayment obligations under each batch of notes to be issued pursuant to an overseas medium term notes program set up by CITIC Securities Finance MTN, an indirectly wholly-owned subsidiary of the Company. The scope of the guarantee includes the principal, interest and other contingent payables. On 30 October 2014, CITIC Securities Finance MTN made its first drawdown and issuance of this medium term notes program in the amount of USD650 million which was unconditionally and irrevocably guaranteed by the Company on a joint and several basis.

**Guarantees Provided by Controlling Subsidiaries**

During the reporting period, among all the controlling subsidiaries of the Company, only CSI and its wholly-owned subsidiary CLSA BV had provided guarantees. All those guarantees were provided in favor of their relevant subsidiaries for their business development, such guarantees mainly included loan guarantees, guarantees for medium term notes, guarantees for property leasing, guarantees for transactions involving the execution of framework agreements for International Swaps and Derivatives Association (the “ISDA Agreements”) and Global Master Securities Lending Agreements (the “GMSL Agreements”) with counterparties. Details are set out as follows:

No.	Guarantors	Parties being guaranteed	Amount of guarantee	Nature
1	CSI	CITIC Securities Brokerage (HK) Co., Ltd.	HKD200 million	Loan guarantee
2	CSI	CSI Capital Management Limited	USD80 million	Loan guarantee
3	CSI	CSI Starlight Company Limited	USD10 million	Loan guarantee
4	CSI	CSI Financial Products Limited	USD630 million	Guarantee for the USD medium term notes issued by the guaranteed party
5	CSI	CLSA BV and its wholly-owned subsidiaries	USD665 million	Loan guarantee
6	CSI	CSI Capital Management Limited	Not applicable	Guarantee for the ISDA Agreements and GMSL Agreements entered into between the guaranteed party and the counterparty
7	CSI	CITIC Securities International USA, LLC	USD2.4265 million	Guarantee for property leasing <sup>Note 2</sup>
8	CLSA BV	Subsidiaries of CLSA BV	HKD6,400 million USD200 million	Loan guarantee

Note 1: The guaranteed parties from No.1 to No.7 are all wholly-owned subsidiaries of CSI.

Note 2: In addition to rental payments, the guarantee also applies to ensure the lessee complies with the leases and undertakes due obligations.

As at 31 December 2014, the total amount of guarantee provided by the Company and its controlling subsidiaries amounted to RMB24,415 million, accounting for approximately 24.64% of the net assets of the Company attributable to owners of the parent as at 31 December 2014.

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

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

## **Undertakings of the Company or its Shareholders with Shareholding of 5% or more and their performance**

### ***Undertakings of the Company and their performance***

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

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

On 18 June 2014, the 2013 Annual General Meeting of the Company waived the requirement for the Company to complete the change of ownership formalities for the remaining two properties, i.e. the 23rd Floor of Nanjing Huaqiao Plaza and the 6th and 7th Floors of Caiyin Building located at Heping West Street in Beijing. Therefore, as of the date when the exemption was granted at the general meeting, the Company has completed all of its undertakings.



## **Undertakings of the Company's shareholders and related/connected parties and their performance**

### ***Undertaking in respect of non-competition***

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

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

The long-term commitment is still valid and is currently in good implementation, and it will continually be duly performed and observed.

### ***Undertaking in respect of the share reform***

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

The long-term commitment is still valid and currently succeeded by CITIC Corporation Limited. During the reporting period, there is no performance of commitments (on 16 January 2015, CITIC Corporation Limited entrusted the Company with making an announcement in respect of its transfer of the equity interest in the Company, the details of which are set out in the relevant announcement issued by the Company on that day).

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

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

During the reporting period, except for the following, none of the Company, the Board, Directors, Supervisors, Senior Management or shareholders with shareholding of 5% or more was subject to: investigations by competent authorities; enforcement actions by judiciary authorities or disciplinary departments; being brought before relevant judiciary authorities or investigated for involvement in criminal liabilities; investigations or administrative punishments by the CSRC; prohibitions from entering the securities markets; being identified as an inappropriate person for the posts held, punishment imposed by other administrative authorities or public reprimands made by any stock exchange. None of the Company's Directors, Supervisors, Senior Management or shareholders with shareholding of 5% or more has purchased or sold shares in the Company in breach of relevant requirements.

During the reporting period and up to the date on which this report was disclosed, due to margin financing and securities lending business, the Company was imposed administrative supervision and management measures by the Shenzhen Bureau of the CSRC and the CSRC respectively, being ordered to make corrective measures and suspend newly opened credit accounts of customers of margin financing and securities lending for three months, details of which are as follows:

In October 2013, the Department of Intermediary Supervision of the CSRC carried out inspection on the Company's financing business and distribution of financial products business, and found that, among other issues, the Company had opened credit accounts for unqualified customers and allowed customers to extend their margin financing or securities lending of which the maturities had reached the maximum period prescribed by the stock exchange, and the Company had not given enough management to the appropriateness of financial product distribution. On 10 April 2014, the Shenzhen Bureau of the CSRC issued the "Decision of the Shenzhen Bureau of the CSRC on Conducting Corrective Measures by CITIC Securities Company Limited".

From 15 December 2014 to 19 December 2014, the CSRC inspection team conducted on-site inspection on the Company's financing business such as margin financing and securities lending, stock-pledged repo and deposit business, stock repo and equity swap in the OTC market with financing function from 1 January 2014 to 30 November 2014. According to the inspection results, the CSRC considered that a few issues existed while the Company conducted its margin financing and securities lending businesses. These issues include: providing margin financing and securities lending to customers whose duration of engaging in securities transactions with the Company and other securities companies having controlling relationship with the Company on a consecutive basis was less than half a year; and illegal extension of matured contracts of margin financing and securities lending. On 19 January 2015, the Company received from the CSRC the "Decision on Conducting Measures by CITIC Securities Company Limited to Suspend Newly Opened Credit Accounts for Customers of Margin Financing and Securities Lending For Three Months".

The Company always attaches great importance to the risk management of margin financing and securities lending business, and has implemented stringent standards for risk control. Currently the deposit ratio of customers is 70% with relatively low leverage ratio of customer financing; real-time trading front end control over position concentration in customers' credit accounts has been implemented to limit single stake ratio in customers' credit accounts and reduce liquidity risks. Meanwhile, regarding the administrative regulatory measures taken by regulatory authorities, the Company has taken the following specific corrective measures:

- (1) The Company has suspended opening of new margin financing and securities lending client credit accounts for three months.
- (2) Commencing from 16 January 2015, the Company has not and will not allow any more margin financing and securities lending contracts to extend beyond their contractual terms. Reminders will be sent to clients two weeks before the expiry of the contractual term to remind clients to close the contract in time and the Company will close contracts which have not been closed upon expiry. As at the disclosure date of this report, the Company does not have any additional overdue contracts.
- (3) Within the time period specified by the regulatory provisions, clearance of old overdue contracts would be completed. As at the disclosure date of the 2014 Annual Results Announcement, clearance of more than 90% of the old overdue contracts were completed, and it is estimated that clearance work will be completed recently.
- (4) Client's assets for opening of margin financing and securities lending client account has been raised from no less than RMB300,000 to no less than RMB500,000.

## **Other Significant Events and Subsequent Updates**

### **Second Drawdown of USD MTN**

On 16 March 2015, CITIC Securities Finance MTN carried out the second drawdown under Offshore Medium Term Note Programme it established. The drawdown notes was issued by way of private placement with an issue amount of USD50 million due on 30 September 2015 and secured by unconditional and irrevocable guarantee provided by the Company with joint and several liabilities. The drawdown notes issued were not listed on the Hong Kong Stock Exchange or any other exchange. As at the disclosure date of this report, a total amount of USD700 million had been drawn under the Offshore Medium Term Note Programme.

### **Injection in Capital of E-Capital Transfer Co. Ltd.**

To realize the inter-connection within the securities industry, on 8 January 2015, 36 institutions in the industry including the Company and its subsidiaries China AMC and CITIC futures jointly promoted the establishment of E-Capital Transfer Co. Ltd. with a registered capital of RMB1,225 million (capital injection is being carried out currently), of which the Company, China AMC and CITIC Futures will inject RMB50 million, RMB50 million and RMB15 million respectively. The capital injection has been considered and approved at the 29th meeting of the fifth session of Board of Directors of the Company on 6 November 2014.

### **New Related Party/Connected Transactions**

The Company has entered into the “Entrusted Promotion Contract” with Beijing Guoan with the intention to carry out brand promotion and marketing leveraging on Beijing Guoan’s platform. The contract will be valid for one year and the contract amount is RMB13 million.

Beijing Guoan is a wholly-owned subsidiary of CITIC Corporation Limited, the largest shareholder of the Company, and therefore a related/connected party of the Company. As such, the transaction constitutes a related/connected transaction. As the transaction amount is less than 0.5% of the Company’s audited net assets in 2013 and the highest of the applicable size test percentage ratios in relation thereto is less than 0.1% of the relevant transactions under the Hong Kong Listing Rules, such transaction can therefore be carried out upon the approval of more than half independent Directors of the Company. The independent non-executive Directors of the Company voted on and unanimously approved the special resolution related to the matter on 3 March 2015, and the relevant matter has been filed with the SSE on 4 March 2015.

## Change of Branches for Securities Operation

### The Company

During the reporting period, the Company has established 18 new securities branches and completed same city relocation of 3 securities branches. The Company has established 2 new securities branches from January to March 2015. Currently, the Company owns 90 securities branches and 30 additional securities branches are under preparation and construction. The details are as follows:

No.	Name of New Securities Branches	Address of New Securities Branches
1	Baoding Dongfengzhong Road Branch	1690 Middle Dongfeng Road, New City Area, Baoding, Hebei
2	Hohhot Ruyihe Street Branch	10th Complex, Jintailiwan, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region
3	Anshan Shengli Road Branch	148 South Shengli Road, Tiedong District, Anshan, Liaoning
4	Fushun Yumin Road Branch	Room 34, Shopfront Unit 77, 8 Yumin Road, Xinfu District, Fushun, Liaoning
5	Shanghai CITIC Plaza Branch	Rooms 2901B and 2902A, 859 Sichuan North Road, Hongkou District, Shanghai
6	Shanghai Nanjing West Road Branch	Rooms 2401-2402, 1168 Nanjing West Road, Jing'an District, Shanghai
7	Shanghai Mudanjiang Road Branch	Room 4402-B, 1508 Mudanjiang Road, Baoshan District, Shanghai
8	Shanghai Jiading Branch	Room 908, 3099 Huyi Highway, Jiading District, Shanghai
9	Shanghai Zhangjiang Hi-tech Park Branch	Units 123 and 124, Division 112, Building 2, 88 Keyuan Road, Zhangjiang Hi-tech Park, Shanghai
10	Shanghai Pilot Free Trade Zone Branch	Room 1004, Floor 10, Tower, 1 Jilong Road, China (Shanghai) Pilot Free Trade Zone
11	Nanjing Baota Road Branch	8 North Baota Road, Lishui Economic Development Area, Nanjing, Jiangsu
12	Zhangjiagang Renminzhong Road Branch	East of Floor 2, Tower B, Guotai Times Plaza, West Remin Road, Zhangjiagang, Jiangsu
13	Wuhan Dongfeng Avenue Branch	Room 101, Building 1, Tower E, Donghe Center, Dongfengsan Road, Economic & Technical Development Zone, Wuhan
14	Shenzhen Qianhai Branch	Room 1717, Main Tower, Haiyun Center, Linhai Avenue, Nanshan District, Shenzhen, Guangdong
15	Shenzhen Wanghai Road Branch	Floors 1 and 2, Building 2, China Merchants Plaza, 1168 Wanghai Road, Shekou, Nanshan District, Shenzhen, Guangdong
16	Shenzhen Hi-Technology Park Keyuan Road Branch	Lobby of Floor 1, Tower A, Finance and Technology Building, 11 Keyuan Road, Nanshan District, Shenzhen, Guangdong
17	Deyang Emeishan South Road Branch	1-1-1, Tower A, East of Emeishan South Road, Deyang, Sichuan
18	Chongqing Honghudong Road Branch	No. 2-8, Building 3, 11 East Honghu Road, Yubei District, Chongqing
19	Guangzhou Huacheng Square Branch	906 B and 906C, Guangsheng International Building, Huacheng Square, No. 17 Zhujiang West Road, Tianhe District, Guangzhou, Guangdong
20	Xi'an Weiyang Road Branch	Room 1006, Unit 1, Building 1, Jingfa International Building, No. 132 Weiyang Road, Economic and Technological Development Zone, Xi'an, Shannxi

## SIGNIFICANT EVENTS

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

### **CITIC Securities (Zhejiang)**

During the reporting period, CITIC Securities (Zhejiang) established 9 new securities branches, namely: Hangzhou Jiefang East Road Branch, Hangzhou Jiangnan Avenue Branch, Hangzhou Gudun Road Branch, Jiaxing Fanggong Road Branch, Zhapu Yashan East Road Branch, Linhai Jingjiang Middle Road Branch, Cixi Ciyong Road Branch, Shangrao Xinyang Road Branch and Jiujiang Changhong Avenue Branch, deregistered one securities branch, namely, Anxi Minzhu Road Branch, transferred two securities branches, namely, Cangnan Longgang Avenue Branch and Tiantai Houxiang Branch, to Kington Securities, and completed the same city relocation of two securities branches and one branch. Currently, CITIC Securities (Zhejiang) has 65 securities branches.

### **CITIC Securities (Shandong)**

During the reporting period, CITIC Securities (Shandong) established 11 new securities branches, namely: Qingdao Headquarters Branch, Qingdao Yan'erdao Road Branch, Qingdao Dengzhou Road Branch, Qingdao Zhongshan Road Branch, Qingdao Jinsongqi Road Branch, Jinan Yangguangxinlu Branch, Weifang Yuanfei Road Branch, Weifang Jinma Road Branch, Zibo Yiyuan Jiankanglu Branch, Tengzhou Xinxing North Road Branch, Zhengzhou Weiwu Road Branch, established one branch, namely, Henan Branch, and completed the same city relocation of five securities branches. Currently, CITIC Securities (Shandong) has 57 securities branches.

**CITIC Futures**

During the reporting period, CITIC Futures established 14 new futures branches, namely: Chengdu Branch, Nanchang Branch, Xiamen Branch, Shijiazhuang Branch, Taiyuan Branch, Haikou Branch, Lanzhou Branch, Tianjin Branch, Changsha Branch, Guiyang Branch, Urumqi Branch, Chongqing Branch, Wenzhou Branch and Kunming Branch, and absorbed Shanghai CITIC Plaza Branch, a branch of CITIC Newedge Futures. Currently, CITIC Futures has 44 futures branches.

**CSI**

During the reporting period, there were no changes to CSI's branches. Currently, CSI has 4 branches.

For details of network of branches of the Company and its subsidiaries, please refer to "Appendix 4: List of Domestic and Overseas Branches" of this report.

# CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

The share capital structure of the Company as at 31 December 2014 was as follows:

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

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

During the reporting period, there were no changes in the total number of shares or the share capital structure of the Company.

## Issue and Listing of Securities over the Past Three Years

- (1) Pursuant to the Resolution on General Authorization Regarding Onshore and Offshore Issuance of Corporate Debt Financing Instruments by the Company approved at the 2013 First Extraordinary General Meeting of the Company, the Company issued USD-denominated bonds and RMB-denominated bonds and RMB subordinated bonds in 2013 and 2014, details of which are set out as follows:

CITIC Securities Finance 2013, an indirect wholly-owned subsidiary of the Company, issued the USD-denominated bonds, with a term of five years, an offering size of USD800 million and a coupon rate of 2.5%, which were listed on the Hong Kong Stock Exchange on 6 May 2013.

The Company issued the RMB-denominated bonds and RMB subordinated bonds, particulars of which are as follows:

The Company issued two tranches of RMB-denominated bonds in 2013. The first tranche of RMB-denominated bonds in 2013, the issuance of which was completed on 14 June 2013, was classified into two categories and was listed on the SSE on 28 June 2013. Of which, the five-year category had a size of RMB3,000 million and a coupon rate of 4.65%, and the ten-year category had a size of RMB12,000 million and a coupon rate of 5.05%. The issuance of the second tranche of RMB-denominated bonds in 2013 was completed on 7 August 2013, which had a size of RMB5,000 million, a coupon rate of 5% and a term of three years, and was listed on the SSE on 23 August 2013.



## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

In 2014, the Company issued two tranches of RMB-denominated subordinated bonds. The first tranche of RMB-denominated subordinated bonds in 2014, the issuance of which was completed on 28 April 2014, had a size of RMB6,000 million, a coupon rate of 5.9% and a term of four years (subject to the redemption option of the issuer at the end of the first year) and was listed on the SSE on 13 June 2014. The second tranche of RMB-denominated subordinated bonds in 2014, the issuance of which was completed on 24 October 2014, had a size of RMB7,000 million, a coupon rate of 5.65% and a term of five years (subject to the redemption option of the issuer at the end of the second year) and was listed on the SSE on 5 November 2014.

- (2) Pursuant to the Resolution on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company passed at the 2013 Annual General Meeting of the Company, the Company issued offshore medium term notes, securities companies' short-term corporate bonds, and beneficiary certificates in 2014, the details of which are set out as follows:

CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company, issued offshore middle-term bonds. CITIC Securities Finance MTN established a guaranteed offshore medium term note program in an aggregate principal amount of up to USD3,000 million (or its equivalent in other currencies) on 17 October 2014, carried out the first drawdown on 23 October 2014 and issued the drawdown notes in an aggregate nominal amount of USD650 million on 30 October 2014, with a coupon rate of 3.5%, which were listed on the Hong Kong Stock Exchange on 31 October 2014. The Company provided unconditional and irrevocable guarantee for the drawdown notes on a joint and several basis.

The Company issued securities companies' short-term corporate bonds. The first tranche of short-term corporate bonds in 2014, the issuance of which was completed on 15 December 2014, had a size of RMB8,000 million, a coupon rate of 5.50% and a term of one year and was listed on the SSE on 5 January 2015.

The Company issued beneficiary certificates. During the reporting period, the Company issued 13 beneficiary certificates on OTC market, with a total size of RMB2,860.48 million. The outstanding size of the beneficiary certificates was RMB2,860.48 million as of 31 December 2014.

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

- (3) According to the resolution adopted at the 2011 Annual General Meeting, the resolution adopted at the 1st Meeting of the 5th Session of the Board of the Company, the resolution adopted at the 2013 3rd Extraordinary General Meeting and with the approval from the Peoples' Bank of China, the Company issued 10 tranches of commercial papers during the reporting period, each with a term of 91 days. As at 31 December 2014, the outstanding amount of commercial papers of the Company was RMB10 billion, and the settlement condition was good.

As at the date of disclosure of this report, there were no changes in the bonds issued by the Company and there were no defaults in the redemption and interest payment of such bonds. The Company was not aware of any risks that might lead to default in the timely settlement of such bonds in the future and was not involved or likely to be involved in any significant litigation that might affect the timely settlement of such bonds. The relevant details of ratings were as follows:

Date of Rating Report	Rating Agency	Rating Report	Rating Result
2014-3-20	China Chengxin International Credit Rating Co. Ltd.	Credit Rating Report on Subordinated Debt (Tranche 1) of CITIC Securities Company Limited in 2014	The credit rating for Subordinated Debt (Tranche 1) of CITIC Securities in 2014 is AA+ with a stable rating outlook.
2014-4-1	Dagong Global Credit Rating Co., Ltd.	Credit Rating Report on Commercial Papers of CITIC Securities Company Limited in 2014	The corporate credit rating of CITIC Securities is AAA with a stable rating outlook and the credit rating for bonds is A-1.
2014-5-20	Dagong Global Credit Rating Co., Ltd.	Follow-up Rating Report on the Securities Companies' Corporate Bonds of CITIC Securities Company Limited in 2006	The credit rating for Corporate Bonds of CITIC Securities in 2006 is AAA and the corporate credit rating of the Company maintained at AAA with a stable rating outlook.
2014-5-26	China Chengxin Securities Rating Co., Ltd.	Follow-up Rating Report on the Corporate Bonds (Tranche 1) of CITIC Securities Company Limited in 2013 (2014)	The credit rating for Corporate Bonds (Tranche 1) of CITIC Securities in 2013 maintained at AAA and corporate credit rating of the Company maintained at AAA with a stable rating outlook.
2014-5-26	China Chengxin Securities Rating Co., Ltd.	Follow-up Rating Report on the Corporate Bonds (Tranche 2) of CITIC Securities Company Limited in 2013 (2014)	The credit rating for Corporate Bonds (Tranche 2) of CITIC Securities in 2013 maintained at AAA and corporate credit rating of the Company maintained at AAA with a stable rating outlook.

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

Date of Rating Report	Rating Agency	Rating Report	Rating Result
2014-9-19	Dagong Global Credit Rating Co., Ltd.	Follow-up Corporate Credit Rating Report of CITIC Securities Company Limited in 2014	The corporate credit rating of the Company maintained at AAA with a stable rating outlook.
2014-10-9	China Chengxin International Credit Rating Co. Ltd.	Credit Rating Report on Subordinated Debt (Tranche 2) of CITIC Securities Company Limited in 2014	The credit rating for Subordinated Debt (Tranche 2) of CITIC Securities Company maintained at AA+ and corporate credit rating of the Company maintained at AAA with a stable rating outlook.
2014-10-28	Dagong Global Credit Rating Co., Ltd.	Credit Rating Report on Short-term Corporate Bonds (Tranche 1) of CITIC Securities Company Limited in 2014	The credit rating for Short-term Corporate Bonds (Tranche 1) of CITIC Securities in 2014 maintained at AAA and corporate credit rating of the Company maintained at AAA with a stable rating outlook.

During the reporting period, the Company did not make any bonus issue or right issue.

There were no internal employee shares issued by the Company.

### Information on Shareholders

Total number of Shareholders as at 31 December 2014: 603,766 shareholders, including 603,650 A Shareholders and 116 registered H Shareholders.

Total number of Shareholders as at the end of the fifth trading days (16 March 2015) before the disclosure of the 2014 Annual Results Announcement: 785,422 shareholders, including 785,282 A Shareholders and 140 registered H Shareholders.

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### Shareholdings of the top 10 Shareholders as at 31 December 2014

Name of Shareholder	Type of the Shareholder <sup>Note 6</sup>	Number of Shares (shares)	Percentage (%)	Change in the number of Shares during the reporting period (shares)	Class (A Shares, B Shares, H Shares)
CITIC Corporation Limited <sup>Note 1</sup>	State-owned legal person	2,236,890,620	20.30	—	A Shares
HKSCC Nominees Limited <sup>Note 2</sup>	Foreign legal person	1,178,008,600	10.69	400	H Shares
China Life Insurance Company Limited <sup>Note 3</sup>	Domestic non-State-owned legal person	361,059,999	3.28	—	A Shares
China Life Insurance (Group) Company – Traditional – General Insurance Products	Domestic non-State-owned legal person	231,141,935	2.10	—	A Shares
Industrial and Commercial Bank of China Limited – Shenwan Lingxin Shenyin Wanguo Securities Industry Index Structured Securities Investment Fund	Domestic non-State-owned legal person	194,872,583	1.77	194,872,583	A Shares
China Academy of Launch Vehicle Technology	State-owned legal person	106,478,308	0.97	—	A Shares
Hong Kong Securities Clearing Company Limited <sup>Note 4</sup>	Foreign legal person	95,636,736	0.87	95,636,736	A Shares
CHEN Daoxin <sup>Note 5</sup>	Domestic natural person	68,738,487	0.62	68,738,487	A Shares
CITIC Guoan Group Co., Ltd	Domestic non-State-owned legal person	58,353,128	0.53	-5,386,802	A Shares
Nanjing Gaoke Company Limited	Domestic non-State-owned legal person	58,300,000	0.53	-6,263,634	A Shares

Note 1: During the reporting period, CITIC Limited, the largest shareholder of the Company has changed its name to CITIC Corporation Limited. As at the disclosure date of the 2014 Annual Results Announcement of the Company, it held 1,888,758,875 Shares of the Company and its shareholding percentage is 17.14%.

Note 2: HKSCC Nominees Limited is the nominal holder on behalf of H Shareholders who do not register the Shares under their names.

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

Note 4: Hong Kong Securities Clearing Co. Ltd. is the nominal holders of the stocks of SH Equities (“滬股通”).

Note 5: The aforesaid A shares are held by this natural person shareholder through margin financing and securities lending account.

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

Note 6: Type of A Shareholders represents the type of account held by A Shareholders with Shanghai branch of CSDCC.

Note 7: As at 31 December 2014, no Shares of the top 10 Shareholders have been pledged or frozen. Among the top 10 Shareholders, China Life Insurance Company Limited is a controlling subsidiary of China Life Insurance (Group) Company, and the largest shareholder of CITIC Guoan Group Co., Ltd is the actual controller of CITIC Limited. The Company is not aware of any other connected relationship or any parties acting in concert among other shareholders.

Note 8: As the Shares are margin trading underlying securities, the shareholding of Shareholders are calculated together with their Shares in their ordinary securities accounts and credit securities accounts, and equity interests.

### Shareholdings of the Top 10 Non-Restricted Shareholders as at 31 December 2014

Name of Shareholder	Number of tradable Shares held not subject to trading moratorium (shares)	Class (A Shares, B Shares, H Shares)
CITIC Corporation Limited	2,236,890,620	A Shares
HKSCC Nominees Limited	1,178,327,700	H Shares
China Life Insurance Company Limited	361,059,999	A Shares
China Life Insurance (Group) Company – Traditional – General Insurance products	231,141,935	A Shares
Industrial and Commercial Bank of China Limited – Shenwan Lingxin Shenyin Wanguo Securities Industry Index Structured Securities Investment Fund	194,872,583	A Shares
China Academy of Launch Vehicle Technology	106,478,308	A Shares
Hong Kong Securities Clearing Company Limited	95,636,736	A Shares
CHEN Daoxin (程道興)	68,738,487	A Shares
CITIC Guoan Group Co., Ltd.	58,353,128	A Shares
Nanjing Gaoke Company Limited	58,300,000	A Shares

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### Shareholdings of the Restricted Shareholders as at 31 December 2014

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

### Information on Substantial Shareholders of the Company

#### *Largest Shareholder*

The largest shareholder of the Company is CITIC Corporation Limited (formerly known as “CITIC Limited”). On 25 February 2013, it was transferred 20.30% of shares in the Company by CITIC Group, and became the largest shareholder of the Company. As at the disclosure date of the 2014 Annual Results Announcement of the Company, CITIC Corporation Limited holds 17.14% equity interests in the Company.

CITIC Corporation Limited was established on 27 December 2011, the existing legal representative is Mr. CHANG Zhenming and the general manager is Mr. WANG Jiong. Its registered capital is RMB139,000 million and the organisation code is 71783170-9. It is principally engaged in: (1) investment and management in financial sectors, including investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card and other financial enterprises and related industries; (2) investment and management in non-financial sectors, including energy, transport and other infrastructure; mining, exploration of timber and other resources and raw material industry, machinery manufacturing; real estate development; information industry: information system infrastructure, basic telecommunication and value-added telecommunication business; commerce and trade services and other industries: environmental protection; medicine, bio-engineering as well as new materials; aviation, transportation, warehousing, hotel, tourism; international trade and domestic trade, import and export business, commerce; education, publishing, media, culture and sports; consultant service; (3) granting shareholder loans to its international and domestic subsidiaries; capital operation; asset management; domestic and overseas engineering design, constructions, contracting and sub-contracting, export of labor service, and other approved businesses (as for projects which require approval in accordance with the law, prior approvals of the competent authorities shall be obtained before operational activities are conducted).

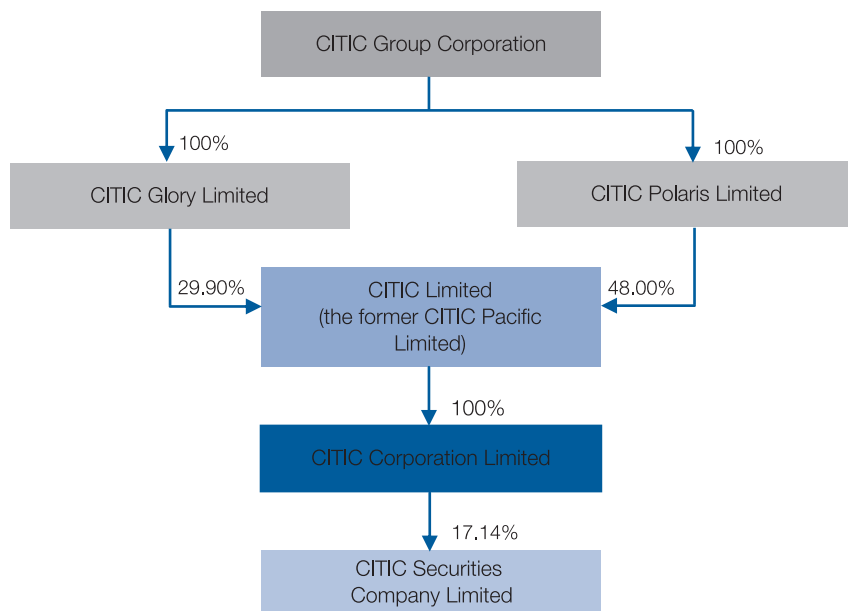
## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

On 25 August 2014, CITIC Group and Beijing CITIC Enterprise Management Co., Ltd. transferred 100% equity interests they held in CITIC Corporation Limited to CITIC Pacific Limited, which became the sole and direct shareholder of CITIC Corporation Limited. Thereafter, CITIC Pacific Limited changed its name to “CITIC Limited”, and its equity securities have been traded on the Hong Kong Stock Exchange under the new equity stock short name of “CITIC” with effect from 1 September 2014. Its equity stock code remains unchanged as “0267”.

CITIC Group was founded in 1979, the existing legal representative is Mr. CHANG Zhenming and the general manager is Mr. WANG Jiong. Its registered capital is RMB184,198,156,859.03 and the organization code is 10168558-X. Its principal businesses are as follows: the information service business under the second category of value-added telecom services (only internet information services, which exclude news, publishing, education, healthcare, medicine and medical equipment and include electronic bulletin services, and are valid until 9 January 2019); external deployment of staff required to implement overseas projects suitable for its capabilities, scale and results performance; investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card financial enterprises and related industries, energy, transport infrastructure, mining, exploration of timber resources and raw material industry, machinery manufacturing, real estate development, information system infrastructure, basic telecommunication and value-added telecommunication business, environmental protection, medicine, bio-engineering as well as new materials, aviation, transportation, warehousing, hotel, tourism, international trade and domestic trade, commerce, education, publishing, media, culture and sports, overseas and domestic engineering design, construction, contracting and sub-contracting, industry investment; project tendering, surveying, design, construction, supervision, contracting and subcontracting, consultant service industry; asset management; capital operation; import and export business (as for projects which require approval in accordance with the law, prior approvals of the competent authorities shall be obtained before operational activities are conducted).

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

As at the date of the 2014 Annual Results Announcement, the shareholding structure of the Company was as follows:



Note: both CITIC Glory Limited and CITIC Polaris Limited are wholly-owned subsidiaries of CITIC Group and are incorporated in the British Virgin Islands.



## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, the shareholdings of CITIC and CITIC Corporation Limited in other major listed companies, whether direct or indirect controlling stakes or minority interests, are as follows:

Name of Listed Investee	Stock Code	Shareholding Percentage
China CITIC Bank Corporation Limited	601998.SH, 0998.HK	67.13%
CITIC Offshore Helicopter Co., Ltd.	000099.SZ	39.53%
CITIC Heavy Industries Co., Ltd.	601608.SH	71.04%
CITIC Resources Holdings Limited	1205.HK	59.42%
Asia Satellite Telecommunications Holdings Limited	1135.HK	74.43%
CITIC Dameng Holdings Limited	1091.HK	49.26%
CITIC Telecom International Holdings Limited	1883.HK	59.23%
Dah Chong Hong Holdings Limited	1828.HK	56.08%
Daye Special Steel Co., Ltd.	000708.SZ	58.13%

In addition to the above table, as at 31 December 2014, CITIC Group held the indirect controlling stakes or the minority interests in the following major listed companies:

Name of Listed Investee	Stock Code	Shareholding Percentage
CITIC Limited	0267.HK	77.90%

As at 31 December 2014, there was no other Shareholder directly holding more than 5% shares in the Company. The Shares held by HKSCC Nominees Limited belong to the non-registered holders of H Shares.

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### Interest and Short Positions of Substantial Shareholders

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial Shareholders are required to disclose their interests, and are required to make further disclosure when the changes of their interest reached the prescribed threshold. The following table is derived from the latest interest information disclosed by the substantial Shareholders on the HKExnews website of HKEx as at 31 December 2014. As they are only required to disclose the change of their interests when it reaches certain prescribed threshold, the information set out in the following table may be inconsistent with their actual interests as at 31 December 2014.

Name of Shareholders	Capacity	Class of Shares	Number of Shares/Positions	Percentage to the Number of A Shares/ H Shares in the Company as at 31 December 2014 (%)	Percentage to Total Issued Capital of the Company as at 31 December 2014 (%)
CITIC Group Corporation (中國中信集團有限公司)	Interest of controlled corporation <sup>Note 1</sup>	A Shares	2,236,890,620/ Long positions	22.74	20.30
China Life Insurance (Group) Company	Beneficial owner and interest of controlled corporation <sup>Note 2</sup>	A Shares	688,700,626/ Long positions	6.99	6.25
FIL Limited	Investment manager	H Shares	105,373,685/ Long positions	8.94	0.96
Lazard Asset Management LLC	Investment manager	H Shares	82,859,000/ Long positions	7.03	0.75
BlackRock, Inc.	Interest of controlled corporation <sup>Note 3</sup>	H Shares	77,409,454/ Long positions	6.57	0.70
			2,247,500/ Short positions	0.19	0.02
			Derivative interests of 808,500/ Short positions	0.07	0.007
Banco BTG Pactual S.A.	Beneficial owner	H Shares	58,625,500/ Long positions	4.98	0.53
Fisher Asset Management LLC	Investment manager	H Shares	58,919,975/ Long positions	5.00	0.53

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

Note 1: CITIC Group Corporation indirectly held the A Shares as mentioned above through its subsidiaries, namely CITIC Limited and CITIC Corporation Limited. As at the date of the 2014 Annual Results Announcement, it held 1,888,758,875 shares, representing 17.14% of the equity interest.

Note 2: According to the number of A Shares held by China Life Insurance (Group) Company and its equity interest set out in the notices of Disclosures of Interests on the website of the Hong Kong Stock Exchange, it directly held 231,141,935 A Shares, and indirectly held 457,558,691 A Shares through its subsidiary China Life Insurance Company Limited. As at 31 December 2014, China Life Insurance (Group) Company and its subsidiary in aggregate actually held 592,201,934 A Shares, representing 5.38% of the total number of shares in the Company.

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

### Sufficient Public Float

Upon listing of the H Shares, the Hong Kong Stock Exchange granted a waiver to the Company, accepting the minimum public float for the H Shares to be the higher of: (i) 10% of the total issued share capital; or (ii) the percentage of H Shares held by the public immediately after the completion of the global offering (including the H Shares issued pursuant to the exercise of the over-allotment option and the transfer and conversion of the relevant State-owned shares into H Shares pursuant to the PRC regulations on reduction of State-owned shares). Upon the completion of the global offering and based on the minimum public float granted by the Hong Kong Stock Exchange, the minimum public float for the H Shares is not lower than 10.70%.

As at the latest practicable date before the printing of the annual report, based on the information available to the public and the knowledge of the Directors, the Directors believe that the public float is in compliance with Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float as set out in the waiver granted by the Hong Kong Stock Exchange upon the H Share listing.

### Purchase, Sale or Redemption of the Securities of the Company

During the reporting period, neither the Company nor its subsidiaries had repurchased, sold or redeemed any of the securities of the Company.

### Shares Issued by the Company or its Subsidiary

During the reporting period, neither the Company nor its subsidiaries had issued any additional shares.

# ***DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES***

## The Board of Directors

**Chairman:** WANG Dongming

**Vice-chairman:** YIN Ke, LIU Lefei

**Members of the Board:**

**Executive Director:** WANG Dongming, CHENG Boming, YIN Ke, LIU Lefei

**Non-executive Director:** JU Weimin, FANG Jun

**Independent Non-executive Directors:** WU Xiaoqiu, LEE Kong Wai, Conway, RAO Geping

**Secretary to the Board:** ZHENG Jing (female)

## The Supervisor Committee:

**Chairman:** NI Jun (female)

**Members of the Supervisory Committee:** NI Jun (female), GUO Zhao, HE Dexu, LEI Yong, YANG Zhenyu

## The Executive Committee:

**Members of the Executive Committee:** WANG Dongming, CHENG Boming, YIN Ke, XU Gang,  
GE Xiaobo, LIU Wei, CHEN Jun, YAN Jianlin

**THE EXECUTIVE COMMITTEE**



FRONT ROW (FROM LEFT TO RIGHT) : **CHENG BOMING, WANG DONGMING, YIN KE**

BACK ROW (FROM LEFT TO RIGHT) : **YAN JIANLIN, LIU WEI, XU GANG, GE XIAOBO, CHEN JUN**

*DIRECTORS, SUPERVISORS,  
SENIOR MANAGEMENT AND EMPLOYEES*

Basic Information of Directors, Supervisors and Senior Management

Changes in shareholding and information of the remuneration (the order of independent non- executive Directors is arranged in the order of number of strokes of their Chinese surnames)

Name	Position <sup>Note 1</sup>	Gender	Age	Term of office for current session	Shares held at the beginning of 2014 (Shares) <sup>Note 2</sup>	Shares held at the end of 2014 (Shares) <sup>Note 2</sup>	Changes in shareholding (Shares)	Total remuneration in 2014 (RMB ten thousand) <sup>Note 3</sup>
WANG Dongming	Executive Director, chairman and member of Executive Committee	Male	63	2012.6.20 - 2015.6.19	2,649,750	2,649,750	—	531.89
CHENG Boming	Executive Director, President, and member of Executive Committee	Male	53	2012.6.20- 2015.6.19	1,733,160	1,733,160	—	576.66
YIN Ke	Executive Director, vice-chairman and member of the Executive Committee	Male	51	2012.6.20- 2015.6.19	—	—	—	HKD16.696 million
LIU Lefei	Executive Director, vice-Chairman	Male	41	2013.12.19- 2015.6.19	—	—	—	—
JU Weimin	Non-executive Director	Male	51	2012.6.20- 2015.6.19	—	—	—	10.30
FANG Jun	Non-executive Director	Male	46	2012.6.20- 2015.6.19	—	—	—	—
WU Xiaoju	Independent non-executive Director	Male	56	2012.6.20- 2015.6.19	—	—	—	15.60
LEE Kong Wai, Conway	Independent non-executive Director	Male	60	2012.6.20- 2015.6.19	—	—	—	15.60
RAO Geping	Independent non-executive Director	Male	67	2012.6.20- 2015.6.19	—	—	—	15.30
WEI Benhua	Independent non-executive Director (ceased to be an Independent non-executive Director)	Male	67	2012.10.29- 2014.9.26	—	—	—	11.85
NI Jun	Chairman of the Supervisory Committee	Female	59	2012.6.20- 2015.6.19	1,728,363	1,368,363	-360,000	226.78

*DIRECTORS, SUPERVISORS,  
SENIOR MANAGEMENT AND EMPLOYEES*

Name	Position <sup>Note 1</sup>	Gender	Age	Term of office for current session	Shares held at the beginning of 2014 (Shares) <sup>Note 2</sup>	Shares held at the end of 2014 (Shares) <sup>Note 2</sup>	Changes in shareholding (Shares)	Total remuneration in 2014 (RMB ten thousand) <sup>Note 3</sup>
GUO Zhao	Supervisor	Male	58	2012.6.20-2015.6.19	—	—	—	10.00
HE Dexu	Supervisor	Male	52	2012.6.20-2015.6.19	—	—	—	10.00
LEI Yong	Supervisor	Male	47	2012.6.20-2015.6.19	483,285	483,285	—	287.73
YANG Zhenyu	Supervisor	Male	44	2012.6.20-2015.6.19	108,000	81,000	-27,000	147.08
XU Gang	Member of the Executive Committee	Male	45	2012.6.20-2015.6.19	870,000	870,000	—	502.42
GE Xiaobo	Member of the Executive Committee, the person-in-charge of accounting affairs	Male	44	2012.6.20-2015.6.19	1,310,000	990,000	-320,000	523.25
LIU Wei	Member of the Executive Committee	Male	45	2013.12.30-2015.6.19	252,258	252,258	—	541.12
CHEN Jun	Member of the Executive Committee	Male	46	2013.12.30-2015.6.19	—	—	—	523.55
YAN Jianlin	Member of the Executive Committee	Male	46	2013.12.30-2015.6.19	—	—	—	502.82
ZHANG Guoming	Compliance Officer	Male	50	2013.9.10-2015.6.19	—	—	—	140.45
ZHENG Jing	Secretary to the Board and Company Secretary	Female	42	2012.6.20-2015.6.19	—	—	—	161.89
Total					9,134,816	8,427,816	-707,000	approximately 6,071.39

## *DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES*

Note 1: The “term of office” refers to the first position held by a person, where that person has several positions; the “term of office” of those re-elected Directors and Supervisors begins from the appointment date of the current session of the Board and Supervisor Committee; the “term of office” of those re-elected Senior Management begins from the appointment date by the current session of the Board.

Note 2: Shares held by Directors, Supervisors and Senior Management including the incentive shares initially granted upon the implementation of the share incentive arrangement, the placing shares and the capitalization issue of bonus shares are A Shares. During the reporting period, some of the Directors, Supervisors and Senior Management holding incentive shares decreased their holdings due to personal reasons.

Note 3: According to the resolution at the 2011 Annual General Meeting, since July 2012, the Company shall pay an allowance of RMB100,000 per year (tax inclusive) to each of the non-executive Directors and Supervisors, an allowance of RMB150,000 per year (tax inclusive) to each of the independent non-executive Directors, and a subsidy of RMB3,000 per person to each director attending on-site meetings of the special committees under the Board. Please refer to the China Securities Journal, Shanghai Securities News and Securities Times dated 21 June 2012 for details of the resolution. In addition, Mr. YIN Ke, the executive Director and Vice-chairman, only received his remuneration from CSI, a wholly-owned subsidiary of the Company, instead of the Company; Mr. LIU Lefei, the executive Director and Vice-chairman, and Mr. FANG Jun, the non-executive Directors, never received any remuneration or allowance from the Company. Remuneration of non-executive Director Mr. JU Weimin, independent non-executive Directors Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway and Mr. RAO Geping, and Supervisors Mr. GUO Zhao and Mr. HE Dexu represented Directors’/Supervisors’ allowance received from the Company in 2014. Remuneration of independent non-executive Director Mr. WEI Benhua represented Directors’ allowance received from the Company between January and September 2014.

Note 4: Within the reporting period, there were changes of the Directors. Please refer to “Changes of Directors, Supervisors and Senior Management” of this report for details.

Note 5: On 31 December 2014, the A Share closed at RMB33.90, and the H Share closed at HKD29.20.

Note 6: On 12 February 2015, the 34th Meeting of the Fifth Session of the Board of Directors of the Company appointed Mr. Cai Jian as the Chief Risk Management Officer of the Company. Mr. Cai Jian will assume duty of the appointment after obtaining approval from the Shenzhen Securities Regulatory Bureau on the appointment qualification of senior management officers of securities companies. Currently, the relevant qualification application procedure was still in progress.



**Current positions held by Directors and Supervisors in the Shareholders**

Name	Name of Shareholder	Position held in the shareholders	Term of Office	Whether receiving remuneration or allowance from the shareholders
JU Weimin	CITIC Limited	Deputy General Manager, Chief Financial Officer and Secretary to the Board of Directors	From 27 December 2011 to present	Yes
FANG Jun	China Life Insurance (Group) Company	General Manager of the Department of Investment Management	From February 2011 to present	Yes
GUO Zhao	Nanjing Gaoke Co., Ltd.	Vice President	From January 2013 to present	Yes

**Current positions by Directors and Supervisors in other entities**

Name	Name of the entities	Position held	Term of office	Whether receiving remuneration or allowance
YIN Ke	CSI	Director, Chief Executive Officer	From February 2007 to present	Yes
LIU Lefei	CITIC Private Equity Funds Management Co., Ltd	Chairman, Chief Executive Officer	From October 2008 to present	Yes
WU Xiaoqiu	Renmin University of China	Professor of the School of Finance, Director of Finance and Securities Institute	From October 1994 to present	Yes
RAO Geping	Peking University	Professor of the Law School, Ph.D. Candidate Supervisor	From August 1994 to present	Yes
HE Dexu	Chinese Academy of Social Sciences	Deputy Director of the Institute of Finance and Banking	From November 2014 to present	Yes

Major working experience of the current Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS (4 INDIVIDUALS)



**Mr. WANG Dongming,**

\_\_\_\_\_ serves as executive Director, chairman of the Company, and a member of the Executive Committee. Mr. Wang joined the Company since the establishment of the Company in 1995 and was appointed as a Director on 26 September 1999. Mr. Wang is also a director of CITIC Holdings Limited, a non-executive director of CITIC Securities International Company Limited, a director of CLSA and the chairman of GoldStone Investment Co., Ltd. Mr. Wang was previously the deputy general manager and general manager of the Company, an assistant to general manager of CITIC Limited, a director of CITIC International Financial, a non-executive director of CITIC Capital Holdings Limited, the chairman of China Asset Management Co., Ltd. and the chairman of CITIC Private Equity Funds Management Co., Ltd. Mr. Wang previously worked in Scotiabank Securities Company, Canada from 1987 to 1992, responsible for investment banking business. Mr. Wang also served as the general manager of the international department of China Securities from 1992 to 1993, responsible for the international business of the company; deputy general manager of China Southern Securities Co., Ltd. from 1993 to 1995, responsible for the investment banking business of the company. Mr. Wang was granted the title of senior economist by China International Trust and Investment Corporation, the predecessor of CITIC Group, in December 1997. He obtained a bachelor's degree in French in 1977 from Beijing Foreign Studies University and a master's degree in international finance in 1984 from Georgetown University in the United States.



**Mr. CHENG Boming,**

\_\_\_\_\_ serves as executive Director, president of the Company and a member of the Executive Committee. Mr. Cheng is also a chairman of CSI, chairman of CITIC Buyout Fund and a director of CITIC PE Fund. Mr. Cheng joined the Company in 2001, and was appointed as a Director on 20 June 2012. Previously, he worked as assistant manager, secretary to the board of directors, deputy general manager and executive deputy general manager of the Company (presiding over the daily work). Mr. Cheng previously served as head of the Theory Department of Financial News from 1987 to 1993, responsible for the theory research and management of the department; general manager of Beijing Securities Registration Co., Ltd. from 1993 to 2001, responsible for the management of the company; and chairman of the board of Changcheng Credit Appraisal Co., Ltd. from 1994 to 1995, responsible for the management of the company. He obtained a bachelor's degree in economics (majoring in finance) in 1984 from Anhui Finance & Trade College, a master's degree in economics (majoring in money and banking) in 1987 from the Graduate School of the People's Bank of China, and a Ph.D. degree in economics (majoring in money and banking) in 1998 from Shaanxi Institute of Finance and Economics.



**Mr. YIN Ke,**

serves as executive Director and vice-chairman of the Company, and a member of the Executive Committee. Mr. Yin joined the Company in 2007 and was appointed as a Director on 30 June 2009. Mr. Yin is also the director and chief executive officer of CSI, director of CLSA, non-executive director of Hui Xian Asset Management Limited. Mr. Yin previously worked as the assistant to the chief executive officer of the Shenzhen Stock Exchange from 1991 to 1992, responsible for assisting the chief executive officer for the development and day-to-day operation of the Shenzhen Stock Exchange; deputy general manager and executive director of Jun'an Securities Co., Ltd. from 1992 to 1998, executive director and responsible person of Jun'an Securities Co., Ltd. from 1998 to 1999 responsible for the investment banking, brokerage and overseas businesses and the overall management of the company; deputy director of the merger committee of Guotai Jun'an Securities Co., Ltd. from 1998 to 1999, responsible for coordinating the merger between Jun'an Securities Co., Ltd. and Guotai Securities Co., Ltd.; director of Guotai Jun'an Securities Co., Ltd. from 1999 to 2000, responsible for the strategic development of the company; president and executive director of China United Securities Co., Ltd. from 2000 to 2002, responsible for the overall management and business of the company; director and deputy general manager of CITIC Capital Holdings Limited from 2002 to 2007, responsible for the investment banking and private equity investment businesses of the company; non-executive director of CITIC Capital Holdings Limited from 2007 to 2009; director of ACT 360 Solutions Limited from 2000 to 2009, responsible for the business strategy of the company; independent director of CCB Principal Asset Management Co., Ltd. from 2005 to 2009; director of Zhongxing Shenyang Commercial Building Group Co., Ltd. from 2006 to 2010; non-executive director of CITIC Dameng Holdings Limited from 2010 to 2011; non-executive director of Dah Chong Hong Holdings Limited from 2010 to 2012; a non-executive director of CITIC Pacific from 2009 to 2014, and vice-chairman and director of CSI from 2007 to 2014. He obtained a bachelor's degree in electronics engineering in 1985 and a master's degree in economics in 1991 from Zhejiang University.

*DIRECTORS, SUPERVISORS,  
SENIOR MANAGEMENT AND EMPLOYEES*



***Mr. LIU Lefei,***

---

serves as executive Director and vice-chairman of the Company. Mr. LIU served as Director of the Company from 2008 to 2012, and joined the Company again in 2013. Mr. LIU currently serves as the chairman and chief executive officer of CITIC Industry Investment Fund Management Co., Ltd., an independent director of China Life Asset Management Company Limited, and a director of New China Life Insurance Company Ltd. Mr. LIU has previously worked in the General Office of the Ministry of Finance, and has been an executive director of Capital Securities Co., Ltd., the general manager of the general investment management department of China Galaxy Securities Company Limited, the chief investment officer and general manager of the investment management department of China Life Insurance Company Limited. Mr. LIU has obtained a bachelor's degree in economics from the Renmin University of China in 1995 and a master's degree in business administration from the China Europe International Business School in 2006.

NON-EXECUTIVE DIRECTORS (2 INDIVIDUALS)



***Mr. JU Weimin,***

---

serves as a non-executive Director. Mr. Ju joined the Company in 2002 and was appointed as a Director on 30 May 2002. Mr. Ju is also the deputy general manager, chief financial officer and secretary to the board of directors of CITIC Group; the deputy general manager, chief financial officer and member of Executive Committee of CITIC Limited; the deputy general manager, chief financial officer and secretary to the board of directors of CITIC Corporation Limited; the vice-chairman of the board of Asia Satellite; the non-executive director of CITIC International Financial and CITIC Bank International Limited, respectively; and the Chairman of CITIC Finance Company Limited. Mr. Ju previously worked for China International Trust and Investment Corporation as the assistant finance director and deputy finance director from 1995 to 1998; the managing director of Shortridge Company Ltd. from 1998 to 2000; the director, finance director and chief accountant of China International Trust and Investment Corporation from 2000 to 2002; chairman of CITIC Trust from 2004 to 2011; the non-executive director of China CITIC Bank from 2007 to 2013; and the non-executive director of CITIC Pacific from 2009 to 2014. Mr. Ju obtained a master's degree in economics (majoring in accounting) in 1987 from Renmin University of China; and was granted the title of senior economist by China International Trust and Investment Corporation in 1998.



***Mr. FANG Jun,***

serves as a non-executive Director. Mr. Fang joined the Company in 2012 and was appointed as a Director on 20 June 2012. He also serves as the general manager of the investment management department of China Life Insurance (Group) Company, and a director of China Life Investment Holding Company Ltd., Sino-Ocean Land Holdings Limited, Shanghai Lujiazui Finance & Trade Zone United Development Co., Ltd., Hui Xian Holding Limited and Bohai Industrial Investment Fund Management Co., Ltd.. Mr. Fang previously worked as assistant to the general manager and deputy general manager of the asset management department of China Life Insurance (Group) Company from 2005 to February 2011. Mr. Fang obtained a bachelor's degree in law in 1991 from Renmin University of China, a master's degree in law in 1996 and a Ph.D. degree in management in 1999 from Chinese Academy of Social Sciences.

INDEPENDENT NON-EXECUTIVE DIRECTORS (3 INDIVIDUALS, IN THE ORDER OF NUMBER OF STROKES OF THEIR CHINESE SURNAMES)



***Mr. WU Xiaoqiu,***

serves as an independent non-executive Director. Mr. Wu joined the Company in 2012 and was appointed as a Director on 20 June 2012. He also serves as a professor of the School of Finance, chairman of the Finance and Securities Research Institute of Renmin University of China, and independent director of UFIDA Software Co., Ltd, and independent director of Industrial Securities. Mr. Wu previously worked as teaching assistant, lecturer, associate professor, professor and head of the Institute of Economic Research of Renmin University of China from July 1986 to September 1994; professor and doctoral supervisor of the School of Finance of Renmin University of China from October 1994 to June 2002; chairman of the Finance and Securities Research Institute of Renmin University of China since July 1994. Mr. Wu obtained a bachelor's degree in National Economic Planning and Management in July 1983 from Jiangxi University of Finance and Economics; a master's degree in National Economic Planning and Management in July 1986 from Renmin University of China; and a Ph.D. degree in National Economic Management in July 1990 from School of Economic Management of Renmin University of China.

*DIRECTORS, SUPERVISORS,  
SENIOR MANAGEMENT AND EMPLOYEES*



**Mr. LEE Kong Wai, Conway,** \_\_\_\_\_

serves as an independent non-executive Director. Mr. Lee joined the Company in 2011, and was appointed as a Director on 14 November 2011. Mr. Lee is also the independent non-executive director of Tibet 5100 Water Resources Holdings Ltd., Chaowei Power Holdings Limited, West China Cement Limited, China Morden Dairy Holdings Ltd., NVC Lighting Holding Limited, GOME Electrical Appliances Holdings Limited, Yashili International Holdings Limited, GCL New Energy Holdings Limited, WH Group Limited and China Rundong Auto Group Limited, respectively, all of the above companies are listed on the Hong Kong Stock Exchange and the non-executive director and deputy chairman of Merry Garden Holdings Limited (which is listed on the Hong Kong Stock Exchange). Mr. Lee served as a partner of Ernst & Young over 29 years and held key leadership positions in the development of such firm in China. Mr. Lee has been a member of The Institute of Chartered Accountants in England and Wales since October 2007, The Institute of Chartered Accountants in Australia and New Zealand (formerly known as “The Institute of Chartered Accountants in Australia”) since December 1996, The Association of Certified Accountants since September 1983, the Hong Kong Institute of Certified Public Accountants since March 1984 and the Macao Society of Certified Practicing Accountants since July 1995. Mr. Lee was appointed as a member of the CPPCC of Hunan Province in China since 2008. He obtained a bachelor’s degree in business studies in 1980 from Kingston University (formerly known as Kingston Polytechnic) and a postgraduate diploma in business in 1988 from Curtin University of Technology in Australia.



**Mr. RAO Geping,** \_\_\_\_\_

serves as an independent non-executive Director. Mr. Rao joined the Company in 2011 and was appointed as a Director on 11 August 2011. Mr. Rao is also a professor and doctoral supervisor of the International Law Institution, head of the Center for Hong Kong and Macao Studies, head of the Center of Hong Kong, Macao and Taiwan Law Studies in Peking University. Mr. Rao also serves as member of 12th CPPCC National Committee and member of the Committee for the Basic Law of Hong Kong of the Standing Committee of the NPC; vice chairman and senior researcher of the Institute of Hong Kong and Macao Affairs of the Development Research Center of the State Council; member of the Law Specialty Committee on National Self-taught Higher Education Examinations; and independent supervisor of China TravelSky Holding Company. Mr. Rao was a visiting scholar at the University of Washington, New York University, and Max Planck Institute of International Law. Mr. Rao obtained a master’s degree in law in 1982 from Peking University.

SUPERVISORS (5 INDIVIDUALS)



***Ms. Ni Jun,*** \_\_\_\_\_

serves as a Supervisor and the chairman of the supervisory committee. Ms. Ni joined the Company since the establishment of the Company in 1995 and was appointed as a Supervisor on 19 May 2010. Ms. Ni worked as the general manager of the finance department and chief accountant of the Company, during which time she was also the person in charge of the accounting body and with oversight of the capital operation business. Ms. Ni previously worked as the deputy director of the finance department of Zhongxin Xingye Company Limited (the predecessor of CITIC Trust) from 1988 to 1994, responsible for the financial business of the company. Ms. Ni was granted the title of senior accountant by China International Trust and Investment Corporation in October 1996. Ms. Ni obtained a bachelor's degree in economics (majoring in industrial accounting) in 1982 from Liaoning Institute of Finance.



***Mr. GUO Zhao,*** \_\_\_\_\_

serves as a Supervisor. Mr. Guo joined the Company in 1999 and was appointed as a Supervisor on 26 September 1999. Mr. Guo is also vice president of Nanjing Gaoke Co., Ltd., and director and general manager of Nanjing Chengong Pharmaceuticals Co., Ltd. Mr. Guo previously worked as the deputy chief accountant of Nanjing International Container Handling Co., Ltd. from 1988 to 1992, responsible for the financial affairs of the company; as the secretary to the board of directors of Nanjing Xingang High-Tech Co., Ltd. from 1992 to 2002, responsible for the board affairs and information disclosure of the company; and as director of Nanjing Xingang High-Tech Co., Ltd. from January 2001 to January 2013. Mr. Guo is an accountant and obtained the accountant certificate in September 1993, which was granted by the Committee for Assessment of Academic Qualifications of the PRC Ministry of Transport. Mr. Guo obtained a college diploma in water transport finance and accounting in 1988 from Wuhan Heyun College.

*DIRECTORS, SUPERVISORS,  
SENIOR MANAGEMENT AND EMPLOYEES*



**Mr. HE Dexu,**

---

serves as a Supervisor. Mr. He joined the Company in 2006 and was appointed as a Supervisor on 12 May 2006. Mr. He is also deputy director and researcher at the Institute of Finance and Banking of the Chinese Academy of Social Sciences, professor and doctoral supervisor at the Graduate School of the Chinese Academy of Social Sciences, executive director of the China Society for Finance and Banking, independent director of Changjiang Securities, and an adjunct professor in various universities such as the Central University of Finance and Economics. Mr. He previously worked as research associate, researcher and deputy head in Institute of Finance and Trade Economics of the Chinese Academy of Social Sciences from 1984 to 2008, and served as the deputy director and researcher at the Institute of Quantitative & Technical Economics of the Chinese Academy of Social Sciences, professor and doctoral supervisor at the Graduate School of the Chinese Academy of Social Sciences from 2008 to 2014, responsible for research and research management. Mr. He obtained a Ph.D. degree in economics (majoring in money and banking) in 1998 from Shaanxi Institute of Finance and Economics. He enjoys a special government allowance for experts granted by the State Council. Mr. He has previously been a visiting scholar at University of Colorado in the USA and the University of Southern California, as well as a post-doctoral researcher at the South Western University of Finance and Economics.



**Mr. LEI Yong,**

---

serves as a staff Supervisor and the managing director of the compliance department. Mr. Lei joined the Company in 1995 and was appointed as a Supervisor on 30 May 2002. Mr. Lei previously worked as the deputy general manager of the trading department of the Company, the general manager of the Beijing Beisanhuan Zhonglu Branch and the managing director of the brokerage business development and management committee of the Company. He obtained a college diploma in industrial enterprise management in 1994 from Tianjin Management Institute.



**Mr. YANG Zhenyu,**

---

serves as a staff Supervisor and the head of the general administration department of the Company. Mr. Yang joined the Company in 1997 and was appointed as a Supervisor on 16 December 2005. Mr. Yang previously worked as the deputy general manager of the general administration department of the Company; and as senior vice president of the treasury operation department of the Company. He obtained a bachelor's degree in law in 1993 from Chinese People's Public Security University.



OTHER SENIOR MANAGEMENT (7 INDIVIDUALS)



**Mr. XU Gang,**

\_\_\_\_\_ serves as a member of the Executive Committee and the managing director of the Company, chairman of the brokerage business development and management committee (responsible for global brokerage business) and administrative head of the strategy and planning department and research department. Mr. Xu joined the Company in 1998, and previously worked as the senior manager, deputy general manager and executive director in departments such as the asset management department, the financial products development team, the research department and the equity sales and trading department of the Company, as well as the administrative head of research and equity sales and trading business. Mr. Xu is director of CITIC Securities(Shandong), China AMC, CITIC Futures, Qianhai Equity Exchange, Qingdao Lanhai Equity Exchange and Xiamen Cross-strait Equity Exchange and ETC, and member of the China Finance 40 Forum. He obtained a bachelor's degree in economics (majoring in planned economics) in 1991 from Renmin University of China, a master's degree in economics in 1996, and a Ph.D. degree in economics in 2000 from Nankai University.



**Mr. GE Xiaobo,**

\_\_\_\_\_ serves as a member of the Executive Committee, the managing director, the chief global financial officer, and the person-in-charge of accounting affairs, responsible for finance, capital operation, and legal and liquidation work. Mr. Ge joined the Company in 1997 and previously worked as the manager and senior manager of the investment banking department, deputy director of the A share listing office, deputy general manager and executive director of the risk control department, head of the trading and derivatives department, finance department, and risk management department of the Company. He is the director of CSI, CLSA BV, GoldStone Investment, China AMC and CITIC Securities Investment, and the executive director of CITIC Global Trade. He is also in charge of the Shanghai Pilot Free Trade Zone Branch. Mr. Ge was awarded a National Finance May Day Labor Medal in 2007. He obtained a bachelor's degree in engineering (majoring in fluid machinery and fluid engineering) in 1994 and a master's degree in business administration (majoring in management engineering) in 1997 from Tsinghua University.

*DIRECTORS, SUPERVISORS,  
SENIOR MANAGEMENT AND EMPLOYEES*



***Mr. LIU Wei,*** \_\_\_\_\_

serves as a member of the Executive Committee, the managing director with responsibility for the Financial Market Management Committee (in charge of capital intermediary business) of the Company. Mr. LIU worked at China Ocean Shipping (Group) Company before joining the Company in 1997. After joining the Company, he worked as deputy general manager of bonds issuance and underwriting department, head of the debt business line, head of the fixed income department and a member of the Investment Banking Committee, and was a co-head of the debt and capital market department under the Investment Banking Committee. Mr. LIU graduated from China University of Political Science and Law majoring in economic law in 1992 and obtained a bachelor's degree in law.



***Mr. CHEN Jun,*** \_\_\_\_\_

serves as a member of the Executive Committee, a managing director, a member of the Investment Banking Committee, head of investment banking business of the Company. Mr. CHEN previously worked at the School of Mathematics of Shandong University and the Shandong Office under the Career Development Bureau of People's Daily. He joined the Company in 1997 and worked as assistant general manager and deputy general manager of Shandong Management Headquarters and served as the general manager of CITIC Wantong Securities from 2003 to 2006; he was responsible for planning and setting up the corporate finance and development department of the Company in September 2006 and served as the administrative head of the department. Mr. CHEN graduated from Shandong University with majoring in numerical mathematics and was granted the a bachelor of science's degree in science in 1991, and obtained a master degree in business administration from Shandong University in 2002 and an executive master's of business administration degree in business administration from Cheung Kong Graduate School of Business in 2012.



**Mr. YAN Jianlin,**

serves as a member of the Executive Committee, a managing director, a member of the Investment Banking Committee of the Company, and head of investment banking business of CITIC Securities International and director of CITIC Securities Corporate Finance (HK) Limited. Mr. Yan previously worked as manager of the real estate credit department of China Construction Bank Yangpu branch, deputy general manager of Haikou Agriculture & Industry & Trade (Luoniushan) Co., Ltd., deputy general manager of Mission Hills Group in Hong Kong and general manager of Yangpu Xintian Hai'an Golf Management Company Limited. After joining the Company in 2006, he was responsible for the establishment of real estate and financial institutions group and business lines under investment banking, and previously worked as the administrative head of mergers and acquisitions department of the Company. Mr. Yan was awarded National Labour Medal in Finance in 2013. Mr. Yan graduated from Northwest University majoring in numerical mathematics and application software and was granted a bachelor's degree in science in 1990. He graduated from Tianjin University majoring in infrastructure management engineering and was granted a master degree in engineering in 1993 and obtained his Ph.D. degree of economics from Zhongnan University of Economics and Law majoring in industrial economics in 2003.



**Mr. ZHANG Guoming,**

serves as compliance officer and administrative head of the compliance department of the Company. Before joining in the Company in 2010, Mr. Zhang worked as deputy chief judge, chief judge and a member of the Judge Committee of the High People's Court of Henan Province, and judge of the Supreme People's Court. Mr. Zhang obtained his master's degree in law and doctor's degree in law from the Renmin University of China in 1994 and 2008, respectively.



**Ms. ZHENG Jing,**

serves as the secretary to the Board, company secretary, securities representative and administrative person in charge of the board of directors' office. Ms. Zheng joined the Company in 1997. She worked as an assistant in the research department, the manager of the general administration department and a team member of the A Share Listing team. Upon the establishment of the board of directors' office, she joined the board of directors' office and has been the securities representative from 2003 to 2011. Ms. Zheng obtained a bachelor's degree of law in international politics in 1996 from Peking University, and has been approved by the Shenzhen Bureau of the CSRC to act as the secretary to the board of directors of a company in April 2011. Ms. Zheng has been a joint member of The Hong Kong Institute of Chartered Secretaries since May 2011.

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### Changes of Directors, Supervisors and Senior Management

No.	Name	Position	Date of Change	Reason of Change
1	LIU Lefei	Vice-chairman	2014.3.10	Elected by the Board
2	WEI Benhua	Former independent non-executive Director	2014.9.26	Ceased to be an Independent non-executive Director

On 24 January 2014, the 21st meeting of 5th Session of the Board of the Company considered and approved the *Resolution on Election of Additional Vice Chairman*, to elect Mr. Liu Lefei as a vice chairman of the Company. In accordance with the *Approval relating to the Appointment of Mr. Liu Lefei as a Person of Chairman Category of a Securities Company by Shenzhen Securities Regulatory Bureau* (Shenzhengju Xu Ke Zi [2014] No. 32), Mr. Liu Lefei duly serves as a vice chairman of the Company commencing from 10 March 2014. Currently, there are two vice chairmen of the Board, namely Mr. Yin Ke and Mr. Liu Lefei.

On 26 September 2014, Mr. WEI Benhua, the independent non-executive Director, submitted his resignation report to the Board of the Company due to his personal reason, to resign from his position as an independent non-executive Director and other positions with the specialized committees under the Board. Mr. WEI Benhua's resignation took effect upon the submission of his resignation report to the Board. After Mr. WEI Benhua's resignation, the composition of the 5th session of the Board of the Company changed from 10 Directors to nine Directors, among which, the number of independent non-executive Directors changes from four to three, and the proportion of independent non-executive Director in the Board is still in compliance with statutory requirements.

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

### Relationships between Directors, Supervisors and Senior Management

There is no relationship between Directors, Supervisors or Senior Management including relationships in terms of finance, business, family or other significant relationship.

### Performance Appraisal and Remuneration of Directors, Supervisors and Senior Management

#### Performance Appraisal of Directors and Supervisors

During the reporting period, the Directors and Supervisors of the Company have strictly complied with the laws, administrative rules and Articles of Association and have diligently and faithfully performed their responsibilities and obligations.

The Directors of the Company attended the Board meetings and specific committee meetings as required. During the meetings, the Directors prudently considered the resolutions proposed and explicitly put forward their views and suggestions. When the Board was not in meeting, the Directors kept themselves abreast of the operation and management of the Company by reading the various types of documents and reports provided by the Company.

The Executive Directors of the Company prudently performed the dual roles in decision making as well as policy implementation. They also actively implemented the decisions adopted by general meetings of shareholders and the Board meetings and played an effective role as a bridge between the Board and the management. By careful studies of the Company's development strategy and business strategy, the Non-executive Directors kept themselves abreast of the latest operation status of the Company through researches and analyses, presentations and communications, and made decisions in a scientific manner, thereby demonstrating a strong sense of responsibilities. Through site-visits and seminars, the Independent Non-executive Directors were in close contact with the Company, earnestly participated in the meetings of the Board and its committees, and persistently expressed independent and objective views, thereby actively protecting the interests of minority shareholders, and benefiting the Company with their professional skills and opinions for development.

Supervisors of the Company have attended Supervisory Committee meetings in accordance with the provisions and they have also attended on-site Board meetings and general meetings of shareholders as observers. They inspected and monitored the overall compliance, material decision making, significant operation events and the financial conditions of the Company.

Details of the attendance and performance of Directors and Supervisors have been set forth in the "Corporate Governance Report" in this report.

### **Performance and Appraisal of Senior Management**

During the reporting period, the Senior Management conscientiously performed their duties and completed the tasks assigned to them by the Board and further enhanced the internal control and risk control mechanisms of the Company. Under the guidance of the Board, the Senior Management grasped the development opportunities, expedited innovations, optimize our business mix, enhance cooperation and comprehensively deepen our strategic transformation and achieved relatively good operating results.

The Company provided clear targets for the Senior Management within their scope of work and evaluated their performances by year end. In addition to evaluation of financial performances and completion of specified tasks, their appraisals were linked up with the performance of the Company. Considering the overall operation results for 2014 and performance of each member of the Senior Management, the overall appraisal results for 2014 were promising.

### **Remuneration of Directors, Supervisors and Senior Management for the Year**

Procedures for the determination of remuneration of the Directors, Supervisors and Senior Management: the Remuneration and Appraisal Committee of the Board is responsible for making recommendations to the Board on the remuneration policy and structure for all Directors and Senior Management, as well as the establishment of formal and transparent procedures for the formulation of remuneration policy. The Board is responsible for decision making regarding the remuneration, reward and punishment issues for the Senior Management, whereas the remuneration of Directors and Supervisors are determined by the General Meetings.

Criteria for the determination of remuneration of Directors, Supervisors and Senior Management: The remuneration of Directors, Supervisors and Senior Management are determined strictly in accordance with the *Remuneration Management System* of the Company strictly, and are linked up with their respective positions and performance.

## *DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES*

Please refer to “Changes in shareholding and information of the remuneration” of this report for further details of remuneration of the current Directors, Supervisors and Senior Management for the year. Allowances for independent Directors and Supervisors are calculated on a yearly basis, booked on a monthly basis, and granted twice a year.

The Company will continue to improve the performance and compensation management system based on the relevant regulatory requirements and our own actual situation.

### **Share Incentives of Directors, Supervisors and Senior Management**

#### *Implementation of Share Incentive Scheme of the Company*

The Company did not implement any new share incentive scheme during the reporting period. The current share incentive scheme implemented by the Company was adopted upon the approval of resolution at the 5th Meeting of the 3rd Session of the Board on 6 September 2006 (Please refer to the *Announcement of the Resolution Passed at the 5th Meeting of the 3rd Session of the Board of CITIC Securities Co., Ltd.* on 7 September 2006). Among the incentive shares, 66,081,000 shares had been listed and tradable on 6 September 2011. Please refer to “Changes in shareholding and information of the remuneration” of this report for details of shares held by Directors, Supervisors and Senior Management.

The Company had not revised the scope of eligible participants for share incentives during the reporting period.

#### *Appraisal of Eligible Participants for Share Incentives*

The Company has established and implemented a comprehensive performance appraisal system. The performance appraisal system forms a part of the target management system of the Company, and is complementary to the budget management system. It adopts “balance score cards” to determine and track key indicators and targets for the year, and implements an online evaluation for the whole process with the IT system. Based on the targets set at the beginning of the year, the Company reviewed and evaluated the performance as to the scope of responsibilities of respective eligible participants for share incentives by the end of the year.

#### *Impact of Share Incentive Scheme on Financial Status and Operating Results of the Company*

The share incentive scheme has further improved the corporate governance of the Company and linked up the personal interests of the Senior Management and key persons of business operation with the overall interests of the Company and its shareholders, effectively promoting the long-term health development of the Company.

Despite the substantial fluctuations of the stock market during the reporting period and the intense competitions for talents in the industry, the Company has been able to retain its key employees through the share incentive scheme.

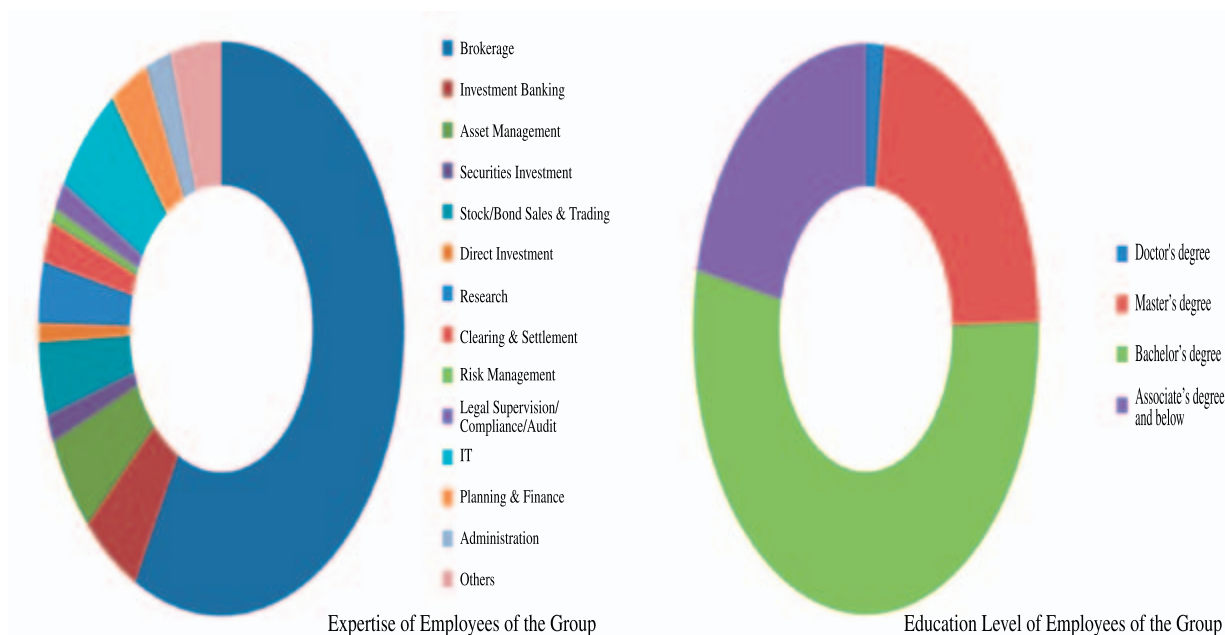
## Staff Information

### Number and Composition of Staff

As at 31 December 2014, the Group had a total of 13,209 employees (including brokers and dispatched staff), of which 5,205 (including brokers and dispatched staff) were employees of the Company, and their compositions are set out below:

Number of in-service employees of the Parent	5,205
Number of in-service employees of principal subsidiaries	8,004
Total number of in-service employees	13,209
Total number of retired employees for which the Parent and principal subsidiaries are liable to bear costs	135
Composition of Expertise	
Type of Expertise	Number of People
Brokerage	7,637
Investment Banking	695
Asset Management	725
Securities Investment	202
Stock/Bond Sales & Trading	549
Direct Investment	140
Research	456
Clearing & Settlement	302
Risk Management	111
Legal Supervision/Compliance/Audit	207
IT	844
Finance	449
Administration	296
Others	596
Total	13,209
Education Level	
Type of Education	Number of People
Doctor's degree	226
Master's degree	3,021
Bachelor's degree	7,097
Associate's degree and below	2,865
Total	13,209

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES



During the reporting period, there was no material change in the composition of the key personnel of the Company other than the Directors, Supervisors and Senior Management.

### Information on Brokers

As at 31 December 2014, the Company and CITIC Securities (Zhejiang) and CITIC Securities (Shandong) had a total of 1,010 brokers, of which 352 are employed by the Company. The Company has established a comprehensive system for management of brokers; has confirmed the organization system, practicing conditions, scope of authority and standards of behavior of brokers; and has established a filing and inquiry system for brokers. A broker of the Company shall have obtained a securities broker certificate to become a practitioner, and engage in activities such as customer solicitation, customer services and sales of products relying on or through the marketing channels provided by the securities business department. In their practice, brokers of the Company shall present their securities broker certificates to customers according to requirement to indicate their agency relationship with the Company, and shall carry out related work within such scope of authority in such geographical location during such agency periods as agreed in their respective agency contracts.

The Company has incorporated management of brokers into the front desk management system of the securities business department, and has carried out daily supervision over the occupational behaviors of brokers. The Company has established and perfected the customer feedback system. Designated personnel will regularly collect by telephone or other means feedbacks from customers solicited and served by brokers, and make a complete record thereof. In addition, the Company has also made special provisions on issues such as compliance management and training for brokers.



## Employee Compensation

Please refer to the Note 10 to the Financial Statements of this report for compensations received by employees from the Company during the reporting period.

At CITIC Securities, employees' remuneration consists of base annual salary, performance-based annual salary, special rewards, insurance and other benefits. The base annual salary is the employee's basic annual income set forth in the remuneration standards in line with employees' positions and ranks. The remuneration standards are mainly based on factors such as the position's duties, responsibilities, importance, scale of operation, and industry practice. In order to strike a balance between business risks and financial goals, the Company adopts a performance based incentive remuneration system. When the Business Department is profitable, the distribution of incentive remuneration "favors the Business Department, profitable business sections and business sections with major innovation" while also recognizing the role and value of other support departments. The performance-based annual salary is based on the Company's operating results of the year. The total amount of performance-based remuneration is drawn from the Company's annual profits in accordance with the percentage approved at the Board meeting.

A number of special rewards such as "Innovation Award", "Collaboration Award" and "Loyalty Award" have been created to develop the Company's core competitiveness, to encourage innovation and team spirit, and to maintain the stability of the core staff team.

The Company and its employees take part in various social insurance, enterprise annuity and housing fund programs following the ratios and other provisions of China's relevant regulations. The social insurance and housing fund programs are regulated in accordance with local policies.

In order to raise the level of employee's medical insurance, the Company buys and maintains commercial complementary medical insurance and accident insurance, in addition of basic medical insurance, at its own expense for the employees.

The Company has not yet put in place any share option program. For information regarding the Company's existing equity incentive plan, please refer to "Share Incentives of Directors, Supervisors and Senior Management" in this report.

## Training Program

The Company continues to develop and implement a training program with comprehensive planning, implementation by levels and outstanding focus.

Strengthen leadership and managerial skills training to senior-level employees, to broaden their international perspective and improve their ability in change management, strategy analysis, operation, business collaboration and risk management as well as their comprehensive cultural competence;

Strengthen execution and professional skills training to middle-level employees, to improve their theoretical knowledge and ability in execution, organization development, and business innovation;

Popularize vocational and general skills training to lower-level employees, to familiarize them with the Company's enterprise culture, operation system, workflow and administration system, as well as to improve their ability in professional communication, customer service, teamwork, and office operation.

# CORPORATE GOVERNANCE REPORT

## Overview of Corporate Governance

The Company strives for excellence and to become a first class international investment bank that specializes in PRC business. For details about our corporate strategy and long term operational model, please refer to “Management Discussion and Analysis” of this report.

As a company listed both in the Mainland China and Hong Kong, the Company has operated its business in strict compliance with the requirements set forth in the laws, regulations and normative documents of the PRC and the overseas jurisdiction where the shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market. The Company keeps improving its corporate governance structure according to the requirements of the Company Law, the Securities Law and relevant regulations of the CSRC. The corporate governance of the Company complies with the requirements of the relevant laws and regulations, and shapes a corporate governance structure where checks and balances among the General Meeting, the Board, the Supervisory Committee and the operation management are maintained, with each of them being separated from the other and performing its own functions and responsibilities corresponding to its position within the specified terms of reference, thereby ensuring all the operational activities of the Company are carried out according to the rules and regulations.

During the reporting period, the Company strictly complied with the *Corporate Governance Code and Corporate Governance Report* (the “Code”) as set out in Appendix 14 of the *Hong Kong Listing Rules*, and has observed all the code provisions and satisfied most of the recommended best practices in the Code.

During the reporting period, subject to the Company Law, Securities Law and other relevant regulatory requirements, the Company amended the Articles of Association twice to reflect the actual conditions of the Company. For details, please refer to “Investor Relations” of this report.

## Dealing in Securities by Directors, Supervisors and Relevant Employees

According to the domestic regulatory requirements, the 23rd Meeting of the 3rd Session of the Board considered and adopted the *Measures for the Management of the Holding and Changes in the Holding of the Shares of CITIC Securities Company Limited by the Directors, Supervisors and Senior Management* (the “Management Measures”) on 13 March 2008, to regulate the holding and dealing of the Company’s shares by Directors, Supervisors and Senior Management. The Management Measures are stricter than the compulsory provisions in the *Model Code for Securities Transactions by Directors of Listed Issuers* contained in Appendix 10 to the *Hong Kong Listing Rules* (the “Model Code”). After inquiries, all Directors, Supervisors and Senior Management have confirmed that they have strictly complied with the relevant provisions of the Management Measures and the Model Code. For details about the shareholdings of the Directors, Supervisors and Senior Management in the Company, please refer to “Changes in shareholding and information of the remuneration” of this report.

## Shareholders and General Meetings

The General Meeting is the highest authority of the Company, and Shareholders can exercise their rights through the General Meeting. The Company convenes and holds General Meetings in strict compliance with the relevant regulations, so as to ensure all Shareholders, especially the minority shareholders, are being treated equally and can fully exercise their rights. Following the guidance of the Articles of Association, the Company operates in an orderly manner and maintains healthy and stable development, thus effectively protecting the interests of the Company and all Shareholders.

Pursuant to Article 78 of the Articles of Association, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company shall have the right to request in writing the Board to hold an extraordinary General Meeting. The Board shall give a written response on whether or not it agrees to call such an extraordinary General Meeting within 10 days after receipt of such request. If the Board agrees to hold an extraordinary General Meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant Shareholders shall be acquired if any change is to be made in the notice to the original request. If the Board disagrees with the holding of an extraordinary General Meeting or fails to give a response within 10 days after the receipt of such request, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company shall have the right to propose in writing the Supervisory Committee to hold an extraordinary General Meeting. If the Supervisory Committee agrees to the holding of an extraordinary General Meeting, it shall issue a notice calling such meeting within 5 days after the receipt of such request. The consent of the relevant Shareholders shall be acquired if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice calling such meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and chair such meeting. Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company for 90 consecutive days or more may convene and chair such meeting on its or their own.

In addition, pursuant to Article 83 of the Articles of Association, the Board, the Supervisory Committee and Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company shall have the right to propose motions to the Company at the General Meeting. Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company may submit extempore motions in writing to the convener 10 days prior to the date of General Meeting. The convener shall, within two days after receipt of the motion, issue a supplementary notice of the General Meeting to announce the contents of such extempore motion. Otherwise, the convener shall not, after the issuance of the notice of General Meeting, make any change to the motions set forth in such notice or add any new motions.

The Company attached great importance to the management of investor relations, pursuant to the *Management System For Information Disclosures* and the *Management System For Investor Relations*, secretary to the Board is designated to handle information disclosure matters and to receive visits and enquiries from the Shareholders, an effective channel has therefore been set up to better communicate with our Shareholders. In addition to the information disclosure means designated by the laws, the Company mainly communicates with its investors through telephone, emails, Internet platform, receiving visits and investors meetings, to ensure that all Shareholders, especially the minority shareholders, can fully exercise their rights (For ways to contact with the Company, please refer to “Profile” of this report).

The Company fully respects and protects the lawful interests of the Shareholders, other creditors, employees, clients and other stakeholders, and involves them in a joint effort to promote the continuous and healthy development of the Company.

The largest shareholder of the Company exercises its rights in accordance with the laws, regulations and the Articles of Association, and neither directly or indirectly intervened in the decisions and operations of the Company beyond the scope of the General Meeting nor appropriated any fund of the Company or requested the Company to provide guarantees for it or other parties. The Company is completely independent from its largest Shareholder in terms of business, staff, assets, organization and finance, details of which are set out as follows:

### **Business Independence**

The Company has all the licenses required for operating the securities business, and established an independent and complete business operation system. The business operation of the Company is not subject to any control or influence of its Shareholders or related/connected parties. The Company can independently face the market and participate in the competition.

### **Staff Independence**

The Company has a dedicated human resources department and has established independent policies about the employment, personnel and remuneration. The employment and personnel management of the Company is totally independent from that of the Shareholders.

The appointment of the Directors, Supervisors and Senior Management was in compliance with the relevant provisions of the Company Law, the Securities Law and the *Measures for Regulation on the Qualification of Directors, Supervisors and Senior Officers of Securities Companies*, and all the current Directors, Supervisors and Senior Management have obtained the qualifications for appointment in securities companies.

No member of the Senior Management of the Company is employed by any substantial Shareholder of the Company.

### **Assets Integrity**

The Company has the franchise right, real estate and equipment required for its business operation. The Company has not created any mortgage, pledge or any other security on the aforesaid assets, and has the lawful ownership of and the right to use such assets. The largest Shareholder has not appropriated any asset or fund that would jeopardise the interests of the Company.

### **Organizational Independence**

As an economic entity independently carrying out business operations in the market, the Company has established an organizational structure that suits our business development needs. The existing business departments/business lines and functional departments of the Company have formed a wholly systematic and integrated body.

## Financial Independence

In accordance with the *Accounting Standards for Enterprises*, the *Accounting Standards for Enterprises – Application Guidance* and the *Financial Rules for Financial Enterprises*, the Company has established an independent financial accounting system, set up an independent financial accounting department and employed independent financial and accounting staff. None of our financial or accounting staff is concurrently employed by our Shareholders.

The Company has opened independent bank accounts and completed its independent tax registration, and has paid all taxes according to the laws and regulations. No taxes have been paid in mix with those of the Shareholders.

As at 31 December 2014, no guarantees had been provided for any Shareholder or any other related/connected party by the Company. During the reporting period, the Company did not violate any corporate governance practice, such as provision of any non-public information to any major shareholder. There were no horizontal competitions or related party/connected transactions caused by partial restructuring, industry nature, national policy or merger and acquisition.

During the reporting period, the Company held two General Meetings in total. Details of which are as follows:

The Company's 2013 Annual General Meeting was held on 18 June 2014 at Kempinski Hotel Beijing, through a combination of on-site voting and online voting. The following resolutions were considered and approved at the meeting, including four special resolutions: *Resolution on the Amendments to Articles of Association*, *Resolution on the General Mandate to Issue Additional A Shares and H Shares*, *Resolution on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company* and *Resolution on Considering the 2013 Profit Distribution Plan of the Company*, and nine ordinary resolutions: *2013 Work Report of the Board*, *2013 Work Report of the Supervisory Committee*, *Resolution on Considering 2013 Annual Report of the Company*, *Resolution on the Estimated Investment Limit for the Proprietary Business of the Company for 2014*, *Resolution on the Renewal of Accounting Firms*, *Resolution on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of the Onshore and Offshore Corporate Debt Financing Instruments*, *Resolution on the Exemption from Compliance with the Relevant Undertakings*, *Resolution on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2014* and *Resolution on Considering the Total Remuneration of Directors and Supervisors for 2013*. The said General Meeting was chaired by Chairman WANG Dongming, and all Directors, chairman of each Board Committee, Supervisors, Senior Management and auditors attended such meeting and answered queries from the Shareholders.

The Company's 2014 First Extraordinary General Meeting was held on 22 December 2014 at CITIC Securities Tower, Beijing, through a combination of on-site voting and online voting. The following two special resolutions were considered and approved at the meeting: *Resolution relating to the Proposed Absorption and Merger of the Wholly-owned Subsidiary CITIC Securities (Zhejiang) Company Limited* and *Resolution relating to the Proposed Change of Business Scope of the Company*. The said General Meeting was chaired by executive Director and President Mr. CHENG Boming, and all Directors, Supervisors and Senior Management attended such meeting.

Note: For details of the resolutions of the general meeting mentioned above, please refer to the announcements published on the HKExnews website of HKEx on the dates of the meetings, and the announcements published on the SSE website, China Securities Journal, Shanghai Securities News and Securities Times on the following day.

During the reporting period, the attendances of Directors at the General Meetings are as follows:

Name of Director	Position	Scheduled attendance at general meetings held during the year	Actual attendance	Of which: attendance in person	Of which: attendance by tele-communication	Attendance rate
WANG Dongming	Executive Director, Chairman	2	2	1	1	100%
CHENG Boming	Executive Director, President	2	2	2	—	100%
YIN Ke	Executive Director, Vice-chairman	2	2	—	2	100%
LIU Lefei	Executive Director, Vice-chairman	2	2	—	2	100%
JU Weimin	Non-executive Director	2	2	—	2	100%
FANG Jun	Non-executive Director	2	2	2	—	100%
WU Xiaoqiu	Independent non-executive Director	2	2	—	2	100%
LEE Kong Wai, Conway	Independent non-executive Director	2	2	1	1	100%
RAO Geping	Independent non-executive Director	2	2	2	—	100%
WEI Benhua <sup>Note</sup>	Independent non-executive Director	1	1	1	—	100%

Note: One general meeting was held during Mr. WEI Benhua's term of office in 2014.

## The Board and the Operating Management

### Composition of the Board

The Company strictly complies with the requirements under the Article of Association in respect of the appointment and change of the Directors. The number and composition of the Board conformed to the requirements of the relevant laws and regulations. Besides, the Directors have also kept improving the rules of procedure of the Board. The convening, holding, as well as the voting procedures of all Board meetings were legitimate and valid. The independent non-executive Directors of the Company are able to protect the interests of minority shareholders independently and objectively, and perform check and balance function on the Board in decision making.

The current Board is composed of nine Directors, including four executive Directors (Mr. WANG Dongming, Mr. CHENG Boming, Mr. YIN Ke and Mr. LIU Lefei), two non-executive Directors (Mr. JU Weimin and Mr. FANG Jun) and three independent non-executive Directors (Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway and Mr. RAO Geping), and the number of independent non-executive Directors represents 1/3 of the Board. Mr. WANG Dongming is the Chairman of the Company, and Mr. YIN Ke and Mr. LIU Lefei are the vice-chairmen of the Company.

Directors (including non-executive Directors and independent non-executive Directors) are elected by the General Meeting for a term of three years per each term starting from the date on which their appointments are approved at the General Meeting and their qualifications of being directors of securities companies are approved by the CSRC. Directors are eligible for re-election upon the expiration of their terms. The terms of independent non-executive Directors are the same as the other Directors, but may not be re-elected for more than two consecutive sessions. In accordance with Rule 3.13 of the Hong Kong Listing Rules, the Company has received the annual written confirmation from each independent non-executive Director with regard to his/her independence. Based on these confirmations and the relevant information available to the Board, the Board continues to confirm their independence.

Pursuant to the authorization of the 2011 Fifth Extraordinary General Meeting, the Company has taken out liability insurance for the Directors, Supervisors and Senior Management, to protect them against the compensation liabilities that may arise from performing their duties and to encourage them to earnestly fulfill their duties and responsibilities.

### **Duties and Responsibilities of the Board**

The Board is the decision-making body of the Company and shall report its work to the General Meeting. The Board is principally responsible for the long term strategy of the Group, as well as making decisions in respect of corporate governance, development strategy, risk management, financial operation and other aspects. The Board is also responsible for the review and approval of all major financial and investment decisions and business strategy plans.

The Board shall exercise the following major functions and powers in accordance with the Articles of Association: to convene General Meeting, report to the General Meeting and implement the resolutions of the General Meeting; to decide on the business plans and investment plans (except those that require the approval of the General Meeting in accordance with the Articles of Association); to formulate the profit distribution plan and loss recovering plan; to formulate proposals for the increase or reduction of the registered capital, the issuance of corporate bonds or other securities and the listing plan; to prepare plans for material acquisitions, purchase of the Company's shares, merger, separation, dissolution or change of the form of the Company; to decide on the external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and related party/connected transactions within the scope of the authorization of the General Meeting; to decide on the establishment of the internal management structure; to appoint or dismiss the President, Compliance Officer and the Secretary to the Board and determine their remuneration, rewards and punishments; to appoint or dismiss the members of the Executive Committee, person-in-charge of accounting affairs and other Senior Management pursuant to the nominations by the Chairman or the President and determine their remuneration, rewards and punishments; to formulate the basic management system of the Company; to formulate proposals for the amendment to the Articles of Association; to manage information disclosures of the Company; to propose to the General Meeting on the engagement or replacement of the accounting firms of the Company; to review the work report prepared by the President of the Company and assess his work; to formulate the basic compliance management system and other risk control systems; and to review work reports prepared by the Compliance Officer.

### Responsibilities of the Operating Management

The Board is responsible for the overall strategic direction and management of the Group, while the Executive Committee of the Company is responsible for implementing the development strategy, as well as the daily operation and management of the Group. The Executive Committee is the highest management authority of the Company, established to carry through and implement the development roadmap and direction. The Executive Committee shall exercise the following major functions and powers in accordance with the Articles of Association: to carry through the operation plan of the Company set by the Board, and decide on material matters in respect of the operation and management of the Company; to formulate profit distribution and loss recovering plan; to formulate proposals for altering the registered capital of the Company and bonds issuance; to formulate proposals for merging, splitting, transforming the form of and dissolution of the Company; to formulate operational plans and proposals for investment, financing and disposal of assets of the Company, and submit the proposals to the Board for approval according to its terms of reference; to formulate proposals on the establishment of the management structure; to formulate and approve the proposed remuneration package, rewards and punishments of staff, and other responsibilities delegated by the Board.

During the reporting period, all management tasks of the Company made steady progress.

In 2014, the Company adjusted and optimized the management structure of the Company. The information collection and management committee has been established to pursue unified collection, storage, calculation and analysis of the Company's data. The investment banking business was motivated to pursue institutional consolidation and additional industry teams on information and media, medical and health, consumption were established. Upon review and approval by the Board of the Company, the department of corporate development and financing was incorporated into the investment banking management committee, and the inspection department was renamed as inspection and auditing department. A custodian department was established and a branch was established in the Shanghai Pilot Free Trade Zone.

Under the leadership of the Executive Committee of the Company, the Company has further strengthened the professional committee decision-making mechanism. The budget committee implemented a dynamic budgetary management system by introducing controllable relative budgetary indicators. In the market correction event arising from the new repurchase rules of CSDCC, the risk management committee of the Company tackled market risk and liquidity risk effectively. Tenders and negotiations on a number of major purchasing projects were organized and completed by the procurement committee. The new innovation committee continued to develop the innovation prize and collaboration prize assessments.

Progress was made in the relevant management tasks. Positive achievements were obtained in customer relationship management work, improvement was made in the institutional CRM system and a preliminary chart for an overall view of customers was established. The internal collaboration mechanism made gradual improvements, a regular meeting mechanism for collaboration was established and an online collaborative platform was established to facilitate the establishment of a unified settlement and operational platform.



## Meetings of the Board and Attendance of Directors

During the reporting period, the Board held 11 meetings:

During the 21st Meeting of the 5th Session of the Board held on 24 January 2014 at CITIC Securities Tower, Beijing, the Board considered and approved unanimously the *Resolution on Appointment of Additional Vice-chairman* and *Resolution on Change of Members of Board Committees*.

During the 22nd Meeting of the 5th Session of the Board held on 26 January 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on Joint Bidding of Land use Rights with a Subsidiary*.

During the 23rd Meeting of the 5th Session of the Board held on 27 March 2014 at CITIC Securities Tower, Beijing, the Board considered and approved unanimously the *2013 Work Report of the Board of Directors*, *Duty Performance Report of the Independent Non-executive Directors for 2013*, *Proposal on Considering the 2013 Annual Report of the Company*, *Proposal on Considering the 2013 Profit Distribution Plan of the Company*, *Proposal on the Amendments to the Articles of Association of the Company*, *Proposal on the Estimated Investment Limit for Proprietary Business of the Company for 2014*, *Proposal on the Renewal of Accounting Firms*, *Proposal on the Submission to General Meeting for Granting General Mandate to the Board for the Further Issuances of A Shares and H Shares of the Company*, *Proposal on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company*, *Proposal on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of the Onshore and Offshore Corporate Debt Financing Instruments*, *Proposal on the Exemption from Compliance with the Relevant Undertakings*, *Proposal on Considering the Total Remuneration of Directors of the Company for 2013*, *Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2014*, *Resolution on the Review of the 2013 Corporate Governance Report of the Company*, *Resolution on the Review of the 2013 Self-Assessment Report on the Internal Control of the Company*, *Resolution on the Review of the Internal Control Audit Report of the Company*, *Resolution on the Review of the 2013 Compliance Report of the Company*, *Resolution on the Review of 2013 Audit Working Report of the Company*, *Resolution on the Review of the 2013 Social Responsibility Report of the Company*, *Resolution on the Amendments to the Company's Major Accounting Policies and Accounting Estimates*, *Resolution on Establishment of A Branch in China (Shanghai) Pilot Free Trade Zone*, *Resolution on Launching the Securities Investment Fund Custody Business and Establishment of the Custody Department*, *Resolution on the Re-engineering of the Internal Structure of the Company*, *Resolution on the Review of the Total Remuneration of the Senior Management of the Company for 2013*, *Resolution on the Amendments to the Rules of Procedure of the Nomination Committee of the Board* and *Resolution on the Mandate to Convene the 2013 Annual General Meeting*.

During the 24th Meeting of the 5th Session of the Board held on 29 April 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on the Review of 2014 First Quarterly Report of the Company*, *Resolution on the Acquisition of 58% Equity Interest in CITIC Newedge Futures Co., Ltd. by CITIC Futures Co., Ltd., A Wholly-owned Subsidiary of the Company, by Capital Increase Through Placement*, *Resolution on Change in name of the Audit Department* and *Resolution on the Amendments to the Company's Major Accounting Policies and Accounting Estimates*.

## CORPORATE GOVERNANCE REPORT

During the 25th Meeting of the 5th Session of the Board held on 9 June 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on Authorization of Branches on Engagement in Business within the Business Scope of the Company*.

During the 26th Meeting of the 5th Session of the Board held on 28 August 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on Considering the 2014 Interim Report of the Company*, *Resolution on the Review of the 2014 Interim Compliance Report of the Company* and *Resolution on Disposal of Equity Interests in S&P/CITIC Index Information Services (Beijing) Co., Ltd.*

During the 27th Meeting of the 5th Session of the Board held on 14 October 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on Absorption and Merger by CITIC Futures Co., Ltd., A Wholly-owned subsidiary of the Company, of CITIC Newedge Futures Co., Ltd.*

During the 28th Meeting of the 5th Session of the Board held on 30 October 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on the Review of the 2014 Third Quarterly Report of the Company*, *Resolution on Transferring the 100% Equity Interest in Kington Securities Limited Liability Company*, *Resolution on the Mandate to Convene the 2014 First Extraordinary General Meeting*, *Proposal on Absorption and Merger of CITIC Securities (Zhejiang) Company Limited, A Wholly-owned subsidiary of the Company* and *Proposal on Change of Business Scope of the Company*.

During the 29th Meeting of the 5th Session of the Board held on 6 November 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on the Contribution of Capital to E-Capital Transfer Co., Ltd.*

During the 30th Meeting of the 5th Session of the Board held on 15 December 2014 by means of teleconference, the Board considered and approved unanimously the *Resolution on Execution of ISDA Agreement between the Company and An Overseas Agency to Carry out OTC Derivatives Trading Business* and *Resolution on the Review of the Provisions for Compliance Management of the Company*.

During the 31st Meeting of the 5th Session of the Board held on 26 December 2014 at CITIC Securities Tower, Beijing, the Board considered and approved unanimously the *Proposal on Listing of Additional H Shares Issued by the Company on the Stock Exchange of Hong Kong Limited*, *Proposal on the Review of the Report on the Use of Previous Proceeds by the Company* and *Resolution on the Mandate to Convene the 2015 First Extraordinary General Meeting, 2015 First A Shareholders Class Meeting and 2015 First H Shareholders Class Meeting*.

Note: For details of the resolution of 27th Meeting of the 5th Session of the Board, please refer to the 2014 third quarterly report of the Company published on the HKExnews website of the Hong Kong Stock Exchange on 30 October 2014, and published on the SSE website, China Securities Journal, Shanghai Securities News and Securities Times on the following day; for details of the resolution of the 29th Meeting of the 5th Session of the Board, please refer to "Injection in Capital of E-Capital Transfer Co., Ltd." of this report; for details of the resolutions of the 31st Meeting of the 5th Session of the Board, please refer to the announcements published on the HKExnews website of the Hong Kong Stock Exchange on 28 December 2014, and the announcements published on the SSE website, China Securities Journal, Shanghai Securities News and Securities Times on the following day; for details of other resolutions of the Board and the regular reports considered and approved by the Board in 2014, please refer to the announcements published on the HKExnews website of HKEx on the dates of the meetings, and the announcements published on the SSE website, China Securities Journal, Shanghai Securities News and Securities Times on the following day.

During the reporting period, the attendances of Directors at the Board meeting are as follows:

Name of Director	Position	Scheduled attendance at board meetings held during the year (times)	Actual attendance (times)	Attendance of on-site meetings		Absence	Attendance mode of on-site meeting
				by other means	Attendance by proxy		
WANG Dongming	Executive Director, Chairman	11	11	—	—	—	On-site
CHENG Boming	Executive Director, President	11	11	—	—	—	On-site
YIN Ke	Executive Director, Vice-chairman	11	11	1	—	—	On-site/ teleconference
LIU Lefei	Executive Director, Vice-chairman	11	11	2	—	—	On-site/ teleconference
JU Weimin <sup>Note1</sup>	Non-executive Director	11	10	1	1	—	On-site/ teleconference
FANG Jun	Non-executive Director	11	11	—	—	—	On-site
WU Xiaoqiu	Independent non-executive Director	11	11	—	—	—	On-site
LEE Kong Wai, Conway	Independent non-executive Director	11	11	1	—	—	On-site/ teleconference
RAO Geping	Independent non-executive Director	11	11	1	—	—	On-site/ teleconference
WEI Benhua <sup>Note2</sup>	Independent non-executive Director	6	6	—	—	—	On-site
Board meetings held during the year						11	
Among which:		Number of meetings on-site				3	
		Number of meetings held by teleconference				8	
		Number of meetings held both on-site and via teleconferencing				—	

Note 1: On 26 December 2014, Mr. JU Weimin, a Director, appointed WANG Dongming, the Chairman, as his proxy to vote on his behalf in respect of the matters being considered at the 31st Meeting of the 5th Session of the Board.

Note 2: Six Board Meetings were held during Mr. WEI Benhua's term of office in 2014.

Note 3: During the reporting period, all Directors had duly performed their duties, and none of them failed to attend in person for two consecutive meetings.

### Implementation of resolutions passed at the general meetings by the Board

On 20 June 2012, the 2011 Annual General Meeting of the Company considered and approved the *Resolution on the Mandate to the Board to Issue Commercial Papers of the Company*; on 29 November 2013, the 2013 Third Extraordinary General Meeting of the Company considered and approved the *Resolution on the Mandate to reauthorize the Company to Issue Commercial Papers*. As a result, the Company issued a total of 10 tranches of commercial papers during the reporting period. As at 31 December 2014, the outstanding balance was RMB10 billion.

On 13 March 2013, the 2013 First Extraordinary General Meeting of the Company considered and approved the *Resolution Regarding the General Mandate to Issuances of Onshore and Offshore Corporate Debt Financing Instruments*. As a result in 2013, the Company completed the issuance of bonds in the amount of USD800 million and RMB20 billion; in 2014, the Company issued two tranches of subordinated bonds in the amount of RMB13 billion (note: for the bonds in the amount of USD800 million, the issuer was CITIC Securities Finance 2013, which is an indirectly wholly-owned subsidiary of the Company).

On 29 November 2013, the 2013 Third Extraordinary General Meeting of the Company considered and approved the *Resolution relating to the Transfer of Equity Interest in Subsidiaries for the Launching of Designated Innovative Financial Business*. As a result, the Company transferred its entire equity interests in Tianjin Jingzheng and Tianjin Shenzheng, the wholly-owned subsidiaries of the Company, to CITIC Qihang Securities Investment Private Fund established by GoldStone Fund on 28 April 2014 at an aggregate consideration of RMB5,014,330,000.

On 18 June 2014, the 2013 Annual General Meeting of the Company considered and approved the *Resolution on the re-authorization of issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company*. As a result, CITIC Securities Finance MTN, an indirectly wholly-owned subsidiary of the Company, established a guaranteed offshore medium term note programme in an aggregate principal amount of up to USD3 billion (or its equivalent in other currencies) on 17 October 2014 and made first drawdown on 23 October 2014 and issued the drawdown notes in an aggregate nominal amount of USD650 million on 30 October 2014. The medium term note programme was unconditionally and irrevocably guaranteed by the Company. The Company issued short term securities company corporate bonds in an amount of RMB8 billion on 15 December 2014. The Company issued 13 tranches of beneficiary certificates in a total size of RMB2,860.48 million during the reporting period.

On 18 June 2014, the 2013 Annual General Meeting of the Company considered and approved the *Resolution on the Amendments to the Articles of Association*. These amendments were mainly made to profit distribution policies as required by the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividends of Listed Companies issued by the CSRC and in light of the business development of the Company. On 14 October 2014, the Company completed the registration of changes and filing in relation to the Articles of Association in accordance with the Approval of Amendment of Material Clauses in the Articles of Association of CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No. 147) issued by the Shenzhen Bureau of the CSRC.

On 18 June 2014, the 2013 Annual General Meeting of the Company considered and approved the *Resolution on the 2013 Profit Distribution Plan of the Company* to pay a cash dividend of RMB1.50 (tax inclusive) for every 10 Shares. The cash dividend was denominated and declared in RMB and payable in RMB to A Shareholders and in HKD to H Shareholders. All cash dividends were fully paid on 15 August 2014.

On 18 June 2014, the 2013 Annual General Meeting of the Company considered and approved the *Resolution on the Renewal of Accounting Firms*. As a result, the Company re-appointed Ernst & Young Hua Ming and Ernst & Young as the external auditors of the Company for 2014 and Ernst & Young Hua Ming as the auditor for the internal control of the Company in 2014. On 23 March 2015, Ernst & Young Hua Ming and Ernst & Young issued standard unqualified audit reports for the Company; and Ernst & Young Hua Ming issued the *Audit Report on the Internal Control* for the Company.

On 18 June 2014, the 2013 Annual General Meeting of the Company considered and approved the *Resolution on the General Mandate to Issue Additional A Shares and H Shares of the Company*. The general mandate was made in line with the market practice as to companies with listed A Shares and H Shares. As at the disclosure date of this report, the Board of the Company has no plan to issue new shares under such general mandate. On 26 December 2014, the Board of the Company made application to the Company's Shareholders for the grant of the specific mandate to issue no more than 1,500,000,000 new H Shares. On 16 February 2015, the general meeting and class meetings of the Company approved the grant of the specific mandate to authorize the Board and its authorized persons to determine the specific plan for the issue of new H Shares during the valid period of the resolution. This issue of new H Shares is subject to approval of domestic and foreign competent and regulatory authorities.

On 22 December 2014, the 2014 First Extraordinary General Meeting of the Company considered and approved the *Resolution on Absorption and Merger of the Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.* and *Resolution on change of business scope of the Company* to approve the absorption and merger of CITIC Securities (Zhejiang) by the Company and change the "securities brokerage (for areas other than Shandong province, Henan province, Zhejiang province, Fujian province and Jiangxi province)" as contained in the business scope of the Company to the "securities brokerage (for areas other than Shandong province and Henan province)" upon completion of the absorption and merger of CITIC Securities (Zhejiang) as well as transfer of 100% equity interest in Kington Securities; to approve to add "the Company may establish a subsidiary to engage in other services such as financial information technical support" in Article 14 of the Articles of Association. The amendments to this article have been approved by the Shenzhen Bureau of the CSRC, and the Company completed the formalities for change and filing with the competent industry and commerce authority on 3 March 2015.

### Training of Directors

Trainings are provided to our Directors on an on-going basis. The Company will arrange induction training for all new Directors according to their respective experience and background. The Company will also provide relevant reading materials to new Directors to enhance their knowledge and understanding about the corporate culture and operation of the Group. The training and reading materials include brief information about the structure, business and corporate governance of the Group, as well as an introduction about the securities industry and investment banking business in China.

In addition, every Director will receive a guideline on code of conduct and other documents. During the reporting period, the Directors had been periodically or occasionally provided with reporting information about the business operations of the Group, as well as brief information on changes and latest development of the legislative and regulatory environment. Besides, the Company also encourages all Directors to participate in relevant training courses at the cost of the Company. All Directors have provided regular training reports to the Company.

## CORPORATE GOVERNANCE REPORT

During the reporting period, the Directors attached great importance to updating their professional knowledge and skills to cater for the needs for the Company's development, the method and the details of the training are as follows:

Name	Position	Methods and Details of the Training
WANG Dongming	Executive Director, Chairman	<p>On 10 April 2014, Mr. WANG Dongming attended the Boao Forum and delivered a speech in the dialogue between Chinese and Australian commercial leaders. On 10 May 2014, he attended the Tsinghua PBCSF Global Finance Forum and delivered a speech at the sub-forum on the construction and development of multi-level capital market and investor protection. On 20 September 2014, he attended and delivered a speech at the CLSA BV Macro Economy Forum. From September to October 2014, Mr. Wang Dongming participated in the online securities practitioners follow-up training organized by the Securities Association of China, including, among others, training on prevention and control of insider dealing and information disclosure requirements in mergers and acquisitions, refinancing business, application of stock index options and interpretations on the relevant business systems. On 15 October 2014, he attended and delivered a speech at the Urbanization Forum organized by Caijing Magazine. On 13 November 2014, he attended and delivered a speech at the International Advisory Council Meeting of the CSRC. On 3 December 2014, he attended and delivered a speech at the Forum on Accelerating the Development of a Multi-level Capital Market organized by the Chinese People's Political Consultative Conference. On 14 December 2012, he attended the Sanya Finance Forum and delivered a speech in the group discussion on "Reform and Development of the Financial Industry". In addition, he has read books related to, among others, finance and Internet.</p>

Name	Position	Methods and Details of the Training
CHENG Boming	Executive Director, President	On 21 March 2014, Mr. CHENG Boming delivered a speech entitled “New Missions under New Situations” for Anhui Investment Group. On 25 April 2014, he participated in the “Training on Risk Management of Securities Companies in Shenzhen” organized by Shenzhen Bureau of the CSRC. He delivered a speech entitled “Corporate Development Strategies Choice and Business Exploration” for new employees of the Company in May and October 2014. From September to October 2014, he participated in the online securities practitioner follow-up training organized by the Securities Association of China, including, among others, training on prevention and control of insider dealing and information disclosure requirements in the mergers and acquisitions, refinancing business, application of stock index options and interpretations on the relevant business systems. From 29 December to 31 December 2014, he participated in the “Securities Companies Compliance and Risk Control Advanced Seminar” organized by the Securities Association of China. In addition, he has read books related to, among others, finance and Internet.
YIN Ke	Executive Director, Vice-chairman	On 18 August 2014, Mr. YIN Ke participated in the listing compliance training organized by the CITIC Group. On 12 November 2014, he participated in the training entitled “Lessons of A Company’s Failure” organized by the Hong Kong Securities and Investment Institute. From September to October 2014, he participated in the online securities practitioner follow-up training organized by the Securities Association of China, including, among others, training on prevention and control of insider dealing and information disclosure requirements in mergers and acquisitions, refinancing business, application of stock index options and interpretations on the relevant business systems. On 2 December 2014, he participated in the training entitled “How to Formulate and Implement Effective Anti-money Laundering and Anti-terrorism Financing Plan” organized by the Hong Kong Securities and Investment Institute.

Name	Position	Methods and Details of the Training
LIU Lefei	Executive Director, Vice-chairman	Mr. LIU Lefei has read more than 60 books related to finance and investment. On 19 May 2014, he participated in the training on PMO management of platform and holding companies organized by CITIC PE.
JU Weimin	Non-executive Director	On 5 June 2014, Mr. JU Weimin participated in the training on overview of duties of directors of non-listed banks organized by Kennedys. On 1 December 2014, he participated in the training on Hong Kong listed companies and continuing obligations of their directors organized by CITIC Limited with Freshfields as the speaker. He read the relevant materials provided by CITIC Limited, including, among others, <i>Guidelines on Duties of Directors Following the Implementation of New Companies Ordinance</i> , <i>Review of Implementation of Rules for Supervision on Annual Report</i> , <i>Guidelines on New Companies Ordinance</i> , <i>How to Manage Conflicts of Interest</i> , <i>Role Confusion</i> , <i>Hong Kong Company Law Amendments</i> , <i>Teamwork</i> , <i>Review of the Latest Development of Rules for Connected Transactions</i> , <i>Implementation of Insider Information Disclosure System and the Latest Amendments to the Listing Rules</i> , <i>Update on the New Companies Ordinance</i> and <i>Corporate Governance and Crisis Management</i> .
FANG Jun	Non-executive Director	On 21 February 2014, Mr. FANG Jun attended the “PRC Insurance Funds Foreign Investment Seminar” organized by the Insurance Association of China and delivered a speech. From 21 to 25 April 2014, he participated in the China Life Senior Management Special Training Class. On 23 July 2014, he gave a lecture on the application of insurance funds to the China Life Sales Executive Advanced Training Class. In addition, in 2014, he participated in the training on economics, finance and corporate governance organized by China Life for more than ten times.



Name	Position	Methods and Details of the Training
WU Xiaoqiu	Independent non-executive Director	On 4 January 2014, Mr. WU Xiaoqiu delivered a speech entitled “Certain Issues on the Development of the Capital Market in the PRC” at Tsinghua University. On 30 March 2014, he delivered a speech on Internet finance to Shenzhen Media Group. On 19 May 2014, he delivered a speech entitled “Outlook for the PRC Financial Reform” at the officer training class of Ministry of Education. On 2 November 2014, he delivered a speech entitled “Capital Market Development and Structural Reform of the PRC Finance” at the 2014 Emerging Economies Think-Tank Economic Policies Forum. On 28 December 2014, he gave the Standing Committee of the National People’s Congress a lecture entitled “Deepening Reform and Opening Up to Promote the Healthy Development of the PRC Securities Market”.
LEE Kong Wai, Conway	Independent non-executive Director	On 5 May 2014, Mr. LEE Kong Wai participated in the training on Hong Kong listed companies and continuing obligations of directors organized by GCL New Energy Holdings Limited. On 23 May 2014, he participated in the training on media interview skills organized by GCL New Energy Holdings Limited. On 19 December 2014, he participated in the training on insider information disclosure organized by WH Group Limited.
RAO Geping	Independent non-executive Director	In March 2014, Mr. Rao Geping delivered a speech entitled “Political System and Principles and Universal Suffrage for the Chief Executive as Required in the Basic Law ” at the seminar held by the HKSAR government. From May to December 2014, he delivered a speech entitled “One Country, Two Systems and the Hong Kong Basic Law” at the relevant training organized by Peking University and the Chinese Academy of Governance. In May 2014, he participated in the training on economy and finance organized by the CPPCC.

## Chairman and President

In order to keep the balance of powers and authorities, avoid excessive concentration of powers and enhance the independence and accountability, the role of Chairman and President of the Company were taken up by Mr. WANG Dongming and Mr. CHENG Boming respectively. The Chairman and the President are two totally separate positions. The allocation of duties of these two positions are clear and described in writing in the Articles of Association.

The Chairman is the Company's legal representative, whose responsibilities are to take charge of the operation of the Board and to ensure that the Board acts in the best interest of the Company, that the Board operates effectively, fulfills its duties and considers all important and appropriate issues, and that the Directors can receive necessary information in an accurate, timely and clear manner. The President takes charge of the daily operation of the Company, organizes and implements the resolutions of the Board and reports his work to the Board.

## Non-executive Directors

The Company has five non-executive Directors, of which three are independent non-executive Directors. For details about their terms, please refer to "Basic Information of Directors, Supervisors and Senior Management" of this report.

## Specialized Committees under the Board

The Board has established the Strategic Planning Committee, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Risk Management Committee and the Related Party Transactions Control Committee, which are to assist the Board to perform its duties from various aspects. As at the end of the reporting period, the composition of each committee is listed as follows:

Name of Specialized No.	Committee under the Board	Name of the Committee Members
1	Strategic Planning Committee	WANG Dongming, JU Weimin, FANG Jun, CHENG Boming, YIN Ke, WU Xiaoqiu
2	Audit Committee	LEE Kong Wai, Conway, WU Xiaoqiu, RAO Geping, JU Weimin
3	Remuneration and Appraisal Committee <sup>Note 2</sup>	RAO Geping, LEE Kong Wai, Conway, WU Xiaoqiu
4	Nomination Committee <sup>Note 2</sup>	WU Xiaoqiu, WANG Dongming, LEE Kong Wai, Conway, RAO Geping
5	Risk Management Committee <sup>Note 2</sup>	CHENG Boming, YIN Ke, JU Weimin, FANG Jun, LIU Lefei
6	Related Party Transactions Control Committee	LEE Kong Wai, Conway, WU Xiaoqiu, RAO Geping

- Note 1: In the table above, the first person appearing on the list of members is the chairman elected by the relevant specialized committee. For more information about each member, please refer to “Major working experience of the current Directors, Supervisors and Senior Management” of this report.
- Note 2: On 24 January 2014, the *Resolution on the Change of Members of the Special Committee of the Board of Directors* was considered and approved at the 21st meeting of the 5th session of the Board, pursuant to which Mr. LIU Lefei was elected as an additional member of the Risk Management Committee of the Board and Mr. WEI Benhua ceased to be a member of such committee and was elected as an additional member of the Audit Committee of the Board. On 24 March 2014, the First meeting of the Nomination Committee of the Fifth Session of the Board of Directors of the Company in 2014 elected Mr. Wei Benhua as Chairman of the Nomination Committee of the Fifth Session of the Board of Directors of the Company. The appointment of Mr. Wei Benhua will be effective upon the date the Board considered and approved the *Resolution on Amending the Rules of Procedure of the Nomination Committee under the Board of the Company* (i.e. 27 March 2014). Chairman Wang Dongming will no longer serve as Chairman of the Nomination Committee of the Fifth Session of the Board of Directors of the Company. Since Mr. Wei Benhua ceased to be an independent non-executive Director and no longer held the relevant positions of the committees of the Board of the Company with effect from 26 September 2014, the Nomination Committee and the Remuneration and Appraisal Committee of the Company held the 2014 2nd meeting of the Nomination Committee of the 5th Session of the Board and 2014 2nd meeting of the Remuneration and Appraisal Committee of the 5th Session of the Board on 30 October 2014, to elect the chairmen of these committees. Mr. Wu Xiaoqiu, an independent non-executive Director, was appointed as the chairman of the Nomination Committee of the Board and Mr. Rao Geping was appointed as the chairman of the Remuneration and Appraisal Committee of the Board. Both of the appointments became effective from 30 October 2014.

During the reporting period, the specialized committees of the Board cordially performed their duties, actively discussed the changes in internal and external trends, participated in the collective decision-making of material matters of the Company, and provided a number of constructive and professional opinions and recommendations on the rapid and healthy development of the Company. They emphasized that the Company should focus on completing a sound risk management system, improving the flow processes of business systems, ensuring risks would be identified, monitored and controlled; the Company was encouraged to capture the trend of regulatory governance in the industry timely, lead the development and innovation in the industry, and drive the securities companies to improve various fundamental functions gradually; the strategic decision of the Company to serve the real economy was confirmed and the Company was recommended to improve its business chain and contribute to the smooth transformation of the PRC economy under the new normal state.

During the reporting period, the meetings convened by the specialized committees of the Board are as follows:

### **Strategic Planning Committee**

The primary responsibilities of the Strategic Planning Committee are to understand and master the overall operations of the Company; to understand, analyze and master the current conditions of the international and domestic markets; to understand and master relevant policies of the state; to research on the short-term, mid-term and long-term strategies of the Company and related issues; to advise on the long-term development strategy, major investments, reforms and other major decisions; to review and approve research reports on development strategies; and to issue routine research reports regularly or from time to time.

During the reporting period, the Strategic Planning Committee held one meeting on 22 December 2014, at which the *Resolution on Considering the Capital Supplementing Plan of the Company for 2015-2017* was considered and passed. Pursuant to the resolution, the Capital Supplementing Plan of the Company for 2015-2017 drafted by the operation management of the Company was approved. Since this plan was drafted after considering factors such as the current capital condition and development strategies of the Company, the Strategic Planning Committee requested the operation management of the Company to promote the implementation of, and make adjustments to, the plan as well as make reasonable arrangement for financing in light of the market condition and the actual capital needs of the Company so as to further optimize the assets and liabilities structure of the Company and make full use of financial leverage to improve return on assets. At the same time, the Strategic Planning Committee requested the operation management of the Company to submit the financing plans (other than those which have been authorized by the general meeting) to the Board and general meeting of the Company for approval before their implementation.

All the members of the Strategic Planning Committee attended the meeting.

### **Audit Committee**

The primary responsibilities of the Audit Committee are to make recommendations to the Board on the appointment and removal of the auditors of the Company; to approve the remuneration and terms of engagement for the auditors; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audits procedures in accordance with applicable standards; to review the financial information of the Company and its disclosure; to review the financial control, internal control and risk management systems of the Company; and to review the financial and accounting policies and practices of the Company.

During the reporting period, the Audit Committee held seven meetings. The Audit Committee convened its meetings to consider relevant matters and make resolutions in accordance with the *Terms of Reference of the Audit Committee of the Board of Directors*, and made efforts to enhance the efficiency of its work and the soundness of its decision-making. The Audit Committee diligently performed its duties, and actively participated in the compilation, audit and disclosure of annual financial reports according to the *Working Procedures of the Audit Committee of the Board of Directors for Annual Reports*. It ensured the independence of audit, enhanced the audit quality, and protected the overall interests of the Company and all shareholders.

The Audit Committee and its members have fully played their roles of audit and supervision according to the relevant laws and regulations, diligently performed their duties and made great contributions to improving corporate governance structure and enhancing the audit quality.

The Audit Committee prudently reviewed the financial status of the Company and examined the financial statements prepared by the Company. The committee considered that the Company's financial system is under stable operation and the financial status is good. Besides, the Board, through the Audit Committee, also reviewed and was satisfied with the sufficiency of resources and the qualifications and experience of the employees for performing the Company's accounting and financial reporting functions, the employee training courses and the relevant budget.

Major accomplishments of the Audit Committee in 2014 included:

- reviewing regular financial reports
- reviewing the summary of the internal audits and approving the annual internal audit scheme
- reviewing the major findings on the audits of the internal audit departments and external auditors, and responses of the management to the proposals on such audits
- reviewing the effectiveness of the internal control system and adequacy of accounting and financial reporting
- reviewing the statutory scope of review of the external auditors in 2014
- considering the remuneration for and appointment of the external auditors in 2014
- reviewing and monitoring the independence of the external auditors and the non-audit work they performed

## CORPORATE GOVERNANCE REPORT

Meetings of the Audit Committee during the reporting period and as at the date of this report are as follows:

Date of meeting	Resolutions Passed
10 January 2014	2013 Audit Plan for the Company
12 March 2014	Report of Ernst & Young Regarding the Company's Preliminary Audit Result of 2013, Proposal of Amendments to the Company's Major Accounting Policies and Accounting Estimates, Proposal on the Renewal of Accounting Firms, 2013 Audit Working Report of the Company and 2014 Auditing Plan of the Company
26 March 2014	Summary Report of Ernst & Young Regarding Audit Work, 2013 Annual Report of the Company, 2013 Self-Assessment Report on Internal Control of the Company, Audit Report on the Internal Control of the Company, Annual Report of the Audit Committee on the Performance of Duties in 2013
29 April 2014	2014 First Quarterly Report of the Company, Proposal on Change of Name of the Audit Department of the Company and Proposal on the Amendments to the Company's Major Accounting Policies and Accounting Estimates
28 August 2014	2014 Interim Report of the Company
30 October 2014	2014 Third Quarterly Report of the Company
8 December 2014	2014 Audit Plan for the Company
30 January 2015	Proposal on Change of Accounting Firms
2 March 2015	Report of Ernst & Young Regarding the Company's Preliminary Audit Result of 2014 Annual Report, 2014 Audit Working Report of the Company and 2015 Auditing Plan of the Company
20 March 2015	Summary Report of Ernst & Young Regarding Audit Work, 2014 Annual Report of the Company, 2014 Annual Appraisal Report of the Company on Internal Control, Internal Control Audit Report of the Company and Summary Report on the Performance of Duties by the Audit Committee in 2014

During the reporting period, all members of the Audit Committee actively participated in all meetings. They carefully reviewed the relevant documents before the meetings and made full preparation for the performance of their duties. While considering the proposals at the meetings, each member gave pertinent advice based on his or her professional background and experience, and provided constructive guidance to the Company so that improvements can be made in the relevant area. Attendance of the members at the meetings of the Audit Committee is set out as follows:

Name of Committee Member	Position	Actual attendance/ Scheduled attendance	Note
LEE Kong Wai, Conway	Independent non-executive Director, Chairman of the Audit Committee	7/7	—
WU Xiaoqiu	Independent non-executive Director	7/7	—
RAO Geping	Independent non-executive Director	7/7	—
WEI Benhua	Independent non-executive Director	4/4	Four meetings were held by the Audit Committee of the Company during Mr. WEI Benhua's term of office as a member of the Audit Committee in 2014 commencing from 24 January 2014.
JU Weimin	Non-executive Director	7/7	—

#### Overview of Audit Work of the Company:

The audit on the Company conducted by Ernst & Young Hua Ming and Ernst & Young (for the purpose of this section, collectively referred to as "Ernst & Young") in 2014 consisted of the interim audit and the year-end audit. During the interim audit, Ernst & Young fully conducted the internal control audit work, and conducted internal control tests on the Company and its business processes (the business processes include those at the headquarters and in the business offices) to evaluate the effectiveness of the internal control design; examined whether those controls have been consistently and effectively implemented during the audited period; ascertained the control environment, major business conditions, business innovation, system updating, and risks of fraud and cheating in the Company through interviews

and other means; and made a comprehensive audit on all the accounts contained in the financial statements, except for the liquidation provisions, refundable deposits, financial assets held for trading, available-for-sale financial assets, fixed assets, intangible assets and investment properties; tested and evaluated the major computer systems adopted by the Company. During the year-end audit, Ernst & Young carried out detailed audit on liquidation provisions, refundable deposits, financial assets held for trading, available-for-sale financial assets, fixed assets, intangible assets, investment properties and applicable taxes. Ernst & Young followed up with the relevant items audited in the interim audit focused on the analysis of its changes. In addition, they also carried out the same procedure on subsidiaries (other than CLSA BV) incorporated in the consolidated statements.

In order to successfully complete the audit on the 2014 Annual Financial Report of the Company and supervise Ernst & Young to issue relevant audit reports within the agreed period, the Audit Committee of the 5th Session of the Board authorized the Finance Department of the Company to discuss with Ernst & Young about the planning of audit work, valuation of financial instruments, audit progress, scope of consolidation, timing of initial draft and final draft of the audit report, etc. During the audited period, the Audit Committee made multiple rounds of supervision. Moreover, the Finance Department of the Company had a detailed discussion with Ernst & Young regarding problems discovered during the preliminary audit, valuation of the fair value of financial assets, scope of consolidation, risk disclosure, provisions and contingencies, and specific format and content of disclosure of the audit report.

On 23 March 2015, Ernst & Young issued the audit reports with an unqualified audit opinion within the scheduled time.

In addition, the Audit Committee conducted an annual appraisal of Ernst & Young. In the appraisal, major considerations of the Audit Committee included applicable requirements of the relevant laws and regulations of the Mainland China and Hong Kong and relevant provisions on the part of the external auditors, and the external auditors' compliance with such laws, regulations and provisions and their overall performance during the reporting period. The Audit Committee is also responsible for reviewing the independence of Ernst & Young to ensure that the financial statements issued are true and objective. The Audit Committee has received a written confirmation from Ernst & Young of their independence and objectivity prior to the audit of the Company's 2014 financial statements. Ernst & Young shall not offer any other non-audit service unless otherwise approved to ensure that their judgment and independence in the audit are not undermined. The Audit Committee of the Company was of the opinion that Ernst & Young conducted its independent audit on the 2014 Annual Financial Report of the Company in a diligent, fair and objective manner, and successfully completed the annual audit work.

On 20 March 2015, the Audit Committee conducted a preliminary review on the 2014 Assessment Report on the Internal Control of the Company and Audit Report on the Internal Control of the Company, and is of the view that the internal control system of the Company is effective and performing well, such that the steady development of the Company is secured. For details of the Board's evaluation of our internal control and relevant information, please refer to "Internal Control" of this report.



### Remuneration and Appraisal Committee

The primary responsibilities of the Remuneration and Appraisal Committee of the Board are to develop and implement the performance appraisal system that is adapt to the changing market, the remuneration policy that is competitive, and the reward and punishment measures that are linked to the operation and performance of the Company, and make recommendations to the Board on the remuneration structure of the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy; to review the performance of the Directors and Senior Management members, carry out annual performance appraisals over them, and review and approve performance-based remuneration; and to monitor the implementation of the remuneration system of the Company.

Major accomplishments of the Remuneration and Appraisal Committee in 2014 included:

- reviewing the performance of the Directors and Senior Management members, and carrying out annual performance appraisals over them
- reviewing the remuneration of Directors and Senior Management and recommending to the Board in this regard
- supervising the implementation of the remuneration system of the Company
- reviewing the implementation of the share incentive scheme

During the reporting period, the Remuneration and Appraisal Committee held two meetings, details of which are as follows:

Date of meeting	Resolutions passed
27 March 2014	Resolution on Considering Report of the Remuneration and Appraisal Committee of the 5th Session of the Board of Directors on the Performance of Duties in 2013, Resolution on Considering Achievement of Performance Targets in 2013 and the Plan of Annual Performance Based Remuneration Policy for Senior Management, Resolution on Considering the Pre-distribution Plan of Senior Management Loyalty Award in 2013, Proposal on Considering the Total Remuneration of the Directors of the Company for 2013 and Proposal on Considering the Total Remuneration of the Senior Management of the Company for 2013
30 October 2014	Resolution on Appointment of Chairman of the Remuneration and Appraisal Committee of the 5th Session of the Board of the Company (Mr. RAO Geping was appointed as the chairman of the Committee)

All members of the Remuneration and Appraisal Committee attended the above meetings.

During the reporting period, the Remuneration and Appraisal Committee supervised over the implementation of the remuneration policies. It was of the opinion that the Company duly implemented the remuneration policies established by the Board, and that the information about the remuneration of all Directors, Supervisors and Senior Management disclosed in the 2014 Annual Report was true, accurate and complete, and complied with the relevant requirements of the CSRC and the Hong Kong Stock Exchange.

Moreover, the Remuneration and Appraisal Committee reviewed the implementation of the share incentive scheme, with the opinion that the share incentive scheme has been in full compliance with the relevant regulations and implemented in strict accordance with the provisions of the scheme since its implementation in September 2006.

### **Nomination Committee**

The primary responsibilities of the Nomination Committee are to review the structure, size and composition of the Board (including skills, knowledge, experience and diversity of the Board members), make recommendations on any proposed changes to the Board, if necessary, to complement the strategies of the Company; to study the selection criteria and procedures of the Directors and Senior Management and make recommendations to the Board; to ensure that the Board members possess relevant skills, experience and diversified views and perspectives required for the operation and development of the Company; to identify individuals suitably qualified to become the Directors and Senior Management members, and give the selection opinions and appointment suggestions; to assess the independence of the independent non-executive Directors; to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for directors, in particular the Chairman and the President; and to report its resolutions or recommendations to the Board.

To achieve diversity of the Board members, the *Rules of Procedure of the Nomination Committee of the Board of Directors* expressly stated that the Nomination Committee should select director candidates following objective standards, including but not limited to:

- considering a combination of factors, such as gender, age, cultural and educational background, as well as professional experience of director candidates
- considering the Company's business features and future development needs, etc

The Company shall provide the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may, if necessary, seek independent professional advice for the purpose of performing its duties at the Company's expense.

Major accomplishments of the Nomination Committee in 2014 included:

- drafting the Amendments to the Rules of Procedure of the Nomination Committee of the Board to specify that the chairman of the Nomination Committee shall be assumed by an independent non-executive Director
- Appointing Mr. WEI Benhua as chairman of the Nomination Committee of the 5th Session of the Board and subsequently appointing Mr. WU Xiaoqiu as chairman of the committee upon resignation of Mr. WEI Benhua
- reviewing and confirming the independence of three independent non-executive Directors as at 31 December 2014

During the reporting period, the Nomination Committee held two meetings, details of which are as follows:

Date of meeting	Resolutions Passed
24 March 2014	Proposal on the Amendments to the Rules of Procedure of the Nomination Committee of the Board and Resolution on Appointment of Chairman of the Nomination Committee of the 5th Session of the Board of the Company (Mr. WEI Benhua was appointed as the chairman of the Committee)
30 October 2014	Resolution on Appointment of Chairman of the Nomination Committee of the 5th Session of the Board of the Company (Mr. WU Xiaoqiu was appointed as the chairman of the Committee)

All members of the Nomination Committee had attended the above meetings.

### Risk Management Committee

The primary responsibilities of the Risk Management Committee of the Board are: to develop the overall risk management policy for the Board to review; to define strategic structures and resources for the risk management of the Company, and align them with the internal risk management policy of the Company; to define the threshold of major risks; and to supervise, examine and make recommendations to the Board on the relevant risk management policies.

During the reporting period, the Risk Management Committee held two meetings to review and consider reports in relation to various risk control, compliance management and internal control and governance, details of which are as follows:

Date of meeting	Resolutions Passed
24 March 2014	Proposal on the Review of the 2013 Assessment Report on Internal Control of the Company, Proposal on the Review of the Audit Report on the Internal Control of the Company and Proposal on the Review of the 2013 Compliance Report of the Company
28 August 2014	Preliminary review of the 2014 Interim Compliance Report of the Company

All members of Risk Management Committee had attended the above meetings.

### Related Party Transactions Control Committee

The primary responsibilities of the Related Party Transactions Control Committee of the Board are: to establish and amend the related party/connected transactions management system of the Company and monitor its implementation; to identify the list of related/connected parties of the Company and report it timely to the Board and the Supervisory Committee; to classify the related party/connected transactions and define their approval procedures and standards; to review any contemplated major related party/connected transactions of the Company with any related/connected parties, form a written opinion to the Board for review and report the same to the Supervisory Committee; and to review the disclosure of any related party/connected transaction.

During the reporting period, the Related Party Transactions Control Committee held two meetings, and conducted preliminary review on relevant related party/connected transactions, details of which are as follows:

Date of meeting	Resolutions Passed
24 March 2014	Proposal on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of the Onshore and Offshore Corporate Debt Financing Instruments and Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2014
29 April 2014	Proposal on the Acquisition of 58% Equity Interest in CITIC Newedge Futures Co., Ltd. by CITIC Futures Co., Ltd., A Wholly-owned Subsidiary of the Company, by Capital Increase Through Placement

All members of the Related Party Transactions Control Committee attended the above meetings.

During the reporting period, the primary measures that the Board implemented in respect of corporate governance are as follows:

- Corporate governance of the Company and related recommendations: faced with the global financial market and the competitive landscape among domestic investment banks in 2014, the Board and the respective specialized committees had a number of discussions over risks and their management, and required the management of the Company to increase its efforts in self-inspection to prevent various risks. The Board had carried out on-going assessment on the potential effects of the rapidly-changing external environment and amendments to rules and regulations of the PRC and the statutes of regulatory bodies on the business of the Company.
- Development of Directors and Senior Management: the Company has tailor-made training for new Directors and Senior Management when they joined the Company to equip them with the knowledge of the required duties and responsibilities of directors and senior management of a listed company to ensure an effective decision-making process in the Board and the specialized committees.

- Compliance management of laws and regulations: the Board made amendments to profit distribution policies in the Articles of Association as required by the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividends of Listed Companies issued by the CSRC and in light of the actual needs of business development of the Company; the Amendments to the Articles of Association had been considered and approved at the General Meeting of the Company, was approved by and filed with the Shenzhen Bureau of the CSRC. After the formalities for the registration of change and filing with the industry and commerce authorities were completed, such amendments took effect on 14 October 2014.
- Corporate Governance Report: The Board has reviewed the Corporate Governance Report set out in this report prior to its publication, and the Board is of the view that the Corporate Governance Report complies with the relevant requirements of the Hong Kong Listing Rules.

## Performance of Duties by Independent Non-executive Directors

### Regular Report of Works

All independent non-executive Directors of the Company duly performed their duties during the compilation of the annual report, in accordance with the requirements of the CSRC and the provisions of the *Company's Working Rules for Independent Directors during the compilation of the annual report*:

#### *Compilation and Review of 2013 Annual Report*

On 10 January 2014, the 1st Meeting of the Audit Committee of the 5th Session of the Board in 2014 considered and approved the *2013 Audit Plan of the Company*. Among all of the four members of the Audit Committee, three are independent non-executive Directors. They attended the meeting and delivered their opinions on the 2013 audit plan in both capacities, i.e. as members of the Audit Committee and as independent non-executive Directors.

Upon consideration and approval by the Audit Committee, the person-in-charge of accounting affairs of the Company reported in writing to the independent non-executive Directors on the *2013 Audit Plan of the Company*.

On 12 March 2014, the independent non-executive Directors of the Company paid a visit to the Company and listened to the reports of the Management, the person-in-charge of accounting affairs and the auditors on the business operations, financial status and audit work of the Company in 2013. All independent non-executive Directors of the Company, as members of the Audit Committee, had reviewed the *Report of Ernst & Young Regarding the Company's Preliminary Audit Result of 2013*, and conducted preliminary reviews on the *Proposal of Amending the Significant Accounting Policies and Accounting Estimates of the Company*, *Proposal on the Renewal of Accounting Firms*, *2013 Audit Work Report of the Company* and *2014 Audit Work Report of the Company*.

On 26 March 2014, all of the independent non-executive Directors of the Company, as members of the Audit Committee, reviewed the *Working Summary of Ernst & Young*, and preliminarily reviewed the *2013 Annual Report of the Company*, *2013 Self-evaluation Report of Internal Control of the Company*, *Internal Control Audit Report of the Company* and *Report of the Performance of Audit Committee in 2013*.

### **Compilation and Review of 2014 Annual Report**

On 8 December 2014, the 5th meeting of the Audit Committee of the 5th Session of the Board in 2014 considered and approved the *2014 Audit Plan of the Company*. Among all of the four members of the Audit Committee, three are independent non-executive Directors. They attended the meeting and delivered their opinions on the 2014 audit plan in both capacities, i.e. as members of the Audit Committee and as independent non-executive Directors.

Upon consideration and approval by the Audit Committee, the person-in-charge of accounting affairs of the Company reported in writing to the independent non-executive Directors in relation to the *2014 Audit Plan of the Company*.

On 2 March 2015, the independent non-executive Directors paid a visit to the Company and listened to the reports of the Management, the person-in-charge of accounting affairs and the auditors on the business operations, financial status and audit work of the Company in 2014. All of the independent non-executive Directors of the Company, as members of the Audit Committee, had reviewed the *Report of Ernst & Young Regarding the Company's Preliminary Audit Result for 2014 and Audit Work Plan of the Company for 2015*, and conducted preliminary reviews on *Audit Work Report of the Company for 2014*.

On 20 March 2015, all of the independent non-executive Directors, as members of the Audit Committee, reviewed the Working Summary of Ernst & Young, and preliminarily reviewed the *2014 Annual Report of the Company*, *2014 Self-evaluation Report of Internal Control of the Company*, *Internal Control Audit Report of the Company* and *Summary Report of the Performance of Audit Committee for 2014*.

### **Consideration about Related Party/Connected Transactions**

On 10 February 2014, the independent non-executive Directors of the Company conducted a special voting on two related party/connected transactions involved in the change in the shareholding structure of the relevant subsidiaries by CSI, which involved the amount of HKD10 million and HKD0.2 million respectively. These transactions were approved and the resolution was filed with the SSE for record on the same date.

On 27 March 2014, the independent non-executive Directors of the Company delivered their independent opinions, on the *Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2014*, *Proposal on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of the Onshore and Offshore Corporate Debt Financing Instruments* and on the Company's related party/connected transactions in the ordinary course of business in 2013.

On 29 April 2014, the independent non-executive Directors of the Company delivered their independent opinions on the *Resolution on the Acquisition of 58% Equity Interest in CITIC Newedge Futures Co., Ltd. by CITIC Futures Co., Ltd., A Wholly-owned Subsidiary of the Company, by Capital Increase Through Placement*.

On 30 May 2014, the independent non-executive Directors of the Company conducted a special voting on the entering into of the Bareboat Charter Contract between CITIC Global Trade, a wholly-owned subsidiary of the Company, with Jiangyin Lidian, a related party. The term of the contract was one year. The total rent under the contract was approximately RMB14.4 million, i.e. RMB40,000 per day. The transaction was approved and the resolution was filed with the SSE for record on the same date.

Before the above transaction was conducted, the parties to the contract, upon negotiation, proposed to change the lessee under the Bareboat Charter Contract to Shanghai CITIC Shipping Corporation Limited, a wholly-owned subsidiary of Jiangyin Lidian, i.e. the former lessee, and to extend the term from one year to 10 years and the total rent was approximately RMB144 million, i.e. it remained RMB40,000 per day. On 25 November 2014, the independent non-executive Directors of the Company conducted a special voting on the revised transaction. The transaction was approved and the resolution was filed with the SSE for record on the same date.

On 21 July 2014 and 26 August 2014, the independent non-executive Directors of the Company conducted a special voting on acceptance of the relevant research services provided by Changjiang Securities and Industrial Securities respectively (in each case, the relevant amount being RMB0.2 million). These transactions were approved and the resolution was filed with the SSE for record on the same date.

### **Other Performance of Duties**

On 27 March 2014, the independent non-executive Directors of the Company gave specific explanations and delivered independent opinions on the aggregate and current guarantees of the Company in 2013 and the implementation of the Zheng Jian Fa [2003] No. 56 Document. They also reviewed the 2013 annual profit distribution plan of the Company, amendments to the major accounting policies and accounting estimates, renewal of accounting firms, and total remuneration of the Directors and Senior Management for 2013 and considered the *Proposal on the Exemption from Compliance with the Relevant Undertakings*, and delivered independent opinions.

### **Establishment and Improvement of Working Rules for Independent Non-executive Directors and Performance of Duties by Independent Directors**

In order to improve the corporate governance structure, promote the regulated operations, safeguard the overall interests of the Company and protect the lawful rights and interests of all shareholders, particularly the minority shareholders, the *Working Rules for Independent Directors* of the Company came into force on 28 July 2008 after it was considered and adopted at the 28th Meeting of the 3rd Session of the Board. The contents of the rules include: qualifications of independent Directors; nomination, election and replacement of independent Directors; special powers of independent Directors; independent opinions of independent Directors; necessary conditions provided for independent Directors; and working rules regarding the annual report.

During their term of office, all independent non-executive Directors complied with the laws, regulations and the Articles of Association, and had devoted sufficient time and energy to performing their duties. When making an independent judgment, the independent non-executive Directors were not affected by the substantial shareholders of the Company or any other entity or individual having an interest in the Company; and they endeavored to protect the interests of the Company and all minority shareholders.

The independent non-executive Directors actively participated in all the meetings of the Board. Among the members of the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Related Party Transactions Control Committee of the Board, the Company has appointed the requisite number of independent non-executive Directors as required by their respective rules, and the office of chairman of each of the committees is assumed by an independent non-executive Director. All the chairmen of the committees convened the meetings according to the relevant terms of reference.

The attendances of independent non-executive Directors at the meetings of the Board are reported in “Meetings of the Board and Attendance of Directors” of this report.

### **Objections of Independent Non-executive Directors to Relevant Resolutions**

During the reporting period, no independent non-executive Directors raised any objections to any resolution of the Board or of any specialized committee.

### **Supervisors and the Supervisory Committee**

The Supervisory Committee is the supervisory body of the Company and is accountable to the General Meeting of Shareholders. According to the Company Law and the Articles of Association, the Supervisory Committee is responsible for overseeing the financial activities and internal control of the Company, and the legality and compliance of the Board, the Operating Management and its members in the performance of their responsibilities.

In 2014, the Supervisory Committee of the Company strictly complied with the provisions of the Company Law and the Articles of Association, lawfully and diligently performed its duties, observed the relevant procedures, attended all on-site meetings of the Board, made reports to the General Meeting of Shareholders and submitted its working report and relevant proposals. Based on the principle of being accountable to all Shareholders, the Supervisory Committee effectively supervised the legality and compliance of the Company's finance and the performance of duties by the Board and the Operating Management of the Company.

### **Meetings of the Supervisory Committee and Attendance of Supervisors during the Reporting Period**

During the reporting period, the Supervisory Committee of the Company convened four meetings in total. Details of which are as follows:

During the 9th Meeting of the 5th Session of the Supervisory Committee of the Company held on 27 March 2014 at CITIC Securities Tower, Beijing, the committee considered and approved unanimously the *2013 Work Report of the Supervisory Committee*, *Proposal on the Review of the 2013 Annual Report of the Company*, *Proposal on the Review of the 2013 Annual Profit Distribution Plan*, *Proposal on the Review of the Total Remuneration of the Supervisors of the Company for 2013*, *Resolution on the Changes in Significant Accounting Policies and Accounting Estimates*, and *Resolution on the Review of 2013 Social Responsibility Report*; and reviewed the *2013 Self-Assessment Report on Internal Control*, the *2013 Annual Internal Auditing Report* and the *2013 Annual Compliance Report of the Company*.



During the 10th Meeting of the 5th Session of the Supervisory Committee of the Company held on 29 April 2014 by means of teleconference, the committee considered and approved unanimously the *2014 First Quarterly Report of the Company*, and a written audit opinion was issued.

During the 11th Meeting of the 5th Session of the Supervisory Committee of the Company held on 28 August 2014 by means of teleconference, the committee considered and approved unanimously the *2014 Interim Report of the Company*, and a written audit opinion was issued; and reviewed the *2014 Interim Compliance Report of CITIC Securities Company Limited*.

During the 12th Meeting of the 5th Session of the Supervisory Committee of the Company held on 30 October 2014 by means of teleconference, the committee considered and approved unanimously the *2014 Third Quarterly Report of the Company*, and a written audit opinion was issued.

Note: For details of the resolutions of the Supervisory Committee and the regular reports considered and approved by the Supervisory Committee mentioned above, please refer to the announcements published on the HKExnews website of HKEx on the dates of the meetings, and the announcements published on the SSE website, China Securities Journal, Shanghai Securities News and Securities Times on the following day.

During the reporting period, the attendances of supervisors at the meeting of the Supervisory Committee are as follows:

Name of Supervisor	Position	Attendance at scheduled supervisory meetings during the year		Attendance at on-site meetings by other means		Attendance by proxy		Absence	Mode of attendance at on-site meetings
		Actual attendance	Actual attendance	Actual attendance	Actual attendance				
NI Jun	Chairman of the Supervisory Committee	4	4	—	—	—	—	—	On-site
GUO Zhao	Supervisor	4	4	—	—	—	—	—	On-site
HE Dexu	Supervisor	4	4	—	—	—	—	—	On-site
LEI Yong	Employee Representative Supervisor	4	4	—	—	—	—	—	Entrusted
YANG Zhenyu	Employee Representative Supervisor	4	4	—	—	—	—	—	On-site
Supervisory meetings held during the year								4	
Of which:	Number of meetings held on-site							1	
	Number of meetings held by teleconference							3	
	Number of meetings held both on-site and via teleconferencing							—	

### Participating in the Audit Project of the Company and Conducting On-site Inspections

To ensure the Supervisors perform their supervision and management duties, during the reporting period, the Company arranged for the Supervisors to participate in the on-site opinion exchange sessions of five audit projects to listen to the audit exchange opinions and feedback from the audit project teams and the auditees and understand the operational compliance and risk control of the auditees at the site. The details are shown below:

Date	Supervisor name	Auditee
13 May 2014	Ni Jun, He Dexu, Lei Yong	CITIC Securities Hefei Suixi Road Branch
23 May 2014	Ni Jun, He Dexu, Yang Zhenyu	Equity derivatives Business Line of CITIC Securities
4 July 2014	Ni Jun, He Dexu, Lei Yong, Yang Zhenyu	CITIC Securities (Shandong) Headquarters Branch
26 September 2014	Ni Jun, He Dexu, Lei Yong	CITIC Securities (Zhejiang) Jingdezhen Changnan Ave. Branch
7 November 2014	Ni Jun, He Dexu, Guo Zhao, Lei Yong, Yang Zhenyu	CITIC Futures

Through on-site inspections, the experiences of the Supervisors in performing their duties were further enriched, which effectively enhanced the capabilities of the Supervisory Committee of the Company to supervise and manage the operation and management activities of the Company.

### Independent Opinion of the Supervisory Committee

During the reporting period, the Supervisors attended all on-site meetings of the Directors and general meetings. They supervised and inspected the compliance of the operation, major decision-making procedure, major business activities and the financial position of the Company. On the basis of the above, the following independent opinions in respect of the Company were given:

- (1) The Company operated in strict compliance with the Company Law, the Securities Law, the Articles of Association and the relevant rules and regulations of China, and the decision-making procedure of the Company was legal. The Company was able to continuously improve its internal control system, and none of the Directors and Senior Management was involved in any default or other acts that may harm the interest of the Company when performing their duties at the Company. The Supervisory Committee of the Company had no disagreement with any supervisory matters during the reporting period.
- (2) The financial position of the Company had been satisfactory. The financial statements for 2014 had been audited by Ernst & Young Hua Ming and Ernst & Young. Both accountants had issued their respective auditor's report with standard and unqualified opinions, and the financial statements gave a true and fair view on the financial condition and operating results of the Company.
- (3) During the reporting period, the Company issued medium term notes in the amount of USD650 million, subordinated bonds in the amount of RMB13 billion, securities company short term corporate bonds in the amount of RMB8 billion, and 10 tranches of commercial papers and 13 tranches of beneficiary certificates. The proceeds were applied as working capital of the Company and in line with the disclosure made in the prospectuses.

- (4) Acquisitions or disposals of assets were made by the Company at reasonable prices, and no inside dealings were found, nor was there any act which may jeopardize the interests of part of the shareholders or cause any loss to the Company's assets.
- (5) The relevant related party/connected transactions were fair and were in compliance with laws and not prejudicial to the interests of the Company.
- (6) The Secretary to the Board is responsible for information disclosure as well as incoming calls, visits and enquiries from investors. The Company has appointed China Securities Journal, Shanghai Securities News and Securities Times as the designated newspapers for information disclosure, and the website of the SSE at <http://www.sse.com.cn> and the HKExnews website of HKEx at <http://www.hkexnews.hk> as the designated websites for information disclosure. The Company had been in strict compliance with Information Disclosure Management System and the relevant laws and regulations and ensured the truth, accuracy, timeliness and completeness as to the information disclosed, and that all shareholders were given equal opportunities to be informed of the relevant information.

During the Reporting Period, the Information Disclosure Management System and the Registration System for Persons Informed of Inside Information came into effect to provide for additional requirements on information disclosure with an aim to improve the governance and quality of information disclosure and maintain the equality of information, so that the legitimate interests of investors are safeguarded. Meanwhile, the Information Disclosure Management System and the internal systems of the Company expressly provide for the reporting, circulation, audit, disclosure procedures of major events of the Company, and the operation of such systems was satisfactory.

- (7) The written audit opinions on the annual report prepared by the Board were as follows:

The preparation and approval procedures of the annual report were in compliance with the requirements under the applicable laws and regulations, the Articles of Association and the relevant internal management systems of the Company;

Contents and format of the annual report were in compliance with the relevant regulatory requirements, and information disclosed therein in every aspect reflected the true operational and financial conditions of the Company for the year; and

None of the persons involved in the preparation and approval of the annual report had committed any action in breach of confidentiality requirements in respect of the annual report.

- (8) The Supervisory Committee of the Company has reviewed the *2014 Annual Profit Distribution Plan of the Company* and considered the 2014 Annual Profit Distribution formulated by the Board. The Plan was in compliance with the requirements of the relevant laws, regulations and regulatory documents of the Company and strictly performed the cash dividend decision-making procedure. The 2014 Annual Profit Distribution Plan of the Company had given full consideration to the Company's internal and external factors, current status, development plan, future capital requirements and was in the long-term interest of the shareholders as a whole. Consent has been given to submit this plan to the General Meeting for consideration.

- (9) The Supervisory Committee of the Company had reviewed the *2014 Assessment Report on Internal Control*, the *2014 Annual Internal Auditing Report* and the *2014 Annual Compliance Report of the Company*, and it had no disagreement with the contents therein.

## Appointment of Auditors

With the approval by the 2013 Annual General Meeting of Shareholders, the Company resolved to re-appoint Ernst & Young Hua Ming and Ernst & Young as the Company's external auditors for 2014 to be responsible for the provision of related audit services and review services in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards respectively. The Board also renewed the appointment of Ernst & Young Hua Ming as the auditor for the internal control of the Company in 2014.

Are there any changes in the accounting firms appointed:	No
Information on the incumbent accounting firms:	
Name of the PRC accounting firm:	Ernst & Young Hua Ming
Remuneration for the PRC accounting firm:	RMB3,680,000
Duration of service of the PRC accounting firm	8 years
Name of the overseas accounting firm	Ernst & Young
Remuneration for the overseas accounting firm:	RMB800,000
Duration of service of the overseas accounting firm	4 years
Name of the accounting firm for internal control audit	Ernst & Young
Internal control audit fee	RMB1,000,000

Note: The remuneration for the accounting firms were paid by the Company in 2014 for the 2013 annual audit and review fees. The 2014 annual audit and review fees will be paid within 2015.

The Directors are responsible for the preparation of the accounts and the auditors are responsible for the issuance of an opinion to the financial statements based on their audit.

Pursuant to the Measures for Administration of Accounting Firm Selection by Financial Enterprises through Bidding (Pilot) issued by the Ministry of Finance, there is a limit on the number of years that a financial institution can continue to employ the same accounting firm (including relevant members of such accounting firm), and the Company is required to change its accounting firms from 2015. According to the requirements under such Measures, the Company adopted the means of tendering to select and appoint its external auditors for 2015, and carried out on-site bid opening and evaluation on 29 December 2014. Based on the evaluation results, on 30 January 2015, the Board of the Company proposed to appoint PricewaterhouseCoopers and its domestic branch, PricewaterhouseCoopers Zhong Tian LLP, as external auditors for 2015 at the 1st meeting of the Audit Committee of the 5th session of the Board in 2015. On 23 March 2015, the *Proposal on Change of Accounting Firms* was considered and passed at the 35th meeting of the 5th Session of the Board, and the proposal of the Audit Committee was accepted and submitted for consideration at the 2014 Annual General Meeting of the Company.

Ernst & Young has confirmed that there are no matters in relation to the proposed ceasing of reappointment which should be brought to the attention of the Shareholders so far. The Board of the Company is not aware of any matters in relation to such proposed ceasing of reappointment of Ernst & Young as external auditor that need to be brought to the attention of the Shareholders.

### **Non-audit Work**

During the reporting period, the Company has engaged Ernst & Young Hua Ming to provide capital verification services in relation to the wealth management products launched by the Company, the relevant fees for capital verification were paid from the sales of wealth management products.

### **Responsibilities of Directors for the Financial Statements**

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the audit report of this report. Each responsibility statement shall be understood separately.

All Directors acknowledge and confirm that they have the responsibilities to compile the financial statements which can truly reflect the business results of the Company in each financial year. To the best knowledge of all Directors, there are no events or situations which may cause any material adverse impact on the ongoing operations of the Company.

### **Company Secretary**

Ms. ZHENG Jing, Secretary to the Board, serves as the Company Secretary. The Company Secretary is accountable to the Board of Directors, and ensures that various meetings of the Board are convened according to the correct procedures; advises and recommends on issues related to corporate governance of the Company; and promotes the effective communication among members of the Board, and between the Directors, Shareholders and management of the Company.

The Company Secretary circulates the agenda on corporate governance to the Chairman, and provides sufficient explanation and information to the Board in a timely manner, especially the plans of annual Board meetings and meetings of the specialized committees thereunder; regularly provides Weekly Information and Monthly Management to the Board and the Supervisory Committee to keep the Board and the Supervisory Committee abreast of the latest development. The Company Secretary provides sufficient bases and recommendations on corporate governance, Board meeting procedures, non-executive Directors' involvement in the internal management meetings, and non-executive Directors' visits to the Company and other matters for the Board's review. The Directors are entitled to obtain the Company Secretary's opinion, recommendation and related services. During the reporting period, the Company Secretary duly performed her duties in ensuring that the respective meetings of the Board are properly convened; promoted the effective communication among members of the Board, and between the Directors, Shareholders and management of the Company.

During the reporting period, in order to better perform her duties and in accordance with the requirements of the Hong Kong Listing Rules, Ms. Zheng Jing received a total of 52.5 hours of professional training, so as to update her professional knowledge. These trainings include: trainings for company secretaries organized by the Hong Kong Institute of Chartered Secretaries (Sessions 32 and 33), Beijing Board Secretaries Roundtable Meeting; the webinar on the topics of “How to Prepare for Convening a Successful Annual General Meeting, Risk Management and The Board, Dividend Distribution Plan, Shareholder Communications and Preparation Practices and Special Notes for Extraordinary General Meeting” organized by Computershare Hong Kong Investor Services Limited supporting officers training on, among others, strategic management and Internet finance organized by the Company and PBC School of Finance, Tsinghua University.

### **Investor Relations**

#### **Amendments to the Articles of Association**

During the reporting period, the General Meeting of Shareholders of the Company made amendments to the Articles of Association twice.

On 18 June 2014, the 2013 Annual General Meeting of the Company made amendments to the Articles of Association. After the approval by the Shenzhen Bureau of the CSRC on the amendments, the Company completed the formalities for the registration of change and filing with the industry and commerce authorities on 14 October 2014. The amendments to the Articles of Association were mainly made to the profit distribution policies in the Articles of Association as required by the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividends of Listed Companies issued by the CSRC and in light of the actual needs of business development of the Company. The amended Articles of Association was published on the HKExnews website of HKEx on 14 October 2014, and the website of the SSE on the following day.

On 22 December 2014, the 2014 First Extraordinary General Meeting of the Company considered and passed the *Resolution on change of business scope of the Company* to approve the change of “securities brokerage (for areas other than Shandong Province, Henan Province, Zhejiang Province, Fujian Province and Jiangxi Province)” as contained in the business scope of the Company to “securities brokerage (for areas other than Shandong Province and Henan Province)” upon completion of the absorption and merger of CITIC Securities (Zhejiang) as well as transfer of 100% equity interest in Kington Securities; to approve the addition of “the Company may establish a subsidiary to engage in other services such as financial information technical support” in Article 14 of the Articles of Association. The amendment has been approved by the Shenzhen Bureau of the CSRC, and the Company completed the formalities for the registration of change and filing with the industry and commerce authorities on 3 March 2015. The amended Articles of Association was published on the HKExnews website of HKEx on 3 March 2015, and the website of the SSE on the following day.

### Investor Relations during the Reporting Period

Investor relations represent an integral part of the gradual, orderly and compliant development and operation of the Company, which the Board and the Executive Committee of the Company attach great importance to and spare no effort on.

In 2014, the Company upheld its principle to be open and fair in pursuit of an active and proactive management strategy in investor relations, and ensured the truthfulness, accuracy and completeness of the information disclosed, with an aim to improving our communication.

During the reporting period, the Company organized various exchange activities for investors and analysts in accordance with the regulatory requirements and the needs for business development including: two shareholders' general meetings were held, with the presence of the Directors, Supervisors, Senior Management and heads of the relevant business divisions of the Company, to explain matters to be discussed at the meetings, introduce the latest development of the Company and answer the Shareholders' inquiries, through which the Company was able to achieve satisfactory communication with the Shareholders. The 2013 annual results briefing and 2014 interim results analyst conference call were held along with the publication of regular reports; NDRs after annual results announcement were conducted in Hong Kong, US and Singapore to visit local investors and promote investors' in-depth knowledge of our operations and results; over 280 meetings in various forms were held between the operating management and the investor relations team of the Company and domestic and overseas institutional investors and analysts, thereby enhancing the investors' understanding of the investment values of the Company, advertising the advantage of the Company's business development and leading the market expectations effectively. The Company also held an analyst conference call in a timely manner after publishing the announcement on the proposal to issue new H shares. In addition, our investor relations team maintained smooth and effective communication with analysts and investors, and timely exchanged their views on hot topics in the market. The Company also continuously optimized the function of the investor hotline, voicemail and our website to provide its investors with a convenient, quick, timely and comprehensive method to know about the development of the Company.

On 29 July 2014, the Company and the SSE jointly organized the activity named "I'm a shareholder —The small-and-medium investors into CITIC Securities (我是股東—中小投資者走進中信證券)", in which more than 50 small-and-medium investors and over 10 financial media visited the Company for a half-day to conduct surveys and interviews. The Senior Management of the Company answered the questions that investors are concerned with such as brokerage business development, international business layout, Internet finance and Shanghai-Hong Kong Stock Connect, fully communicated with investors, and took the opinions and suggestions on the development of the Company from investors and media seriously. The activity has promoted the transparent, sincere and detailed communication between both sides.

In 2014, the Company maintained its rating of BBB+ by Standard & Poor's and obtained a rating of Baa1 by Moody's, an international credit rating agency. The Company issued two tranches of RMB-denominated subordinated bonds and one tranche of securities company short-term corporate bonds, raising a fund of RMB21 billion in total; and established an offshore medium term note programme and completed the issuance of the first tranche, raising USD650 million. The successful issuance of onshore and offshore bonds was a successful trail in actively utilizing global resources, and realizing the diversified and globalized corporate debt financing by the Company. It also effectively promoted the image of the Company in the capital market.

In 2014, the Company's investor relations and information disclosure gained market recognition. The Company's 2013 Annual Report was granted the "Gold Award" for excellence in its industry, "Best Annual Report Financials" in the Asia-Pacific region and was named "Top 20 Chinese Annual Reports" and "Top 80 Annual Reports in Asia-Pacific Region" in the 2013 Vision Awards Annual Report competition organized by the League of American Communications Professionals. The Company's information disclosure was recognized by the SSE and the Company was rated at "A" grade in the appraisal for information disclosure of listed companies conducted by the SSE in 2013.

In 2015, the Company will continue to improve its investor relations service to a higher level and deepen its communication with investors to give the investors a better understanding of the Company, raise the awareness and recognition of the Company among investors and create a wider range of investor relations activities in order to improve the services delivered by the Company to investors and analysts.

### Internal Control

#### Statement of the Board Regarding the Responsibility of Internal Control

In accordance with the requirements of the corporate internal control standards and system, it is the responsibility of the Board to establish sound and effective internal control, assess its effectiveness and truthfully disclose the assessment report on internal control. The Supervisory Committee oversees the establishment and implementation of internal control by the Board. The management is responsible for the daily operation of internal control. The internal control is aimed to provide reasonable assurance for the legal compliance of operation and management, safety of assets, true and complete financial report and relevant information, improvement of operational efficiency and effectiveness so as to facilitate the realization of development strategies.

Due to its inherent limitations, internal control can only provide reasonable assurance for the achievement of the above objectives. Moreover, the effectiveness of internal control may change with the changes in the internal and external environment and business operations of the Company. The Company has an inspection and supervision mechanism for its internal control. Once any defect is identified in internal control, the Company will immediately take actions to rectify the defect.

The Board assessed the Company's internal control in accordance with the *Guidelines on Internal Control for Enterprises*. It concluded that the Company's internal control was effective as at 31 December 2014 (benchmark date) and did not find any material or substantial defect on financial reporting and non-financial reporting in the Company's internal control.



The Board will further improve the Company's internal control environment and structure, so that internal control may provide a valuable basis for the overall decision-making of the Company. With the gradual improvement of national laws and regulations and the constant development of the businesses of the Company, the internal control system and mechanism will be further improved, thus promoting the further development of corporate governance.

### **Basis of Internal Control in the Financial Report**

During the reporting period, the Company further established and improved internal control over financial reports in accordance with the *Guidelines on Internal Control for Enterprises* and its implementation guidance, the *Guidance for the Internal Control of Securities Companies*, the *Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange* and other relevant laws, rules and regulations, combining the specific situation of the Company.

According to the criteria for determining material defects, major defects and general defects as defined in the laws and regulations mentioned above, and in light of its scale, industry-specific features and risk level, the Company studied and defined the criteria suitable for the determination of defects in the internal control of the Company and kept it consistent with the criteria of the previous years.

"Material defect" refers to one defect or a combination of defects that may cause the enterprise to materially deviate from the objectives of internal control. "Major defect" refers to one defect or a combination of defects that leads to less severity and less severe economic consequences than a material defect, but may still cause the enterprise to deviate from the objectives of internal control. "General defect" refers to any defect other than a material defect or a major defect.

According to the criteria outlined above, and based on the findings of routine supervision and special supervision, it is concluded that the Company had a sound internal control system and mechanism during the reporting period. The Company has effectively implemented its internal control system and mechanism in its work, and no material and major defects were found in internal control over the financial report of the Company.

### **Overall Building of the Internal Control System**

The Company has attached great importance to the development of the internal rules and regulations and the management systems since the Company was established. After the *Guidelines on Internal Control for Enterprises*, the *Guidance for the Internal Control of Securities Companies*, and the *Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange* were promulgated, the Company has further improved its internal control according to the relevant requirements, and made a consistent effort to improve internal control in every aspect of its business development.

In 2011, as a key company designated to carry out the pilot in the Shenzhen Bureau of the CSRC administrative area, the Company, from the prospective of a listed company, had duly conducted the pilot of regulation on internal control and appointed an external consulting institution for assistance, and adopted the best practice and methodology on internal control from the external consulting institution. In 2012, the Company, from the prospective of a securities company, started and successfully completed an internal control campaign in accordance with the *Notice on Conducting Internal Control Activities among Securities Companies in Shenzhen Administrative Area*, and further improved its internal control system. Since 2012, with the authorization of the Board, the Compliance Department of the Company has led the establishment of the internal control self-assessment team of the Company to conduct the internal control self-assessment independently. Leveraging on the experience accumulated over years, the Company has established a relatively stable system of division of responsibilities and cultivated the internal control self-assessment procedures and mechanism which are in line with the actual situations of the Company, thereby enabling the assessment results to reflect a true and accurate picture of the Company's internal control.

As of the end of the reporting period, the Company had established an internal control system in line with the business nature, scale and complexity, ensured the legality and compliance of the Company's operations and management, safety of assets, truthfulness and integrity of the financial reports and relevant information, and achieved significant results in the enhancement of business efficiency and effectiveness.

During the reporting period, the Company had effectively put in place an internal monitoring and control system, and the procedures and internal monitoring and control measures for processing and issuing price-sensitive information, and clearly defined the frequency of reviews on internal control and the standards adopted by directors to appraise the effectiveness of the internal monitoring and control system.

The Company had established, improved and implemented a set of management systems, including the Chinese wall, the registration of people with access to inside information and the registration of persons with access to insider information, according to the regulatory requirements. It effectively prevented the improper use and dissemination of sensitive information. Furthermore, the Company disclosed the relevant information in a true, accurate, complete and timely manner in strict compliance with the laws, regulations and the Articles of Association, and ensured that all investors have equal opportunities to promptly receive the Company's information.

### **Disclosure of Appraisal Report on the Company's Internal Control**

As a company concurrently listed domestically and abroad, the Company has disclosed the *2014 Annual Appraisal Report on Internal Control* together with the 2014 Annual Results Announcement. Pursuant to the *Guidelines on Internal Control for Enterprises* and ancillary guidelines, the *Rules No. 21 for Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public – General Rules of Annual Report on Internal Control Evaluation* and other relevant laws and regulations, the Company has conducted a self-appraisal on the effectiveness of internal control design and operation as at 31 December 2014, established and effectively implemented an internal control system for the business and matters included in the appraisal scope. The goal of the Company's internal control has been achieved without any material or major defect.

The Company appointed Ernst & Young Hua Ming as the auditor for the internal control of the Company. Ernst & Young Hua Ming expressed their audit opinion on the effectiveness of internal control on financial reporting based on their audit, and disclosed material defects on non-financial reporting it noticed. On 23 March 2015, Ernst & Young Hua Ming issued the Audit Report on the Internal Control of CITIC Securities Company Limited (Ernst & Young Hua Ming(2015) Zhuan Zi No.60469435\_A05) and considered that the Company maintained effective internal control on the financial reporting in all material aspects as at 31 December 2014 in accordance with the *Guidelines on Internal Control for Enterprises* and the relevant provisions, which was consistent with the conclusion of self-assessment of the Company on its internal control. The Company disclosed the Audit Report of Internal Control at the same time when disclosing the 2014 Annual Results Announcement.

### **Establishment and Implementation of the Registration and Administration System for Persons Informed of Inside Information**

In pursuit of a more comprehensive management system for information disclosures, upon consideration and approval by the Board, the Registration System for Persons Informed of Inside Information of the Company became effective from 29 September 2009. During the reporting period, the Company managed to achieve the due performance of inside information management and registration of persons informed of inside information in accordance with the requirements of the Registration System for Persons Informed of Inside Information. The Company also maintained the relevant documents for inspection by the Company itself and relevant regulatory bodies, including a true and complete list of persons informed of inside information in various processes such as reporting, circulation, preparation, audit and disclosure prior to dissemination of such inside information, and the substance and time of such information being known by such persons. During the reporting period, the Company was not aware of any non-compliance with the Registration System for Persons Informed of Inside Information.

In addition, the Company as a securities company set up the Registration System of Persons Informed of Undisclosed Information from the perspective of a securities company and established the mechanism and work flow for delivery of information of persons informed of undisclosed information for various departments/business lines, specifying the main responsibilities of the management personnel of the compliance department and other departments/business lines, administrators of various departments/business lines and persons informed of undisclosed information pursuant to the requirements of the *Notice Regarding Reinforcement of the Management of Persons Informed of Undisclosed Information by Securities Companies* (Shen Zheng Ju Ji Gou Zi [2010] No. 126) issued by the Shenzhen Bureau of the CSRC. During the reporting period, in strict compliance with the Registration System of Persons Informed of Undisclosed Information, the Company launched its registration of persons informed of undisclosed information quarterly, issued the *Notice on Further Strengthening of Management of Persons Informed of Undisclosed Insider Information* and submitted timely the Registration Form of Persons Informed of Undisclosed Information to the Shenzhen Bureau of the CSRC.

### **Implementation of the Company's Accountability System for Material Errors in Information Disclosure in Annual Report**

In order to further improve the Company's internal control system and reinforce the financial accountability system, the Board developed the Accountability System for Material Errors in Information Disclosure in the Annual Report of CITIC Securities Company Limited, and this system became effective on 29 March 2010.

During the reporting period, the system had been implemented satisfactorily, and there had been no material accounting error, material omission of information which needed to be supplemented, or correction of the preliminary announcement of results.

### **Other Matters of Report**

#### *Establishment of the Compliance Management System*

According to the regulatory requirements, the Company has established a comprehensive and multi-level organizational structure for compliance management. The compliance management is led by the Board, supervised by the Supervisory Committee and implemented by the Compliance Officer and the Compliance Department. The Operating Management, heads of each department/business line and the Compliance Supervisors of each department/business line perform their duties of compliance management within their own scope of authorities.

On 15 December 2014, the 30th meeting of the 5th Session of the Board of the Company considered and approved the *Provisions for Compliance Management*, which was duly implemented on the same date, and the *Interim Provisions for Compliance Management* was cancelled on the same date. The *Provisions for Compliance Management* was developed by the Company based on the Interim Provisions for Compliance Management using the successful compliance management experience of domestic and foreign investment banks and securities companies for reference. As the fundamental system of the Company's compliance management, the Provisions for Compliance Management fully covers the management of employees' activities, insider information and non-public information, anti-money laundering, Chinese wall management, compliance consulting and review, compliance inspection and monitoring, compliance assessment, reporting and evaluation. As compared to the Interim Provisions for Compliance Management, the Provisions for Compliance Management provides for the duties of compliance supervisors in each department/business line and branches and further specifies the weightings of evaluation conducted by the Compliance Department on compliance supervisors of each department, business line/branches, which improves the Company's compliance management system.

During the reporting period, the organizational system for compliance management operated effectively, and all compliance management policies were effectively implemented.

#### *Internal Audit*

During the reporting period, in order to keep up with the Company's business development, the audit department continued to carry out its internal audit work by focusing on risks and mainly enhanced the audit on the headquarters, branches, domestic and overseas subsidiaries and the high-risk businesses concerned by the regulatory authorities.

During the reporting period, the audit department completed routine audits, separation audits, follow-up audits and special audits in 60 projects, involving 11 departments/business lines at the headquarters, 42 branches and 4 subsidiaries (including 7 projects), details of which are as follows:

- 11 audit projects at the headquarters, including routine audits on the Asset Management Department, the Debt Capital Market Department, the Equity Derivatives Business Line, the Investment Banking Committee IPO projects, the Treasury Department, the Fixed-income Department, the Equity Sales and Trading Department, the Corporate Finance Service Department under the Brokerage Development and Management Committee; special audits on the financial products distribution business and the open-end securities investment fund sales business and the information system construction; follow-up audits on securities financing business line.
- 42 audit projects in the branches, including compulsory post audits on the general managers of 3 branches and 20 securities branches, separation post audits on the general managers of 2 branches and 15 securities branches, and follow-up audits on 2 securities branches.
- 7 audit projects in 4 subsidiaries, including routine audits on subsidiaries, including Goldstone Investment, CITIC Securities (Shandong), CITIC Futures and CSI that are engaged in brokerage, futures, asset management, investment banking and proprietary businesses.

Through the internal audits mentioned above, the audit department evaluated the soundness and effectiveness of internal control in the audited companies, exposed the main risks, enhanced the risk control capacities of all departments/business lines, branches and subsidiaries and further improved the risk management of the Company.

#### *The Status of the Establishment of the Risk Control Indicator Monitoring and Replenishment Mechanism of the Company*

Since its establishment, the Company has attached great importance to the construction of the risk control mechanism so as to achieve regular operations and steady development while maintaining high quality of the assets. All financial and business risk indicators have satisfied the relevant requirements under the *Measures for the Administration of the Risk Control Indicators of Securities Companies* promulgated by CSRC.

Pursuant to the requirements of the *Measures for the Administration of the Risk Control Indicators of Securities Companies*, the Company has established a dynamic risk control indicator monitoring system to realize immediate, dynamic monitoring and automatic warning of risk control indicators.

The Company has established the net capital replenishment mechanism to ensure continued compliance of risk control indicators such as net capital with the requirements of the securities regulatory authorities. As of 31 December 2014, the net capital of the Company was RMB44.319 billion and all types of risk control indicators complied with the relevant regulatory requirements.

#### *Account regulation of the Company*

In 2014, the Company continued to strengthen its day-to-day account regulation. In response to account innovation businesses emerged in the industry, the Company developed well-established systems, such as Account Management Business Guidelines of the Company and HK Stock Connect Operational Program of the Company, to standardize

relevant workflow, and it provided specialized training for its branches to eliminate non-standard accounts. Under the unified arrangement of CSDCC, from June to November 2014, the Company conducted all the preparatory works for the launching of a unified account platform in China, such as supplementing account usage information, confirming correlation specification. The unified account platform was officially launched on 8 December 2014.

As of 31 December 2014, the Company's brokerage customers had 2,484,821 securities accounts, of which 1,933,240 were qualified securities accounts, representing 77.80% of the total; 550,715 were dormancy securities accounts, representing 22.16% of the total; 866 were unqualified securities accounts, representing 0.04% of the total, and there was no securities account which was frozen by a judicial order nor risk disposition securities account. As at 31 December 2014, the Company's brokerage customers had 1,714,308 capital accounts, of which 1,164,548 are qualified capital accounts, representing 67.93% of the total; 548,647 were dormancy capital accounts, representing 32.00% of the total; 1,086 were unqualified capital accounts, representing 0.06% of the total; 27 were unqualified capital accounts frozen by judicial orders, representing 0.01% of the total and there was no risk disposition capital account.

The account regulation above is also disclosed in the 2014 Annual Appraisal Report of the Company on Internal Control.

### ***Self-assessment on the Implementation of the Management Measures on Information Disclosure by the Board***

During the reporting period, the Company disclosed the relevant information in a manner that is true, accurate and complete in strict compliance with the laws, regulations, the Articles of Association and the *Management Measures on Information Disclosure* and ensured the timely and fair disclosure of information.

In 2014, the *Management Measures on Information Disclosure* and other relevant policies were effectively implemented. The Company further regulated information disclosure, and improved the management and quality of information disclosure. At the same time, the *Management Measures on Information Disclosure* and other internal policies of the Company are well-developed, containing clear provisions on the reporting, delivery, reviewing and disclosing procedures for major events. All these policies were effectively implemented.

### ***Capital Movement between the Company and the Related Parties***

In accordance with the *Notice of the CSRC on the Regulation of Several Issues Concerning the Capital Movement Between Listed Companies and their Related Parties and the External Guarantees Provided by Listed Companies* (Zheng Jian Fa [2003] No. 56) and the *Notice on Strengthening Information Disclosure Concerning Appropriation of Funds and Unlawful Provision of Guarantees by Listed Companies* of Shenzhen Securities Regulatory Bureau (Shen Zheng Ju Fa Zi [2004] No. 338), Ernst & Young Hua Ming issued the *Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties* (Ernst & Young Hua Ming (2015) Zhuan Zi No. 60469435\_A06), stating that there was no appropriation of funds by the largest shareholder or other related parties of the Company in 2014.

*Guarantees for External Parties*

In accordance with the *Notice on the Regulation of Several Issues Concerning the Capital Movement Between Listed Companies and their Affiliated Parties and the External Guarantees Provided by Listed Companies* (Zheng Jian Fa [2003] No. 56), and based on their inquiries and investigations about the situations of the Company and the information disclosed by the Company, the independent non-executive Directors, Mr. WU Xiaoqiu, Mr. LEE Kong Wai, Conway and Mr. RAO Geping, made the following statements and independent opinions regarding the aggregate and current external guarantees:

In 2013, the Company provided a counter guarantee in favour of the Bank of China in relation to the standby letter of credit issued by the Bank of China Macau Branch for the issuance of the first tranche of offshore bonds by the Company's indirect wholly-owned subsidiary CITIC Securities Finance 2013. The guarantee was provided to meet the needs of the issuance of the first tranche of offshore bonds by the wholly-owned subsidiary, and not detrimental to the legitimate interests of the Company and its shareholders.

In 2014, the Company provided an unconditional and irrevocable joint and several liability guarantee in relation to the issuance of offshore medium term notes by CITIC Securities Finance MTN, an indirectly wholly-owned subsidiary of the Company. During the reporting period, CITIC Securities Finance MTN made first drawdown and issued drawdown notes in an aggregate nominal amount of USD650 million. The guarantee was provided to meet the needs of the issuance of the offshore medium term notes by an indirectly wholly-owned subsidiary of the Company, and was not detrimental to the legitimate interests of the Company and its shareholders.

As at 31 December 2014, a wholly-owned subsidiary of the Company, CSI and its wholly-owned subsidiary, CLSA BV, each provided a guarantee to its subsidiary for the purpose of business development. Such guarantee was not detrimental to the legitimate interests of the Company and other shareholders.

Apart from the guarantees mentioned above, as at 31 December 2014, the Company had no other outstanding aggregate or current guarantees.

The Company had not provided any outstanding guarantees for the controlling shareholder or its subsidiary, or any unincorporated entity or individual.

*There is no overdue debts for the Company.*

# INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

## Contents

	Pages
AUDITED FINANCIAL STATEMENTS	
Consolidated:	
Statement of profit or loss	194
Statement of comprehensive income	195
Statement of financial position	196
Statement of changes in equity	198
Statement of cash flows	199
Company:	
Statement of financial position	201
NOTES TO THE FINANCIAL STATEMENTS	
1. Corporate Information	203
2. Basis of Preparation	204
3. Significant Accounting Policies	208
4. Significant Accounting Judgements and Estimates	226
5. Taxation	228
6. Operating Segment Information	229
7. Interest Income	232
8. Investment Income	232
9. Other Income	232
10. Operating Expenses	233
11. Directors' and Supervisors' Remuneration	235
12. Five Highest Paid Employees	237
13. Impairment Losses	237
14. Income Tax Expense	238
15. Profit Attributable to Owners of the Parent	238
16. Dividends	239
17. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent	239
18. Property, Plant and Equipment	240
19. Goodwill	244
20. Other Intangible Assets	245
21. Investments in Subsidiaries	249
22. Investments in Associates and Joint Ventures	260
23. Available-for-sale Financial Assets	264
24. Financial Assets Designated as at Fair Value through Profit or Loss	265
25. Refundable Deposits	265
26. Deferred Income Tax Assets and Liabilities	266



## INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

	Pages
27. Margin Accounts	270
28. Financial Assets Held for Trading	270
29. Derivative Financial Instruments	271
30. Reverse Repurchase Agreements	272
31. Other Current Assets	272
32. Cash Held on Behalf of Customers	273
33. Cash and Bank Balances	273
34. Customer Brokerage Deposits	273
35. Financial Liabilities Held for Trading	274
36. Financial Liabilities Designated as at Fair Value through Profit or Loss	274
37. Repurchase Agreements	274
38. Taxes Payable	275
39. Short-term Loans	275
40. Short-term Financing Instrument Payables	276
41. Other Current Liabilities	277
42. Bonds Payable	277
43. Long-term Loans	278
44. Other Non-current Liabilities	279
45. Issued Share Capital	279
46. Reserves	280
47. Cash and Cash Equivalents	282
48. Disposal of Subsidiaries	283
49. Interests in the Unconsolidated Structured Entities	285
50. Transferred Financial Assets	286
51. Commitments and Contingent Liabilities	287
52. Related Party Disclosures	289
53. Fair Value and Fair Value Hierarchy	294
54. Financial Instrument Risk Management	299
55. Events after the Reporting Period	315
56. Approval of the Consolidated Financial Statements	316

# INDEPENDENT AUDITORS' REPORT



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

## **To the shareholders of CITIC Securities Company Limited**

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

We have audited the consolidated financial statements of CITIC Securities Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 194 to 316, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Directors' responsibility for the consolidated financial statements**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated 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 consolidated financial statements.

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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style script.

Certified Public Accountants  
Hong Kong  
23 March 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

(In RMB thousands, unless otherwise stated)

	Notes	2014	2013
Revenue			
– Fee and commission income		18,915,358	10,698,835
– Interest income	7	7,850,808	4,089,746
– Investment income	8	10,204,336	5,259,499
		36,970,502	20,048,080
Other income	9	2,554,813	230,657
<b>Total revenue and other income</b>		<b>39,525,315</b>	<b>20,278,737</b>
Fee and commission expense	10	1,798,997	1,060,676
Finance costs	10	6,900,792	3,260,336
Staff costs	10	9,463,242	5,076,588
Depreciation		376,538	330,651
Business tax and surcharges		1,257,025	772,601
Other operating expenses	10	4,336,205	2,790,024
Impairment losses	13	599,975	352,784
<b>Total operating expenses</b>		<b>24,732,774</b>	<b>13,643,660</b>
<b>Operating profit</b>		<b>14,792,541</b>	<b>6,635,077</b>
Share of profits and losses of:			
– Associates		638,022	166,360
– Joint ventures		(8,616)	44,654
<b>Profit before income tax</b>		<b>15,421,947</b>	<b>6,846,091</b>
Income tax expense	14	3,560,448	1,538,044
<b>Profit for the year</b>		<b>11,861,499</b>	<b>5,308,047</b>
Attributable to:			
– Owners of the parent		11,337,194	5,243,917
– Non-controlling interests		524,305	64,130
		11,861,499	5,308,047
Earnings per share attributable to ordinary equity holders of the parent (in RMB yuan)			
– Basic	17	1.03	0.48
– Diluted	17	1.03	0.48

Details of the dividends paid and proposed are disclosed in note 16 to the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014  
(In RMB thousands, unless otherwise stated)

	2014	2013
<b>Profit for the year</b>	11,861,499	5,308,047
<b>Other comprehensive income</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
Available-for-sale financial assets:		
Changes in fair value	2,878,444	(505,520)
Income tax effect on changes in fair value	(672,291)	133,638
Reclassification adjustments for gains included in the consolidated statement of profit or loss, net	(116,170)	170,632
	2,089,983	(201,250)
Share of other comprehensive income of associates and joint ventures	—	(5,417)
Exchange differences on translation of foreign operations	(63,808)	(440,199)
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	—	—
<b>Other comprehensive income for the year, net of tax</b>	2,026,175	(646,866)
<b>Total comprehensive income for the year</b>	13,887,674	4,661,181
Attributable to:		
Owners of the parent	13,384,117	4,619,079
Non-controlling interests	503,557	42,102
	13,887,674	4,661,181

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

(In RMB thousands, unless otherwise stated)

	Notes	31 December 2014	2013
<b>Non-current assets</b>			
Property, plant and equipment	18	1,222,324	3,637,404
Investment properties		73,694	432,348
Goodwill	19	10,075,152	10,047,495
Other intangible assets	20	1,887,275	1,915,891
Investments in associates	22	3,954,167	3,484,220
Investments in joint ventures	22	7,829	813,487
Available-for-sale financial assets	23	10,557,598	12,887,140
Financial assets designated as at fair value through profit or loss	24	306,168	122,208
Held-to-maturity investments		142,585	—
Refundable deposits	25	3,353,096	1,024,683
Deferred income tax assets	26	2,596,285	1,323,254
Other non-current assets		197,503	195,830
<b>Total non-current assets</b>		<b>34,373,676</b>	<b>35,883,960</b>
<b>Current assets</b>			
Fee and commission receivables		662,760	440,259
Margin accounts	27	74,135,256	34,301,932
Available-for-sale financial assets	23	38,278,411	22,817,342
Financial assets held for trading	28	113,751,561	57,861,675
Financial assets designated as at fair value through profit or loss	24	12,127,559	11,914,137
Derivative financial assets	29	7,281,626	6,491,368
Reverse repurchase agreements	30	42,862,895	22,091,992
Other current assets	31	21,344,829	11,741,639
Cash held on behalf of customers	32	96,840,688	40,125,321
Cash and bank balances	33	37,967,189	27,684,624
<b>Total current assets</b>		<b>445,252,774</b>	<b>235,470,289</b>
<b>Current liabilities</b>			
Customer brokerage deposits	34	101,845,838	45,196,159
Derivative financial liabilities	29	5,339,085	1,326,161
Financial liabilities held for trading	35	2,608,314	2,842,095
Financial liabilities designated as at fair value through profit or loss	36	25,809,281	16,441,015
Repurchase agreements	37	124,914,446	55,704,255
Due to banks and other financial institutions		11,751,000	4,710,000
Tax payable	38	3,295,465	2,203,344
Short-term loans	39	4,651,416	2,525,220
Short-term financing instrument payables	40	17,997,658	11,998,130
Other current liabilities	41	29,352,488	9,761,219
<b>Total current liabilities</b>		<b>327,564,991</b>	<b>152,707,598</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014  
(In RMB thousands, unless otherwise stated)

	Notes	31 December 2014	2013
<b>Net current assets</b>		117,687,783	82,762,691
<b>Total assets less current liabilities</b>		152,061,459	118,646,651
<b>Non-current liabilities</b>			
Bonds payable	42	43,167,363	26,177,108
Deferred income tax liabilities	26	2,610,454	872,286
Long-term loans	43	2,314,393	567,000
Financial liabilities designated as at fair value through profit or loss	36	2,647,377	1,487,334
Other non-current liabilities	44	190,387	140,828
<b>Total non-current liabilities</b>		50,929,974	29,244,556
<b>Net assets</b>		101,131,485	89,402,095
<b>Equity</b>			
Equity attributable to owners of the parent			
Issued share capital	45	11,016,908	11,016,908
Reserves	46	55,371,420	51,039,446
Retained profits		32,710,342	25,632,131
		99,098,670	87,688,485
Non-controlling interests		2,032,815	1,713,610
<b>Total equity</b>		101,131,485	89,402,095

**WANG Dongming**

*Chairman*

**CHENG Boming**

*Executive Director and President*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

(In RMB thousands, unless otherwise stated)

	Attributable to owners of the parent										
	Reserves								Total	Non-controlling interests	Total equity
	Issued share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained profits				
<b>At 1 January 2014</b>	11,016,908	34,428,152	6,439,142	11,401,724	(334,040)	(895,532)	25,632,131	87,688,485	1,713,610	89,402,095	
Profit for the year	—	—	—	—	—	—	11,337,194	11,337,194	524,305	11,861,499	
Other comprehensive income for the year	—	—	—	—	2,112,566	(65,643)	—	2,046,923	(20,748)	2,026,175	
<b>Total comprehensive income for the year</b>	—	—	—	—	2,112,566	(65,643)	11,337,194	13,384,117	503,557	13,887,674	
Dividend — 2013	—	—	—	—	—	—	(1,652,537)	(1,652,537)	—	(1,652,537)	
Appropriation to surplus reserves	—	—	653,602	—	—	—	(653,602)	—	—	—	
Appropriation to general reserve	—	—	—	1,936,857	—	—	(1,936,857)	—	—	—	
Capital increase/(decrease) by shareholders	—	—	—	—	—	—	—	—	—	—	
– Capital contribution by shareholders	—	—	—	—	—	—	—	—	(41,069)	(41,069)	
– Others	—	(305,408)	—	—	—	—	(15,987)	(321,395)	(25,774)	(347,169)	
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	(117,509)	(117,509)	
<b>At 31 December 2014</b>	11,016,908	34,122,744	7,092,744	13,338,581	1,778,526	(961,175)	32,710,342	99,098,670	2,032,815	101,131,485	

	Attributable to owners of the parent										
	Reserves								Total	Non-controlling interests	Total equity
	Issued share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained profits				
<b>At 1 January 2013</b>	11,016,908	34,524,094	5,885,189	10,424,685	(132,572)	(473,182)	25,219,882	86,465,004	219,293	86,684,297	
Profit for the year	—	—	—	—	—	—	5,243,917	5,243,917	64,130	5,308,047	
Other comprehensive income for the year	—	(5,417)	—	—	(201,468)	(422,350)	4,397	(624,838)	(22,028)	(646,866)	
<b>Total comprehensive income for the year</b>	—	(5,417)	—	—	(201,468)	(422,350)	5,248,314	4,619,079	42,102	4,661,181	
Dividend — 2012	—	—	—	—	—	—	(3,305,073)	(3,305,073)	—	(3,305,073)	
Appropriation to surplus reserves	—	—	553,953	—	—	—	(553,953)	—	—	—	
Appropriation to general reserve	—	—	—	977,039	—	—	(977,039)	—	—	—	
Capital increase/(decrease) by shareholders	—	—	—	—	—	—	—	—	—	—	
– Capital contribution by shareholders	—	—	—	—	—	—	—	—	1,757,260	1,757,260	
– Others	—	(90,525)	—	—	—	—	—	(90,525)	(292,600)	(383,125)	
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	(12,445)	(12,445)	
<b>At 31 December 2013</b>	11,016,908	34,428,152	6,439,142	11,401,724	(334,040)	(895,532)	25,632,131	87,688,485	1,713,610	89,402,095	



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014  
(In RMB thousands, unless otherwise stated)

	2014	2013
<b>Cash flows from operating activities</b>		
Profit before income tax	15,421,947	6,846,091
Adjustments for:		
Financing interest expense	2,766,264	1,324,763
Share of profits and losses of associates and joint ventures	(629,406)	(211,014)
Dividend income and interest income from available-for-sale financial assets	(1,699,262)	(1,170,138)
Net gain on disposal of available-for-sale financial assets	(1,899,256)	(1,604,044)
Net gain on disposal of property, plant and equipment and other assets	(1,937,508)	(112,567)
Gain on disposal of subsidiaries	(1,670,267)	—
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(522,481)	565,374
Depreciation	380,171	343,606
Amortisation	355,676	230,601
Impairment on available-for-sale financial assets	566,031	349,917
Impairment on other assets	33,944	2,867
	11,165,853	6,565,456
<b>Net decrease/(increase) in operating assets</b>		
Financial assets held for trading	(49,880,693)	(21,027,676)
Cash held on behalf of customers	(56,715,367)	(4,104,253)
Other assets	(76,077,454)	(34,470,852)
	(182,673,514)	(59,602,781)
<b>Net increase/(decrease) in operating liabilities</b>		
Customer brokerage deposits	53,528,259	3,925,036
Repurchase agreements	69,210,191	33,660,641
Other liabilities	25,457,590	(6,367,736)
	148,196,040	31,217,941
<b>Net cash outflow from operating activities before tax</b>	(23,311,621)	(21,819,384)
Income tax paid	(2,971,797)	(894,439)
<b>Net cash outflow from operating activities</b>	(26,283,418)	(22,713,823)

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

(In RMB thousands, unless otherwise stated)

	Notes	2014	2013
<b>Cash flows from investing activities</b>			
Dividend income and interest income received from available-for-sale financial assets		1,792,527	1,207,567
Net cash flows from purchases, leases and sales of items of property, plant and equipment and other assets		(479,101)	(330,510)
Net cash flows from disposal of subsidiaries	48	7,049,851	—
Net cash flows from business combination	21	61,896	(2,289,315)
Net cash flows from investments in associates and joint ventures		826,803	(1,031,329)
Net cash flows from disposal or purchase of available-for-sale financial assets		(9,227,999)	5,044,521
<b>Net cash inflow from investing activities</b>		<b>23,977</b>	<b>2,600,934</b>
<b>Cash flows from financing activities</b>			
Cash inflows from financing activities		8,807,056	355,006
Cash Inflows from borrowing activities		9,816,961	1,162,000
Cash Inflows from issuing bond		70,921,948	23,761,171
Payment of debts		(49,060,380)	(888,763)
Dividends and interest expense		(4,185,096)	(4,018,383)
Other cash outflows from financing activities		(27,658)	(73,175)
<b>Net cash inflow from financing activities</b>		<b>36,272,831</b>	<b>20,297,856</b>
Net increase in cash and cash equivalents		10,013,390	184,967
Cash and cash equivalents at the beginning of the year		25,668,912	25,835,767
Effect of exchange rate changes on cash and bank balances		(113,791)	(351,822)
<b>Cash and cash equivalents at the end of the year</b>	47	<b>35,568,511</b>	<b>25,668,912</b>
Cash and bank balances	33	37,967,189	27,684,624
Less: Restricted funds	33	2,398,678	2,015,712
<b>Cash and cash equivalents</b>		<b>35,568,511</b>	<b>25,668,912</b>

# STATEMENT OF FINANCIAL POSITION

31 December 2014  
(In RMB thousands, unless otherwise stated)

	Notes	31 December 2014	2013
<b>Non-current assets</b>			
Property, plant and equipment	18	529,261	3,007,501
Investment properties		73,694	432,348
Other intangible assets	20	153,166	130,512
Investments in subsidiaries	21	24,182,700	22,663,040
Investments in associates	22	1,561,956	1,125,353
Available-for-sale financial assets	23	1,615,893	3,783,146
Refundable deposits	25	4,127,303	1,234,961
Deferred income tax assets	26	2,057,360	929,773
Other non-current assets		95,221	87,749
<b>Total non-current assets</b>		<b>34,396,554</b>	<b>33,394,383</b>
<b>Current assets</b>			
Fee and commission receivables		164,462	71,738
Margin accounts	27	48,702,527	22,183,838
Available-for-sale financial assets	23	38,432,043	23,222,964
Financial assets held for trading	28	95,068,806	51,214,298
Derivative financial assets	29	1,122,766	993,745
Reverse repurchase agreements	30	37,929,201	21,714,990
Due from banks and other financial institutions		150,000	1,660,000
Other current assets	31	24,323,693	5,487,626
Cash held on behalf of customers	32	48,359,199	16,892,425
Cash and bank balances	33	19,782,194	16,097,643
<b>Total current assets</b>		<b>314,034,891</b>	<b>159,539,267</b>
<b>Current liabilities</b>			
Customer brokerage deposits	34	46,487,203	16,261,083
Derivative financial liabilities	29	5,502,817	1,345,715
Financial liabilities held for trading	35	1,303,490	1,855,352
Financial liabilities designated as at fair value through profit or loss	36	2,883,978	—
Repurchase agreements	37	120,461,032	55,062,780
Due to banks and other financial institutions		11,140,000	2,860,000
Tax payable	38	1,747,014	1,368,056
Short-term loans	39	1,000,000	100,000
Short-term financing instrument payables	40	17,997,658	11,998,130
Other current liabilities	41	24,420,291	8,936,846
<b>Total current liabilities</b>		<b>232,943,483</b>	<b>99,787,962</b>
<b>Net current assets</b>		<b>81,091,408</b>	<b>59,751,305</b>
<b>Total assets less current liabilities</b>		<b>115,487,962</b>	<b>93,145,688</b>

## STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2014

(In RMB thousands, unless otherwise stated)

	Notes	31 December 2014	2013
<b>Non-current liabilities</b>			
Bonds payable	42	34,452,584	21,453,448
Deferred income tax liabilities	26	1,805,993	1,697
Long-term loans	43	545,000	—
<b>Total non-current liabilities</b>		<b>36,803,577</b>	<b>21,455,145</b>
<b>Net assets</b>			
		78,684,385	71,690,543
<b>Equity</b>			
Issued share capital	45	11,016,908	11,016,908
Reserves	46	52,384,840	48,661,980
Retained profits		15,282,637	12,011,655
<b>Total equity</b>		<b>78,684,385</b>	<b>71,690,543</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2014  
(In RMB thousands, unless otherwise stated)

## 1. CORPORATE INFORMATION

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

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

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

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

On 22 October 2012, with the approval of the CSRC, CITIC Limited is allowed to hold more than 5% equity interest in the Company, and CSRC did not object to the transfer of 2,236,890,620 shares of the Company (accounting for 20.30% of the total shares) from CITIC Group to CITIC Limited. On 25 February 2013, the procedures for the transfer of shareholding were completed and the largest shareholder of the Company was changed from CITIC Group to CITIC Limited.

# NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting periods commencing from 1 January 2014 together with the relevant transitional provisions, have been adopted by the Group in the preparation of these financial statements.

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and liabilities held for trading, financial assets and liabilities designated as at fair value through profit or loss and available-for-sale financial assets (unless the fair value cannot be reliably measured) that have been measured at fair value, as further explained in the respective accounting policies below. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

### Standards, amendments and interpretations effective in 2014

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

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

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

The Group adopted the IAS 36 Amendments - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets in 2014. It restricts the requirement to disclose the recoverable amount of an asset or cash-generating unit (“CGU”) to periods in which an impairment loss has been recognised or reversed.

## 2. BASIS OF PREPARATION (Continued)

### Standards, amendments and interpretations effective in 2014 (Continued)

The Group adopted the IAS 39 Amendments - Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting in 2014. It provides an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument.

The Group adopted the IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments - Investment Entities in 2014. The amendments provide the entities which qualified as investment entities an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The Group adopted the IFRIC Interpretation 21 - Levies in 2014. The interpretation sets out the accounting for an obligation to pay a levy that is applicable to all levies other than income tax. The interpretation clarifies that an entity recognises an obligation event for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached.

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 2. BASIS OF PREPARATION (Continued)

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

The Group has not applied the following new and revised IFRSs and IASs that have been issued but are not yet effective, in these financial statements.

		Effective for annual periods beginning on or after
IFRS 9	<i>Financial Instruments</i>	1 January 2018
IFRS 10, IAS 28 Amendments	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
IFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2017
IAS 19 Amendments	<i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
IAS 27 Amendments	<i>Equity Method in Separate Financial Statements</i>	1 January 2016
Annual Improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle (issued in December 2013)		1 July 2014
Annual Improvements to IFRSs 2012-2014 cycle (issued in September 2014)		1 January 2016

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 - Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.



## 2. BASIS OF PREPARATION (Continued)

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

IAS 19 Amendments requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

IAS 27 Amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

The Group is in the process of assessing the impact of these new standards and amendments on the consolidated and separate financial statements of the Group and the Company respectively.

In addition, Annual Improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle were issued in December 2013. The annual improvements process was established to make non-urgent but necessary amendments to IFRSs. The amendments are effective from annual period beginning on or after 1 July 2014. No amendment was early adopted by the Group and no material changes to accounting policies were made in 2014.

Annual Improvements to IFRSs 2012-2014 cycle was issued in September 2014. The annual improvements process was established to make non-urgent but necessary amendments to IFRSs. The amendments are effective from annual period beginning on or after 1 January 2016. No amendment was early adopted by the Group and no material changes to accounting policies were made in 2014.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognises the carrying amount of any non-controlling interest;

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 2. BASIS OF PREPARATION (Continued)

#### Basis of consolidation (Continued)

- (c) derecognises the cumulative translation differences recorded in equity;
- (d) recognises the fair value of the consideration received;
- (e) recognises the fair value of any investment retained;
- (f) recognises any resulting surplus or deficit in profit or loss; and
- (g) reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statements of financial position separately from the equity attributable to owners of the parent. An acquisition of non-controlling interests is accounted for as an equity transaction.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (1) Cash and cash equivalents

Cash comprises cash on hand and demand deposits which are not restricted as to use.

Cash equivalents comprise short term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

#### (2) Foreign currency transactions and foreign currency translation

The financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing functional currency exchange rates at the end of the reporting period. All differences are taken to the statement of profit or loss.

For the financial statements prepared in US dollars, foreign currencies other than the US dollar are translated into US dollars using the central parity rate published by the People's Bank of China or other authorities as at the end of the reporting period. For the financial statements prepared in RMB, foreign currencies are translated into RMB using the spot exchange rates published by the People's Bank of China or other authorities as at the end of the reporting period. The exchange differences resulting from foreign currency financial statement translation are recognised in other comprehensive income and accumulated in the foreign exchange translation reserve.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments

Financial instruments are contracts which become one enterprise's financial assets, at the same time become other units' financial liabilities or equity instruments.

##### (a) Initial recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised, which means to write off a financial asset or financial liability from the account and statement of financial position of the enterprise when:

- (i) The rights to receive cash flows from the assets have expired; or
- (ii) The Group has transferred its rights to receive cash flows from the asset; or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and (a) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

All regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

When the Group has made substantial modifications to a part of the contract terms of an existing financial liability, the relevant portion of the existing financial liability is derecognised, while the financial liability under modified terms is recognised as a new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognised in profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (a) *Initial recognition and derecognition of financial instruments* (Continued)

If the Group repurchases a part of a financial liability, the Group shall allocate the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) for the part derecognised shall be recognised in profit or loss.

##### (b) *Classification and measurement of financial instruments*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities at fair value through profit or loss are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

Subsequent measurement of financial instruments depends on their classification as follows:

##### (i) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include financial assets and financial liabilities held for trading, and financial assets and financial liabilities designated as at fair value through profit or loss.

A financial asset or financial liability is classified as held for trading if it is acquired for the purpose of sale or repurchase in the near term. Derivatives are also classified as held for trading except for the derivative that is a financial guarantee contract or a designated effective hedging instrument.

Such financial instruments are subsequently measured at fair value. Gains or losses arising from the difference between fair value and previous carrying amount are recognised in profit or loss as investment income or losses. Realised gains or losses upon disposal of held-for-trading financial assets are recognised as investment income or losses. Dividends and interest accrued during the holding period from financial assets measured at fair value through profit or loss are recognised as investment income.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (b) Classification and measurement of financial instruments (Continued)

###### (i) Financial assets and financial liabilities at fair value through profit or loss (Continued)

Financial assets or financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the following criteria are satisfied:

- The designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial assets or financial liabilities or recognising the gains and losses on different bases;
- A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to key management personnel;
- Hybrid instruments containing one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear with little or no analysis that the embedded derivative(s) would not be separately recorded;
- Hybrid instruments containing embedded derivatives which need to be separated but cannot be separately measured on acquisition date or subsequent balance sheet date.

###### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity, which the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method. If there are no significant differences between the contractual interest rates or coupon rates and effective interest rates, held-to-maturity investments are measured at amortised cost using the contractual interest rates or coupon rates.

###### (iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. If there are no significant differences between the contractual interest rates and effective interest rates, loans and receivables are measured at amortised cost using the contractual interest rates. When loans and receivables are collected, differences between the amount received and the carrying amount are recognised as profit or loss in the statement of profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (b) Classification and measurement of financial instruments (Continued)

###### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are subsequently measured at fair value. When the fair value cannot be reliably measured, available-for-sale financial assets are carried at cost. When available-for-sale financial assets are disposed of, the difference between the consideration received plus cumulative gains or losses previously recorded in equity arising from changes of fair value and the carrying amount are recognised as investment income or losses.

###### (v) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities that are not classified or designated as financial liabilities at fair value through profit or loss. Other liabilities are subsequently measured at amortised cost using the effective interest rate method.

###### (vi) Reclassification of financial assets

When the Group changes the intention, the held-to-maturity investments are reclassified as available-for-sale financial assets. If the Group sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity, it shall reclassify any remaining held-to-maturity investments as available-for-sale financial assets, and shall not classify any financial assets as held to maturity during the current and the two subsequent financial years.

##### (c) Fair value of financial instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of quoted financial assets and financial liabilities in active markets are based on current bid prices and ask prices, as appropriate. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group prefers observable inputs. Unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to assess.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (c) *Fair value of financial instruments* (Continued)

Default Valuation Adjustments (DVA) are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that DVA stay the same before and after the transfer of the liability. DVA refer to risk that enterprises fail to perform the obligation, including but not limited to their own credit risk.

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

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

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

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

The level of fair value measurement depends on the lowest level of input that is of great significance to the entire fair value measurement.

##### (d) *Impairment of financial assets*

The Group assesses at each financial reporting date whether there is objective evidence that a financial asset is impaired and impairment provision shall be accrued. The objective evidence of impairment is a result of one or more events that occurred after the initial recognition of financial assets and has an impact on the estimated future cash flows of the financial assets that can be reliably measured.

###### (i) Financial assets carried at amortised cost

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The loss is recognised in the statement of profit or loss. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition), and the value of collaterals should be considered.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence of impairment, the impairment loss is recognised in the statement of profit or loss. The Group performs a collective assessment for all other financial assets that are not individually significant or for which impairment has not yet been identified by including the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (d) Impairment of financial assets (Continued)

###### (i) Financial assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account and recognised in the statement of profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed.

###### (ii) Available-for-sale financial assets

If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss recognised in other comprehensive income is reclassified from equity to the statement of profit or loss and is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. A significant or prolonged decline in the fair value of an equity instrument is an indicator of impairment in such investments where a decline in the fair value of equity instrument below its initial cost by 50% or more; or fair value below cost for one year or longer, upon which impairment loss is recognised. Impairment losses of available-for-sale equity instruments are not reversed through profit or loss. Increases of their fair value after the impairment are recognised directly in other comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the previously recognised impairment loss is reversed through the statement of profit or loss.

###### (iii) Financial assets carried at cost

If there is objective evidence that a financial asset is impaired, the difference between the carrying amount of a financial asset and the present value of the future cash flows discounted at the prevailing market rate of return for a similar financial asset, is recognised as an impairment loss through profit or loss. The impairment losses are not reversed once recognised.



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (e) *Derivative financial instruments*

The Group uses derivatives, such as foreign currency contracts, interest rate swaps and contracts of stock index to hedge its foreign currency risk, interest rate risk and stock price risk, respectively. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including the discounted cash flow analysis and option pricing models, as appropriate. Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are applied to the Group's over-the-counter derivatives to reflect the credit risk of the counterparties and the Group itself, respectively.

##### (f) *Convertible bond*

The Group determines whether the convertible bonds comprise both of liability and equity components on issuance according to clauses. The convertible bonds issued comprising both of liability and equity components shall present liability and equity separately at initial recognition. When presenting separately, the fair value of the liability component should be determined firstly as initially recognised amount, and then the equity component is initially recognised as the difference between the proceeds received from the convertible bonds as a whole and the amount of the liability component. Transaction costs are apportioned between the liability and equity components of the convertible bond based on the relatively fair value of the liability and equity components. The liability component is classified as liability and is subsequently measured at amortised cost until it is cancelled, reversed or redeemed. The equity component is classified as equity that is not measured subsequently.

##### (g) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a current 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.

#### (4) Allowance for doubtful accounts

##### (a) *Individual significant accounts receivable that assess allowance on an individual basis*

The allowances for significant accounts receivables are assessed individually. Impairment loss is recognised in profit or loss when there is objective evidence that an account receivable is impaired.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (4) Allowance for doubtful accounts (Continued)

##### (b) *Accounts receivable that assess allowance on a collective basis*

The Group categorises accounts receivable into different portfolios with ageing as similar credit risk characteristic and collectively assesses them for impairment. Provision for accounts receivables and other receivables based on the aging analysis is recognised as follows:

- (i) If the age is less than or equal to 1 year, 0.5% of the balance is recognised as a provision;
- (ii) If the age is more than 1 year but less than or equal to 2 years, 10% of the balance is recognised as a provision;
- (iii) If the age is more than 2 years but less than or equal to 3 years, 20% of the balance is recognised as a provision;
- (iv) If the age is more than 3 years, 50% of the balance is recognised as a provision.

#### (5) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

#### (6) Fiduciary wealth management

The Group's fiduciary wealth management business comprises targeted asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (7) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group assesses whether it has power over an investee, the Group's voting rights or potential voting rights and other contractual arrangements are considered.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable.

#### (8) Associates

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statement of profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates.

The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates are stated at cost less any impairment losses.

#### (9) Joint ventures

Joint ventures are all entities over which the Group has joint control. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of joint ventures is included in the consolidated statement of profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures.

The results of joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in joint ventures are stated at cost less any impairment losses.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (10) Investment properties

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including land use rights and buildings that have been leased.

The Group's investment properties are accounted for using the cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are accounted for using the same measurement and depreciation methods as those for property, plant and equipment. The land use rights are accounted for using the same amortisation method as those for intangible assets.

#### (11) Property, plant and equipment

##### (a) Recognition criteria for property, plant and equipment

Property, plant and equipment comprise buildings, motor vehicles and electronic devices (including battery, display screen and NoDisk, etc.) that the Group expects to use for more than one year and other tangible assets that are expected to be used for more than one year and the unit costs of which are greater than RMB2,000.

##### (b) Property, plant and equipment initially measured at cost

The cost of an item of purchased property, plant and equipment comprises purchase price, tax and any costs directly attributable to bringing the asset to the condition necessary for its intended use and it includes transportation costs, installation and assembly costs, and professional service fees. The cost of a self-constructed asset comprises all costs incurred before the asset is ready for its intended use.

Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance expenditures are recognised in the Statement of profit or loss as incurred. Depreciation of property, plant and equipment is calculated on the straight-line basis.

The estimated useful life, the depreciation rate and the estimated residual value of each item of property, plant and equipment are as follows:

Types of property, plant and equipment	Estimated useful life	Monthly depreciation rate	Estimated residual value
Properties and buildings	35 years	0.2262%	5%
Electronic devices	2-5 years	1.667%-4.167%	—
Motor vehicles*	5 years	1.617%	3%
Communication equipment	5 years	1.617%	3%
Office equipment	3 years	2.778%	—
Security equipment	5 years	1.617%	3%
Others	5 years	1.617%	3%

\* Among motor vehicles, the estimated useful life of cargo vessel is 20 years, and the estimated residual value is determined based on the expected steel scrap price upon disposal.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (11) Property, plant and equipment (Continued)

##### (b) *Property, plant and equipment initially measured at cost* (Continued)

The years that property, plant and equipment were already in use were excluded when determining the estimated useful lives of these types of property, plant and equipment. The estimated useful life, the estimated residual value and the depreciation method of each type of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal of property, plant and equipment, the costs of disposal and taxes in connection with such disposal are considered in the determination of the estimated residual value.

##### (c) *Construction in progress*

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use.

#### (12) Intangible assets

Intangible assets are recognised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, and measured initially at cost. The intangible assets acquired from business combination and their fair value can be measured reliably are recognised as intangible assets individually and measured at their fair value.

The useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Intangible assets with finite useful lives shall be amortised on a straight-line basis over the useful period. The useful lives and amortisation method of the intangible assets with finite useful lives shall be reviewed by the Group at least at each financial year end, and adjusted as appropriate. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life, or there is an active market for the asset, where residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (12) Intangible assets (Continued)

The land use rights acquired by the Group are generally determined as intangible assets, and amortised over the period that is confirmed by the land use permit; and the land use rights that are used for rental earning or capital appreciation are regarded as investment properties (amortisation is recorded into other operating costs); if the costs between the self-used land use rights and related buildings cannot be reliably separated, the land use rights shall be recognised as fixed assets. The software acquired by outsourcing shall be amortised over 5 years. The self-developed software, patents, non-patents, trade mark right, client relationship and other intangible assets shall be amortised over their useful lives.

Intangible assets with indefinite useful lives need to be assessed for impairment no matter if there is any impairment evidence. These assets need not to be amortized, and their useful lives shall be reviewed during every accounting period. If there is any evidence to support that the useful lives are definite, these intangible assets shall apply the policies of intangible assets with definite useful lives.

The internal research and development expenses are classified as research phase expense and development phase expense. Expenditure on research phase of an internal project shall be recognised as an expense when it is incurred. Development phase expense can be capitalised only an entity can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (b) its intention to complete the intangible asset and use or sell it.
- (c) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (d) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (e) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The development phase expenses that do not meet above conditions shall be recognised in profit or loss when incurred.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (13) Revenue

Revenue from underwriting services is recognised when the outcome of the underwriting services provided can be reliably estimated and reasonably recognised. The revenue is usually carried over upon completion of the offering.

Revenue from the securities brokerage services is recognised on the date of the securities transaction.

Revenue from asset management services is recognised according to the provisions of the asset management contract.

Interest income from the Group's interest-earning financial assets and interest expense on the Group's financial liabilities are recognised as "Interest income" and "Interest expense" in the statement of profit or loss by using the effective interest method. Contractual interest rates will be applied if there are no significant differences between the effective interest rates and the contractual interest rates.

Dividend income is recognised when the Group's right to receive payment has been established.

Revenues from other businesses are recognised on the basis of when the contractual obligations are fulfilled and when the service fees and commissions are actually received.

#### (14) Income tax

Income tax comprises current tax and deferred income tax. Current tax is the amount of current income tax payable calculated based on current taxable income. Taxable income is calculated based on the adjustment to the current year pre-tax accounting profit according to the applicable tax laws.

For current income tax liabilities or current income tax assets generated from the current and prior periods, the expected income tax payable or the income tax deduction is calculated according to the applicable tax laws.

The Group measures deferred income tax using the statement of balance sheet liability method according to the temporary difference between the carrying amount of an asset or liability at the end of the reporting period and its tax base, and the temporary difference between the carrying amount of an item not recognised as an asset or liability at the end of the reporting period and its tax base.

All taxable temporary differences are recognised as deferred income tax liabilities, except:

- (a) The deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (14) Income tax (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (a) The deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

#### (15) Employee compensation

Employee compensation refers to all forms of consideration and other related expenditure given or incurred by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the discounting effect of the benefits payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

In accordance with the applicable laws and regulations, Mainland China employees of the Group participate in various social insurance schemes like basic pension insurance, medical insurance, unemployment insurance and housing fund schemes administered by the local government authorities. Contributions to these schemes are recognised in the relatively allocated cost or in the Statement of profit or loss as incurred.

All eligible employees outside Mainland China participate in local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (16) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the Group receives grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. When fair value cannot be reliably measured, they are recognised at nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognised as government grants related to assets. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic condition, are recognised, as government grants related to assets, whereas the rest as government grants related to income.

Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognized as deferred income and released to profit or loss during the period when the expense incurs. Government grants that are to compensate the incurred expenses or losses are recognised into profit or loss directly. Government grants related to assets are recognised as deferred income, and released to profit or loss over the expected useful life of the relevant assets by equal annual instalments. Government grants measured at nominal amount are recorded into profit or loss directly.

#### (17) Impairment

The Group assesses impairment of assets other than investment properties, measured at fair value, deferred tax and financial assets as follows:

The Group assesses at each financial reporting date whether there is objective evidence that assets are impaired. Where there is objective evidence, the Group estimates the recoverable amount and assesses impairment provision. For goodwill acquired from business combination and intangible assets with indefinite useful life, no matter there is objective evidence of impairment or not, impairment should be assessed at each annual financial reporting date. Impairment for intangible assets not readily for use is also assessed annually.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The recognition of an asset group shall base on whether the main cash flow generated by the asset group is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group decreases the carrying amount to recoverable amount. The decreased amounts are recognised in profit or loss and corresponding provisions are made.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (17) Impairment (Continued)

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, if there is indication of impairment, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognises relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on pro rata basis.

#### (18) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and 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;

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (18) Related parties (Continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (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).

#### (19) Provisions and contingencies

The obligation pertinent to contingencies shall be recognised as provisions when the following conditions are satisfied concurrently:

- (a) the obligation is a present obligation of the Group;
- (b) the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation;
- (c) the amount of the obligation can be reliably measured.

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration the risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at the end of the reporting period. If there is substantial evidence that the amount of provisions cannot actually reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

#### (20) Profit distribution

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory reserve, 10% for a general risk reserve, and according to the requirements of the CSRC, sets aside 10% for a transaction risk reserve. In addition, with the approval from the Annual General Meeting, the Company may set aside 5%-10% of after-tax profit for a discretionary reserve after setting aside the funds for the various statutory reserve funds. The remaining after-tax profit is distributed according to the resolution approved at the Annual General Meeting. If the aggregate balance of the statutory reserve funds has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

General risk reserve and transaction risk reserve sets aside by the Company are used to make up for any losses arising from securities transaction. The Company's reserve funds are used to make up for any losses of the Company or as additional capital of the Company. However, capital reserve cannot be used to make up for the Company's losses. When the statutory reserve funds are converted to capital, the balance of the statutory reserve funds cannot be less than 25% of the Company's registered capital.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

#### Impairment losses of available-for-sale financial assets

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

#### Impairment of goodwill

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

#### Impairment of non-current assets other than financial assets and goodwill

The Group assesses at each financial reporting date whether there is objective evidence that non-current financial assets other than financial assets and goodwill are impaired. Impairment occurred if the carrying amount of an asset or asset group exceeds its recoverable amount as recognized from impairment testing. When estimating the value in use, management should estimate the expected future cash flows and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

##### Income tax

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

##### Fair value of financial instruments

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

##### Consolidation of structural entities

The management makes significant judgment on whether to control and consolidate structural entities. The decision outcome impacts accounting methodologies in use and the financial and operational results of the Group.

When assessing control, the Group considers: 1) the level of control of the investor over the investee; 2) variable returns gained through participation of relevant activities of the investee; and 3) the amount of return that is gained from using its power over the investee.

When assessing the level of control over the structural entities, the Group considers the following four aspects:

- 1) the degree of participation when establishing the structural entities;
- 2) contractual arrangements ;
- 3) activities that take place only at special occasions or occurring events ;
- 4) commitments made to the investee from the group.

When assessing whether there is control over the structural entities, the Group also considers whether the decisions it makes are as a principal or as an agent. Aspects of considerations normally include the decision making scope over the structural entities, substantive rights of third parties, reward of the Group, and the risk of undertaking variable returns from owning other benefits of the structural entities.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 5. TAXATION

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

#### (1) Income tax

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

#### (2) Business tax

The Company's computation and payment of business taxes are governed by the Implementation Rules for the Interim Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) (Ministry of Finance Order [2011] No. 65), the Announcement of the State Administration of Taxation about Financial Business Tax Problems about Transfer of Goods (《國家稅務總局關於金融商品轉讓有關營業稅問題的公告》) (Guo Shui [2013] No.63), the Notice of the Ministry of Finance and the State Administration of Taxation on the Business Tax Policies for the Capital Markets (《財政部、國家稅務總局關於資本市場有關營業稅政策的通知》) (Cai Shui [2004] No.203) and other relevant policies. The business tax is calculated and paid at the tax rate of 5% of taxable business income.

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

#### (3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.

#### (4) Urban maintenance and construction taxes, education surcharges and local education surcharges are paid at 7%, 3% and 2% of the payable payment of turnover taxes, respectively.

## 6. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from the other operating segments. A summary of the operating segments is as follows:

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 6. OPERATING SEGMENT INFORMATION (Continued)

2014	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income	3,627,040	12,041,166	12,965,820	6,218,287	4,673,002	39,525,315
– Fee and commission income	3,516,440	10,365,206	230,864	4,503,850	298,998	18,915,358
– Interest income	379	1,571,999	5,805,713	284,521	188,196	7,850,808
– Investment income	99,712	364	6,959,201	1,398,573	1,746,486	10,204,336
– Other income	10,509	103,597	(29,958)	31,343	2,439,322	2,554,813
Operating expenses	2,159,031	6,926,193	9,818,757	3,030,447	2,798,346	24,732,774
Including: Finance costs	62	212,038	6,180,007	67,892	440,793	6,900,792
Impairment losses	—	127	313,276	899	285,673	599,975
Operating profit	1,468,009	5,114,973	3,147,063	3,187,840	1,874,656	14,792,541
Share of profits and losses of associates and joint ventures	—	—	—	—	629,406	629,406
Profit before income tax	1,468,009	5,114,973	3,147,063	3,187,840	2,504,062	15,421,947
Income tax expense	—	—	—	—	—	3,560,448
Profit for the year	1,468,009	5,114,973	3,147,063	3,187,840	2,504,062	11,861,499
Other segment information:						
Depreciation and amortisation	12,971	174,126	13,856	48,690	486,203	735,846
Capital expenditure	73,637	180,684	63,661	38,231	248,051	604,264



## 6. OPERATING SEGMENT INFORMATION (Continued)

2013	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income	2,223,931	7,642,117	7,353,153	1,685,736	1,373,800	20,278,737
– Fee and commission income	2,217,436	6,493,275	398,525	1,489,344	100,255	10,698,835
– Interest income	287	1,075,920	2,918,233	41,769	53,537	4,089,746
– Investment income	—	174	4,065,581	146,545	1,047,199	5,259,499
– Other income	6,208	72,748	(29,186)	8,078	172,809	230,657
Operating expenses	1,582,369	4,630,795	5,187,422	1,047,367	1,195,707	13,643,660
Including: Finance costs	—	142,451	2,813,673	6,913	297,299	3,260,336
Impairment losses	—	1,577	350,134	—	1,073	352,784
Operating profit	641,562	3,011,322	2,165,731	638,369	178,093	6,635,077
Share of profits and losses of associates and joint ventures	—	—	—	—	211,014	211,014
Profit before income tax	641,562	3,011,322	2,165,731	638,369	389,107	6,846,091
Income tax expense	—	—	—	—	—	1,538,044
Profit for the year	641,562	3,011,322	2,165,731	638,369	389,107	5,308,047
Other segment information:						
Depreciation and amortisation	25,818	190,112	15,813	14,603	327,861	574,207
Capital expenditure	63,283	150,165	23,789	22,191	73,540	332,968

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 7. INTEREST INCOME

	2014	2013
Bank interest income	2,131,145	1,610,783
Interest income on margin and other financing	5,687,944	2,478,069
Others	31,719	894
Total	7,850,808	4,089,746

### 8. INVESTMENT INCOME

	Note	2014	2013
Net gains from disposal of available-for-sale financial assets		1,899,256	1,604,044
Dividend income and interest income from available-for-sale financial assets		1,699,262	1,170,138
Net gains from financial assets held for trading		16,221,761	1,134,961
Net profit/(loss) from financial instruments designated as at fair value through profit or loss		(692,758)	137,605
Net profit/(loss) from financial liabilities held for trading		76,672	(13,756)
Net gains from disposal of subsidiaries		1,670,267	—
Others	(i)	(10,670,124)	1,226,507
Total		10,204,336	5,259,499

(i) Others mainly include the profit from dealing with stock index futures earned by the Company.

### 9. OTHER INCOME

	2014	2013
Gains on disposal of property, plant and equipment	2,179,457	2,977
Others	375,356	227,680
Total	2,554,813	230,657

The Company developed designated innovative financial business to realise capital gains of real estate comprising floors 2-22 of CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing and floors 4-22 of CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province. The Company injected such properties and the associated land-use rights into the Company's subsidiaries based on their appraisal values and then disposed of those subsidiaries. The capital gains of RMB2.18 billion were recognised as other income.

## 10. OPERATING EXPENSES

	2014	2013
<b>Fee and commission expense:</b>		
– Commission expense	1,712,450	1,042,209
– Others	86,547	18,467
<b>Total</b>	<b>1,798,997</b>	<b>1,060,676</b>

	2014	2013
<b>Finance costs:</b>		
– Accounts payable to clients	202,032	142,451
– Bond issuance	2,228,703	1,245,773
– Due to banks and other financial institutions	3,791,335	1,775,927
– Others	678,722	96,185
<b>Total</b>	<b>6,900,792</b>	<b>3,260,336</b>

An analysis of loans is as follows:

	2014	2013
<b>Finance costs on loans</b>		
– wholly repayable within five years	537,561	78,990

	2014	2013
<b>Staff costs (including directors' and supervisors' remuneration)</b>		
– Salaries and bonuses	8,467,912	4,424,071
– Staff benefits	601,382	393,855
– Contributions to defined contribution schemes (Note)	393,948	258,662
<b>Total</b>	<b>9,463,242</b>	<b>5,076,588</b>

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 10. OPERATING EXPENSES (Continued)

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

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

	2014	2013
<b>Other operating expenses:</b>		
– Minimum lease payments under operating leases in respect of land and buildings	850,218	370,034
– Electronic device operating costs	516,662	299,258
– Consulting fees	449,822	356,011
– Funds distribution and administration expenses	374,422	119,203
– Business travel expenses	286,623	192,583
– Postal and communication expenses	273,360	176,295
– Amortisation of intangible assets	267,651	134,135
– Business publicity expenses	223,701	112,677
– Business entertainment expenses	186,428	143,738
– Miscellaneous office expenses	148,170	157,704
– Auditors' remuneration	14,774	13,905
– Others	744,374	714,481
<b>Total</b>	<b>4,336,205</b>	<b>2,790,024</b>

## 11. DIRECTORS' AND SUPERVISORS' REMUNERATION

Details of the directors' and supervisors' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, are as follows:

Name	Position	2014			Total remuneration before tax (4)=(1)+(2)+(3)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	
Wang Dongming	Chairman, Executive Director, Member of the Executive Committee	1,867	3,452	—	5,319
Cheng Boming	Executive Director, President, Member of the Executive Committee	1,769	3,997	—	5,766
Yin Ke	Vice Chairman, Executive Director, Member of the Executive Committee	3,055	10,116	—	13,171
Liu Lefei	Executive Director, Vice Chairman	—	—	—	—
Ju Weimin	Non-executive Director	—	—	103	103
Fang Jun	Non-executive Director	—	—	—	—
Wu Xiaoqiu	Independent Non-executive Director	—	—	156	156
Lee Kong Wai, Conway	Independent Non-executive Director	—	—	156	156
Rao Geping	Independent Non-executive Director	—	—	153	153
Wei Benhua	Independent Non-executive Director (ceased to be an Independent Non-executive Director)	—	—	119	119
Ni Jun	Chairman of the Supervisory Committee	1,168	1,100	—	2,268
Guo Zhao	Supervisor	—	—	100	100
He Dexu	Supervisor	—	—	100	100
Lei Yong	Supervisor	1,077	1,800	—	2,877
Yang Zhenyu	Supervisor	856	615	—	1,471
		9,792	21,080	887	31,759

During the year, the Group's Executive Director Mr. Liu Lefei and Non-executive Director Mr. Fang Jun waived the remuneration arrangements. During the year, there were no emoluments paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 11. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Name	Position	2013			Total remuneration before tax (4)=(1)+(2)+(3)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	
Wang Dongming	Chairman, Executive Director, Member of the Executive Committee	2,198	3,636	—	5,834
Cheng Boming	Executive Director, President, Member of the Executive Committee	1,767	4,000	—	5,767
Yin Ke	Vice Chairman, Executive Director, Member of the Executive Committee	2,911	7,081	—	9,992
Liu Lefei	Executive Director	—	—	—	—
Ju Weimin	Non-executive Director	—	—	100	100
Fang Jun	Non-executive Director	—	—	—	—
Wu Xiaoqiu	Independent Non-executive Director	—	—	162	162
Lee Kong Wai, Conway	Independent Non-executive Director	—	—	162	162
Rao Geping	Independent Non-executive Director	—	—	159	159
Wei Benhua	Independent Non-executive Director	—	—	162	162
Ni Jun	Chairman of the Supervisory Committee	1,164	1,000	—	2,164
Guo Zhao	Supervisor	—	—	100	100
He Dexu	Supervisor	—	—	100	100
Lei Yong	Supervisor, Managing Director of Compliance Department	1,073	1,400	—	2,473
Yang Zhenyu	Supervisor, Head of General Administration Department	849	650	—	1,499
		9,962	17,767	945	28,674

During the year, the Group's Executive Director Mr. Liu Lefei and Non-executive Director Mr. Fang Jun waived the remuneration arrangements. During the year, there were no emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

## 12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2013: one) director, details of whose remuneration are set out in note 11 above. Details of the remuneration of the remaining four (2013: four) non-director and non-supervisor highest paid employees for the year are as follows:

	2014	2013
Salaries and allowances	12,971	4,926
Discretionary bonuses	30,533	31,375
Termination compensation	—	—
<b>Total</b>	<b>43,504</b>	<b>36,301</b>

The number of these individuals whose remuneration fell within the following bands is set out below:

	Number of employees	
	2014	2013
RMB7,500,001 to RMB8,000,000	—	1
RMB8,000,001 to RMB8,500,000	—	1
RMB9,500,001 to RMB10,000,000	1	—
RMB10,000,001 to RMB10,500,000	—	2
RMB10,500,001 to RMB11,000,000	2	—
RMB12,000,001 to RMB12,500,000	1	—
<b>Total</b>	<b>4</b>	<b>4</b>

During the year, no emoluments were paid by the Group to any of these non-director and non-supervisor individuals as an inducement to join or upon joining the Group.

## 13. IMPAIRMENT LOSSES

	Note	2014	2013
Impairment loss on available-for-sale financial assets	(i)	566,031	349,917
Impairment loss on bad debts		33,944	2,385
Impairment loss on margin accounts		—	238
Others		—	244
<b>Total</b>		<b>599,975</b>	<b>352,784</b>

- (i) The Group considers that there was a significant or prolonged decline in the market value of certain listed securities investments during the first half year, and accordingly an impairment loss of RMB566 million (2013: RMB350 million) has been recognised in the statement of profit or loss for the year.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 14. INCOME TAX EXPENSE

#### (a) Income tax

	2014	2013
Current income tax expense	3,728,589	1,838,101
– Mainland China	3,556,265	1,726,600
– Outside Mainland China	172,324	111,501
Deferred tax	(168,141)	(300,057)
Total	3,560,448	1,538,044

#### (b) Reconciliation between income tax and accounting profit

The PRC income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in Mainland China during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2014	2013
Profit before income tax	15,421,947	6,846,091
Tax at the PRC statutory income tax rate	3,855,487	1,711,523
Effects of different applicable rates of tax prevailing in various regions	(58,215)	(37,666)
Non-deductible expenses	134,117	96,792
Non-taxable income	(479,331)	(284,007)
Adjustments in respect of current and deferred income tax of prior years	31,804	(32,561)
Others	76,586	83,963
Tax expense at the Group's effective income tax rate	3,560,448	1,538,044

### 15. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of approximately RMB6,606 million (2013: RMB2,909 million), which has been dealt with in the financial statements of the Company (note 46).



## 16. DIVIDENDS

	2014	2013
Dividends on ordinary shares paid	1,652,537	3,305,073
Dividends on ordinary shares proposed for approval	3,415,242	1,652,537

Dividends on ordinary shares proposed for approval were RMB0.31 yuan per share for the year ended 31 December 2014 (2013: RMB0.15 yuan per share).

Dividends proposed by the directors are not deducted from equity, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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

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

	2014	2013
<b>Earnings:</b>		
Profit attributable to ordinary equity holders of the parent	11,337,194	5,243,917
<b>Shares:</b>		
Weighted average number of ordinary shares in issue (thousand)	11,016,908	11,016,908
Basic and diluted earnings per share (RMB yuan)	1.03	0.48

There were no dilutive events during the year ended 31 December 2014 (2013: None).

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 18. PROPERTY, PLANT AND EQUIPMENT

#### Group

	Properties and buildings	Communication equipment	Office equipment	Motor vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2014</b>										
<b>Cost</b>										
At 31 December 2013 and 1 January 2014	2,486,005	65,775	211,289	69,548	5,395	1,869,995	74,727	4,782,734	903,706	5,686,440
Additions	1,055	3,019	14,043	127,447	232	200,692	10,242	356,730	148,060	504,790
Decreases	1,864,460	1,363	5,559	9,268	130	77,030	4,380	1,962,190	811,940	2,774,130
At 31 December 2014	622,600	67,431	219,773	187,727	5,497	1,993,657	80,589	3,177,274	239,826	3,417,100
<b>Accumulated depreciation</b>										
At 31 December 2013 and 1 January 2014	325,649	20,153	156,297	52,896	4,207	1,425,352	64,482	2,049,036	—	2,049,036
Additions	29,036	11,011	39,931	7,205	562	265,548	7,715	361,008	—	361,008
Decreases	121,900	307	5,447	7,853	106	75,341	4,314	215,268	—	215,268
At 31 December 2014	232,785	30,857	190,781	52,248	4,663	1,615,559	67,883	2,194,776	—	2,194,776
<b>Provisions for assets impairment</b>										
At 31 December 2013 and 1 January 2014	—	—	—	—	—	—	—	—	—	—
Additions	—	—	—	—	—	—	—	—	—	—
Decreases	—	—	—	—	—	—	—	—	—	—
At 31 December 2014	—	—	—	—	—	—	—	—	—	—
<b>Net carrying amount</b>										
At 31 December 2014	389,815	36,574	28,992	135,479	834	378,098	12,706	982,498	239,826	1,222,324
At 31 December 2013	2,160,356	45,622	54,992	16,652	1,188	444,643	10,245	2,733,698	903,706	3,637,404

## 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

## Group

	Properties and buildings	Communication equipment	Office equipment	Motor vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2013</b>										
<b>Cost</b>										
At 31 December 2012 and 1 January 2013	2,324,753	5,502	155,016	58,666	5,382	839,362	46,673	3,435,354	768,675	4,204,029
Additions	298,137	68,439	60,582	17,400	83	1,131,991	29,604	1,606,236	185,088	1,791,324
Decreases	136,885	8,166	4,309	6,518	70	101,358	1,550	258,856	50,057	308,913
At 31 December 2013	2,486,005	65,775	211,289	69,548	5,395	1,869,995	74,727	4,782,734	903,706	5,686,440
<b>Accumulated depreciation</b>										
At 31 December 2012 and 1 January 2013	181,902	2,725	83,751	38,424	3,505	539,771	34,125	884,203	—	884,203
Additions	184,072	25,356	76,417	20,010	769	984,895	31,647	1,323,166	—	1,323,166
Decreases	40,325	7,928	3,871	5,538	67	99,314	1,290	158,333	—	158,333
At 31 December 2013	325,649	20,153	156,297	52,896	4,207	1,425,352	64,482	2,049,036	—	2,049,036
<b>Provisions for assets impairment</b>										
At 31 December 2012 and 1 January 2013	—	—	—	—	—	—	—	—	—	—
Additions	—	56	—	—	—	563	—	619	—	619
Decreases	—	56	—	—	—	563	—	619	—	619
At 31 December 2013	—	—	—	—	—	—	—	—	—	—
<b>Net carrying amount</b>										
At 31 December 2013	2,160,356	45,622	54,992	16,652	1,188	444,643	10,245	2,733,698	903,706	3,637,404
At 31 December 2012	2,142,851	2,777	71,265	20,242	1,877	299,591	12,548	2,551,151	768,675	3,319,826

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### Company

	Properties and buildings	Communication equipment	Office equipment	Motor vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2014</b>										
<b>Cost</b>										
At 31 December 2013 and										
1 January 2014	2,121,815	1,474	98,678	34,450	2,115	497,890	422	2,756,844	825,407	3,582,251
Additions	—	52	8,793	—	136	84,978	3	93,962	132,553	226,515
Decreases	1,864,156	24	1,449	5,569	48	20,239	—	1,891,485	811,641	2,703,126
At 31 December 2014	257,659	1,502	106,022	28,881	2,203	562,629	425	959,321	146,319	1,105,640
<b>Accumulated depreciation</b>										
At 31 December 2013 and										
1 January 2014	142,836	779	68,397	26,007	1,657	334,785	289	574,750	—	574,750
Additions	12,486	247	26,625	3,338	236	107,008	28	149,968	—	149,968
Decreases	121,796	24	1,449	4,788	46	20,236	—	148,339	—	148,339
At 31 December 2014	33,526	1,002	93,573	24,557	1,847	421,557	317	576,379	—	576,379
<b>Net carrying amount</b>										
At 31 December 2014	224,133	500	12,449	4,324	356	141,072	108	382,942	146,319	529,261
At 31 December 2013	1,978,979	695	30,281	8,443	458	163,105	133	2,182,094	825,407	3,007,501

## 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

## Company

	Properties and buildings	Communication equipment	Office equipment	Motor vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2013</b>										
<b>Cost</b>										
At 31 December 2012 and 1 January 2013	2,165,879	2,308	93,251	39,220	2,078	464,037	281	2,767,054	768,254	3,535,308
Additions	72,092	8	6,160	637	37	57,811	141	136,886	106,985	243,871
Decreases	116,156	842	733	5,407	—	23,958	—	147,096	49,832	196,928
At 31 December 2013	2,121,815	1,474	98,678	34,450	2,115	497,890	422	2,756,844	825,407	3,582,251
<b>Accumulated depreciation</b>										
At 31 December 2012 and 1 January 2013	105,186	1,336	41,348	25,379	1,384	241,658	271	416,562	—	416,562
Additions	56,466	260	27,692	5,109	273	116,910	18	206,728	—	206,728
Decreases	18,816	817	643	4,481	—	23,783	—	48,540	—	48,540
At 31 December 2013	142,836	779	68,397	26,007	1,657	334,785	289	574,750	—	574,750
<b>Net carrying amount</b>										
At 31 December 2013	1,978,979	695	30,281	8,443	458	163,105	133	2,182,094	825,407	3,007,501
At 31 December 2012	2,060,693	972	51,903	13,841	694	222,379	10	2,350,492	768,254	3,118,746

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 19. GOODWILL

#### Group

	31 December	
	2014	2013
Carrying amount at the beginning of the year:		
Cost	10,047,495	500,900
Accumulated impairment	—	—
Net carrying amount	10,047,495	500,900
Movements during the year:		
Net carrying amount at the beginning of the year	10,047,495	500,900
Change in shareholders' equity in subsidiaries and effect of exchange rate changes	27,657	9,546,595
Impairment	—	—
Net carrying amount at the end of the year	10,075,152	10,047,495
Carrying amount at the end of the year:		
Cost	10,075,152	10,047,495
Accumulated impairment	—	—
Net carrying amount	10,075,152	10,047,495

As at 31 December 2014, no indication of impairment of goodwill was noted, and therefore no provision for impairment loss was necessary.

## 20. OTHER INTANGIBLE ASSETS

## Group

	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land- use rights	Total
<b>Cost</b>						
At 31 December 2013 and 1 January 2014	122,872	876,299	1,030,535	259,158	11,386	2,300,250
Additions	3,202	204,485	3,367	847	43,695	255,596
Decreases	1,800	19,750	—	—	—	21,550
At 31 December 2014	124,274	1,061,034	1,033,902	260,005	55,081	2,534,296
<b>Accumulated amortisation</b>						
At 31 December 2013 and 1 January 2014	91,686	244,711	42,939	—	3,479	382,815
Additions	4,417	175,776	100,237	—	1,911	282,341
Decreases	1,315	16,820	—	—	—	18,135
At 31 December 2014	94,788	403,667	143,176	—	5,390	647,021
<b>Provisions for assets impairment</b>						
At 31 December 2013 and 1 January 2014	1,544	—	—	—	—	1,544
Additions	—	—	—	—	—	—
Decreases	1,544	—	—	—	—	1,544
At 31 December 2014	—	—	—	—	—	—
<b>Net carrying amount</b>						
At 31 December 2014	29,486	657,367	890,726	260,005	49,691	1,887,275
At 31 December 2013	29,642	631,588	987,596	259,158	7,907	1,915,891

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 20. OTHER INTANGIBLE ASSETS (Continued)

#### Group

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



## 20. OTHER INTANGIBLE ASSETS (Continued)

## Company

	Seats on stock exchanges	Software development	Land- use rights	Total
<b>Cost</b>				
At 31 December 2013 and 1 January 2014	47,825	239,782	—	287,607
Additions	—	52,465	12,600	65,065
Decreases	—	230	—	230
At 31 December 2014	47,825	292,017	12,600	352,442
<b>Accumulated amortisation</b>				
At 31 December 2013 and 1 January 2014	44,082	113,013	—	157,095
Additions	1,416	39,472	1,523	42,411
Decreases	—	230	—	230
At 31 December 2014	45,498	152,255	1,523	199,276
<b>Provisions for assets impairment</b>				
At 31 December 2013 and 1 January 2014	—	—	—	—
Additions	—	—	—	—
Decreases	—	—	—	—
At 31 December 2014	—	—	—	—
<b>Net carrying amount</b>				
At 31 December 2014	2,327	139,762	11,077	153,166
At 31 December 2013	3,743	126,769	—	130,512

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 20. OTHER INTANGIBLE ASSETS (Continued)

#### Company

	Seats on stock exchanges	Software development	Total
<b>Cost</b>			
At 31 December 2012 and 1 January 2013	47,825	182,750	230,575
Additions	—	57,047	57,047
Decreases	—	15	15
At 31 December 2013	47,825	239,782	287,607
<b>Accumulated amortisation</b>			
At 31 December 2012 and 1 January 2013	42,665	81,653	124,318
Additions	1,417	31,375	32,792
Decreases	—	15	15
At 31 December 2013	44,082	113,013	157,095
<b>Provisions for assets impairment</b>			
At 31 December 2012 and 1 January 2013	—	—	—
Additions	—	—	—
Decreases	—	—	—
At 31 December 2013	—	—	—
<b>Net carrying amount</b>			
At 31 December 2013	3,743	126,769	130,512
At 31 December 2012	5,160	101,097	106,257

## 21. INVESTMENTS IN SUBSIDIARIES

## Company

	31 December	
	2014	2013
Unlisted shares, at cost	24,182,700	22,663,040

Particulars of the Company's principal subsidiaries are as follows:

## (a) Principal subsidiaries acquired through establishment or investment

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the Company	Attributable equity interest	
					Direct	Indirect
GoldStone Investment Co., Ltd. (金石投資有限公司)	Mainland China	RMB7.2 billion	Direct investment, investment advisory, management	RMB5.9 billion	100%	—
Qingdao GoldStone Storm Investment Consulting Company Limited (青島金石暴風投資諮詢有限公司)	Mainland China	RMB50.1 million	Investment management, advisory service	RMB50.1 million	—	100%
Shanghai CITIC Goldstone Equity Investment Management Company Limited (上海中信金石股權投資管理有限公司)	Mainland China	RMB15 million	Equity investment, advisory service	RMB15 million	—	100%
CITIC Buyout Fund Management Company Limited (中信併購基金管理有限公司)	Mainland China	RMB100 million	Investment management, advisory service	RMB100 million	—	100%
CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) (中信併購投資基金(深圳)合夥企業(有限合夥))	Mainland China	Not applicable	Investment, advisory service	RMB 381.90 million	—	19.56%
Qingdao Goldstone Runhui Investment Company Limited (青島金石潤滙投資有限公司)	Mainland China	RMB10.1 million	Investment management, advisory service, investment with self-owned capital	RMB10.1 million	—	100%

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 21. INVESTMENTS IN SUBSIDIARIES (Continued)

#### (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the Company	Attributable equity interest	
					Direct	Indirect
Qingdao Goldstone Haorui Investment Management Company Limited (青島金石灝洩投資 管理有限公司)	Mainland China	RMB805 million	Investment management, advisory service, investment with self-owned capital	RMB 1,644.4 million	—	100%
Jinjin Investment (Tianjin) Co. Ltd (金津投資(天津)有限公司)	Mainland China	RMB100 million	Investment	RMB200 million	—	100%
CITIC Goldstone Fund Management Company Limited (中信金石基金管理 有限公司)	Mainland China	RMB100 million	Investment	RMB100 million	—	100%
GoldStone ZeXin Investment Management Co., Ltd. (金石澤信投資 管理有限公司)	Mainland China	RMB1,000 million	Real estate investment	RMB1,000 million	—	100%
Hangzhou Goldstone Investment Management Co., Ltd (杭州金石投資管理 有限公司)	Mainland China	RMB2 million	Investment	RMB2 million	—	100%
CITIC Securities Qingdao Training Centre (青島中信証券培訓中心)	Mainland China	RMB1 million	Business training	RMB1 million	40%	60%
CITIC Securities Investment Ltd (中信証券投資有限公司)	Mainland China	RMB3.0 billion	Financial product investment, securities investment, investment advisory	RMB3.0 billion	100%	—
CITIC global trade (Shanghai) co., LTD (中信寰球商貿(上海) 有限公司)	Mainland China	RMB500 million	International trade, domestic trade, entrepot trade, trade between the enterprises and trade agents, storage and their own equipment leasing such as approved in accordance with the project	RMB200 million	—	100%

## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

## (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the Company	Attributable equity interest	
					Direct	Indirect
Hongming (Shanghai) investment management co., LTD (宏明(上海)投資管理 有限公司)	Mainland China	RMB13 million	Investment management (excluding equity investment and its management) investment consulting, corporate management consulting (above consulting excludes brokerage), financial consultation (with the exception of bookkeeping), etc.	RMB13 million	—	100%
Zhongzheng Asset Management (Shenzhen) Company Limited (中證資本管理(深圳) 有限公司)	Mainland China	RMB200 million	Risk management service	RMB200 million	—	100%
Qingdao Jindingxin Petty Loan Co. Ltd. (青島金鼎信小額貸款 股份有限公司)	Mainland China	RMB300 million	Petty loan	RMB300 million	—	100%
CITIC Securities Information and Quantitative Service (Shenzhen) Limited Liability Company (中信證券信息與量化服務 (深圳)有限責任公司)	Mainland China	RMB10 million	Computer hardware and software technology development; Technical consulting; Technical services; System integration and sales; Data processing (excluding restricted items)	RMB10 million	100%	—
Jintong Securities Co., Ltd (金通證券有限責任公司)	Mainland China	RMB100 million	Securities business	—	100%	—
CITIC Securities International Company Limited (中信證券國際有限公司)	Hong Kong	Not applicable	Holding, investment	HK\$ 6,516.05 million	100%	—
CITIC Securities Brokerage (HK) Limited (中信證券經紀(香港) 有限公司)	Hong Kong	Not applicable	Securities brokerage	HK\$650 million	—	100%

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 21. INVESTMENTS IN SUBSIDIARIES (Continued)

#### (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the Company	Attributable equity interest	
					Direct	Indirect
CITIC Securities Futures (HK) Limited (中信證券期貨(香港) 有限公司)	Hong Kong	Not applicable	Futures brokerage	HK\$50 million	—	100%
CITIC Securities Corporate Finance (HK) Limited (中信證券融資 (香港)有限公司)	Hong Kong	Not applicable	Investment banking	HK\$380 million	—	100%
CITIC Securities International Asset Management Limited (中信證券國際資產管理 有限公司)	BVI	Not applicable	Asset management holding	US\$1	—	100%
Dragon Stream Investments Limited	Hong Kong	Not applicable	Proprietary trading	HK\$10 million	—	100%
CSI Capital Management Limited	BVI	Not applicable	Proprietary trading	US\$50 million	—	100%
CITIC Securities Equity Trading Company Limited	Cayman Islands	Not applicable	Proprietary trading	US\$2 million	—	100%
CITIC Securities International Partners, Ltd.	Cayman Islands	Not applicable	Holding company	US\$18 million	—	72%
CSIAM (CAC) Investments Limited	BVI	Not applicable	Asset management holding	US\$1	—	100%
August Sky Holdings Limited	BVI	Not applicable	Direct investment	US\$1	—	100%
CSI REITs Investment Management Company Limited	BVI	Not applicable	Investment holding	US\$1	—	100%
CSI Direct Investments Limited	BVI	Not applicable	Investment holding	US\$1	—	100%

## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

## (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the Company	Attributable equity interest	
					Direct	Indirect
CSI USA Securities Holdings, Inc.	Delaware	Not applicable	Holding company	US\$27 million	—	100%
CITIC Securities Carbon Trade and Investment Company Limited	Great Britain	Not applicable	Carbon trade brokerage, transactions and management operation	GBP0.25 million	—	100%
CSI Nominee Services Limited	Hong Kong	Not applicable	Investment management advisory service	HK\$1	—	100%
GMMC Limited	Hong Kong	Not applicable	Not in operation	HK\$1	—	100%
CSI Finance Limited	Hong Kong	Not applicable	Not in operation	HK\$0.01 million	—	100%
CSIAMC Company Limited (HK)	Hong Kong	Not applicable	Holding company	HK\$1	—	100%
CSI Capital L.P.	Cayman Islands	Not applicable	Private equity	Approximately US\$30.97 million	—	64.19%
CITIC Securities Finance 2013 Co., Ltd	BVI	Not applicable	Bond issuance	US\$1	—	100%
CITICS GLOBAL ABSOLUTE RETURN FUND	Cayman Islands	Not applicable	Offshore portfolio hedge fund, investment fund	US\$180 million	83.33%	16.67%
CITICS GLOBAL MULTI-STRATEGY FUND	Cayman Islands	Not applicable	Offshore portfolio hedge fund, investment fund	US\$300 million	100%	—
CITIC Securities Finance MTN Co., Ltd.	BVI	Not applicable	Bond issuance	US\$1	—	100%
Neptune Connection Limited	BVI	Not applicable	Investment	—	—	100%

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 21. INVESTMENTS IN SUBSIDIARIES (Continued)

#### (b) Principal subsidiaries acquired from business combination

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the Company	Attributable equity interest	
					Direct	Indirect
Shenzhen CITIC United Venture Capital Investment Co., Ltd. (深圳市中信聯合創業 投資有限公司)	Mainland China	RMB70 million	Direct investment, investment advisory	RMB 125.32 million	—	92.07%
CITIC Shandong Securities Co., Ltd. (中信證券(山東) 有限責任公司)	Mainland China	RMB800 million	Securities business	RMB 1,151.94 million	100%	—
CITIC (Zhejiang) Securities Co., Ltd. (中信證券(浙江)有限 責任公司)	Mainland China	RMB785 million	Securities business	—	100%	—
CITIC Futures Co., Ltd. (中信期貨有限公司)	Mainland China	RMB1.6 billion	Futures brokerage, asset management	RMB1.5 billion	93.47%	—
Jinshang (Tianjin) Investment Management Co. Ltd. (金尚(天津)投資管理 有限公司)	Mainland China	RMB12.5 million	Investment management, advisory service	RMB 18.59 million	—	100%
China Asset Management Co., Ltd. (華夏基金管理有限公司)	Mainland China	RMB238 million	Fund investment	RMB 2,075.15 million	62.20%	—
China Asset Management (Hong Kong) Limited (華夏基金(香港)有限公司)	Hong Kong	HK\$200 million	Asset management	HK\$200 million	—	62.2%
China AMC Capital Management Limited (華夏資本管理有限公司)	Mainland China	RMB50 million	Asset management, financial advisory	RMB 25.50 million	—	(i)
CLSA B.V. (里昂證券)	Netherlands	Not applicable	Investment, holding	US\$ 1,090.30 million	—	100%

The Company's principal subsidiaries have been disclosed.

- (i) China AMC held a 51% equity interest in the entity, through which the Group held a 31.72% equity interest indirectly.



## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

## (c) Business Combination

(i) *China AMC Capital Management Limited*

On 30 May 2014, a subsidiary of the Group, China Asset Management (Hong Kong) Limited, acquired 50% equity interest of China AMC Capital Management Limited and its shareholding increased from 50% to 100%. The evaluation date is 30 May 2014, and the consideration is equivalent to RMB8.04 million. As of 30 May 2014, the fair value of identifiable net assets of China AMC Capital Management Limited amounted to RMB30.05 million. Fair value of 50% share amounted to RMB15 million. The difference between the acquisition price and the Group's 50% share in the fair value of identifiable net assets amounted to RMB6.99 million, is considered Day 1 gain and accounted for as other income.

The fair values of the identifiable assets and liabilities of China AMC Capital Management Limited as at the date of acquisition were as follows:

	Fair value recognised on acquisition 30 May 2014 (Unaudited)
<b>Current assets</b>	
Cash and bank balances	33,666
Other current assets	904
	34,570
<b>Current liabilities</b>	
Taxes payable	3,486
Other current liabilities	1,030
	4,516
<b>Total identifiable net assets at fair value</b>	30,054
<b>Net assets of acquired 50% equity interest</b>	15,027
<b>Gain on bargain purchase recognised in other income</b>	6,990
<b>Satisfied by cash</b>	8,037

The revenue and profit of China AMC Capital Management since the acquisition date included in the consolidated statement of profit or loss for the reporting period is RMB37 million and RMB19 million, respectively.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 21. INVESTMENTS IN SUBSIDIARIES (Continued)

#### (c) Business Combination (Continued)

##### (ii) *CITIC Newedge Futures Co., Ltd.*

In October 2014, a subsidiary of the Group, CITICS Futures Co., Ltd. signed the Equity Transfer Agreement with Xinjingji Hong Kong Co., Ltd (“Xinjingji Hong Kong”), and acquired 42% equity interest of CITIC Newedge Futures Co., Ltd (“CITIC Newedge Futures”) held by Xinjingji Hong Kong for a cash consideration of RMB 165.41 million (briefly called as “cash transaction”). In November 2014, CITICS Futures signed the Equity Investment Agreement with CITIC Securities Co., Ltd and CITICS Industrial Investment Group Corp., Ltd (“CITICS Industrial Investment Group”). CITICS Futures introduced 104.79 million shares private placement financing for CITICS Industrial Investment Group’s capital, in order to purchase 58% of the equity of CITIC Newedge Futures held by the latter (referred to as “equity conversion transaction”). The cost of transaction is RMB298.32 million. In October 2014, CITICS Futures signed the Merger Agreement with CITIC Newedge Futures and merged with CITIC Newedge Futures. After the merger, CITICS Futures, as the operating party, continued to operate whereas CITIC Newedge Futures canceled its company registration (referred to as “merger consolidation”). As of 29 December 2014, all approvals for the transactions listed above had been approved by China Securities Regulatory Commission and other relevant regulatory authorities, and are considered completed. 29 December 2014 is regarded as the purchase date.

## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

## (c) Business Combination (Continued)

## (ii) CITIC Newedge Futures Co., Ltd. (Continued)

The fair value and book value of identifiable assets and liabilities of CITIC Newedge Futures are stated as follows:

	Fair value recognized on acquisition 29 December 2014 (Unaudited)
<b>Non-current assets</b>	
Property, plant and equipment	9,374
Other intangible assets	131,243
	140,617
<b>Current assets</b>	
Cash and bank balances	36,267
Other current assets	1,898,123
	1,934,390
<b>Non-current liabilities</b>	
Other non-current liabilities	14,674
	14,674
<b>Current liabilities</b>	
Customer brokerage deposits	1,614,554
Tax payable	2,369
Other current liabilities	2
	1,616,925
<b>Net assets</b>	443,408
<b>Goodwill on acquisition</b>	20,323
<b>Satisfied by cash</b>	463,731

Note: The fair value of CITIC Newedge Futures identifiable assets and liabilities are valued by independent assessment reports.

The revenue and profit of CITIC Newedge Futures since the acquisition date included in the consolidated statement of profit or loss for the reporting period are both nil.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 21. INVESTMENTS IN SUBSIDIARIES (Continued)

#### (d) Structured entities included in the consolidated financial statement

Considering that the Company acts as the principal or the investment consultant for the structured entities listed below, and has used own funds to invest in most of the subordinated shares issued by the structured entities, bearing the primary risk of the products and obtaining most of the variable returns, we therefore include these structured entities into the consolidated financial statements.

The structured entities include CITICS Zhiyabao No.1 Asset Management Plan; CITICS Wenxinfenji No.1 Asset Management Plan; CITICS Xinyingfenji Special Asset Management Plan; CITICS Baoyinglianghua No.1 Asset Management Plan; CITICS Xinyingcaifu No.1 Asset Management Plan; CITICS Xinyingcaifu No.2 Asset Management Plan; CITICS Xinyingcaifu No.3 Asset Management Plan; CITICS Xinyingcaifu No.6 Asset Management Plan; CITICS Xinyingcaifu No.8 Asset Management Plan; CITICS Xinyancaifu No.3 Asset Management Plan; CITICS Xinyancaifu No.4 Asset Management Plan; CITICS Xinyancaifu No.5 Asset Management Plan; CITICS Jiarilicai Asset Management Plan; Penghua Xinyicaifu I Asset Management Plan; Penghua Xinyicaifu II Asset Management Plan; Penghua Xinyicaifu III Special multi-investor Asset Management Plan; CCB Trust Hengxinantai Bond Investment Asset Management Plan.

The fair value and book value of identifiable assets and liabilities of the structured entities listed above are as follows:

	Fair value as at 31 December 2014 (unaudited)	Book value as at 31 December 2013 (unaudited)
Current assets	9,854,121	9,854,121
Non-current assets	—	—
Current liabilities	481,779	481,779
Non-current liabilities	—	—

The operation result and cash flow of the structured entities listed above for the year 2014 are as follows:

	2014
Revenue	280,348
Profit	257,829
Net increase in cash and cash equivalents	226,436

#### (e) Net cash flows from acquisition of subsidiaries

	2014	2013
Total consideration	(8,037)	(6,265,024)
Cash and cash equivalents paid	(8,037)	(6,265,024)
Cash and cash equivalents in the subsidiaries acquired	69,933	3,975,709
Net cash inflow/(outflow) from acquisition of subsidiaries	61,896	(2,289,315)

## 21. INVESTMENTS IN SUBSIDIARIES (Continued)

- (f) Details of the Group's subsidiaries that have material non-controlling interests are set out below:

*China AMC*

	31 December	
	2014	2013
Percentage of equity interest held by non-controlling interests	37.80%	41%
Dividends paid to non-controlling interests	94,729	109,427
Accumulated balances of non-controlling interests	1,659,652	1,424,484
Profit for the year allocated to non-controlling interests	459,165	106,700

*China AMC*

	From the acquisition date to 31 December	
	2014	2013
Revenue	3,590,005	819,459
Profit for the year from continuing operations	1,200,759	257,805
Total comprehensive income for the year	1,146,947	246,407
Net cash flows from operating activities	(29,330)	169,730
Net cash flows from investing activities	446,895	451,981
Net cash flows used in financing activities	(250,607)	—
Net increase in cash and cash equivalents	165,730	620,586

	31 December	
	2014	2013
Current assets	5,177,048	3,936,672
Non-current assets	404,743	391,939
Current liabilities	1,011,862	686,588
Non-current liabilities	240,779	209,214

- (g) As at 31 December 2014, there were no significant restrictions on the ability to access or use the assets and settle the liabilities of the subsidiaries of the Group (2013: Nil).

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Associates	3,954,167	3,484,220	1,561,956	1,125,353
Joint ventures	7,829	813,487	—	—
	3,961,996	4,297,707	1,561,956	1,125,353

(a) Particulars of the Group's principal associates and joint ventures are as follows

Name	Place of incorporation/ registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
<b>Associates:</b>					
Shenzhen Nanbo Display Device Science Company Limited (深圳南玻顯示器件科技有限公司)	Mainland China	RMB143 million	Production and operation of new display devices, etc., goods and technology import and export business	46.75%	46.75%
CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司)	Mainland China	RMB1.8 billion	Investment fund management	35%	35%
Fudo Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	5.89%	(i)
Beijing Agricultural Investment Fund (Limited Partnership) (北京農業產業投資基金 (有限合夥))	Mainland China	RMB620 million	Investment	32.26%	32.26%
Aria Investment Partners III, L.P.	Cayman Islands	Not applicable	Direct investment fund	13.34%	(i)
Qianhai Equity Exchange Center (Shenzhen) Company Limited (前海股權交易中心(深圳)有限公司)	Mainland China	RMB555 million	Equity trading	27.03%	27.03%
CITIC PE(Hong Kong) Limited	Hong Kong	Not applicable	Investment holding	35%	35%
Clean Resources Asia Growth Fund L.P.	Cayman Islands	Not applicable	Direct investment fund	17.59%	(i)
Sunrise Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	23.99%	Not applicable
Beijing GoldStone Agricultural Investment Fund Management Center (Limited Partnership) (北京金石農業投資基金管理中心 (有限合夥))	Mainland China	RMB30 million	Fund management	33%	33%

## 22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(a) Particulars of the Group's principal associates and joint ventures are as follows (Continued)

Name	Place of incorporation/ registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
Aria Investment Partners II, L.P.	Cayman Islands	Not applicable	Direct investment fund	5.35%	(i)
World Deluxe Enterprise Limited	BVI	Not applicable	Investment holding	40%	40%
Aria Investment Partners IV, L.P.	Cayman Islands	Not applicable	Direct investment fund	39.04%	Not applicable
Sunrise Capital L.P.	Cayman Islands	Not applicable	Direct investment fund	8.19%	(i)
Fudo Capital L.P.	Cayman Islands	Not applicable	Direct investment fund	5.80%	(i)
Qingdao Blue Ocean Equity Exchange (青島藍海股權交易中心)	Mainland China	RMB50 million	Equity trading	40%	40%
Chengdu Wenxuan Equity Investment Fund Management Co. Ltd. 成都文軒股權投資基金管理有限公司	Mainland China	RMB17.6 million	Entrusted management of equity investment entities, investment management and relevant consulting services	34.09%	34.09%
Shenzhen Qianhai Zhongzheng Urban Development and Management Co., Ltd. 深圳市前海中證城市發展 管理有限公司	Mainland China	RMB50 million	Investment management	35%	35%
Zhongzheng Fund Management Co., Ltd. 中證基金管理有限公司	Mainland China	RMB50 million	Fund management	35%	35%
CTI Capital Management Limited (Hong Kong)	Hong Kong	Not applicable	Asset investment advisor (not in operation)	49%	Not applicable
Fudo Capital L.P. III	Cayman Islands	Not applicable	Direct investment fund	8.07%	Not applicable
CT CLSA Holdings Limited	Sri Lanka	LKR500 million	Investment holding	25%	Not applicable
Enhanced Investment Products Limited	Hong Kong	Not applicable	Asset management	48.51%	Not applicable

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(a) Particulars of the Group's principal associates and joint ventures are as follows (Continued)

Name	Place of incorporation/ registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
<b>Joint ventures:</b>					
CITIC Standard and Poor's Information Service (Beijing) Co., Ltd. (中標普指數信息服務(北京)有限公司)	Mainland China	RMB8.03 million	Financial services	50%	50%
Goldstone Xingye Hotel Management (Beijing) Co., Ltd. 金石星野(北京)酒店管理有限公司	Mainland China	RMB10 million	Hotel management	50%	50%
Guojing Taifu Investment Co., Ltd. 國經泰富投資有限公司	Mainland China	RMB50 million	Investments to set up industries (specific projects to be applied); investment consulting (exclusive of prohibitive projects); enterprises management advisor	50%	50%

- (i) The Group holds non-voting fund shares, also functions as the fund manager. Therefore the Group has a significant influence over the fund.
- (ii) The Group's equity interests in these entities are non-voting fund shares. The Group has joint control over these entities with other parties through contractual arrangement.

(b) The following table illustrates the summarised financial information of the Group's material associates

CITIC Private Equity Funds Management Co., Ltd., as a major associate of the Group, is primarily engaged in investment fund management, and is accounted for using the equity method. The financial information was as follows:

	31 December	
	2014	2013
	Unaudited	Unaudited
Current assets	3,253,767	2,235,422
Non-current assets	1,772,762	1,443,836
Current liabilities	610,378	697,354
Non-current liabilities	349,937	144,001
Revenue	2,209,263	(433,263)
Profit or loss from continuing operations	1,335,929	(660,987)
Total comprehensive income	1,335,929	(660,987)



## 22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

## (b) The following table illustrates the summarised financial information of the Group's material associates (Continued)

Shenzhen Nanbo Display Device Science Company Limited, as a major associate of the Group, is primarily engaged in production and operation of new display devices, etc., goods and technology import and export business, and is accounted for using the equity method. The financial information was as follows:

	31 December	
	2014	2013
	Unaudited	Unaudited
Current assets	342,258	269,079
Non-current assets	1,300,904	1,099,535
Current liabilities	547,878	488,365
Non-current liabilities	242,305	132,799
Revenue	616,638	883,402
Profit or loss from continuing operations	160,590	200,129
Total comprehensive income	160,590	200,129

## (c) The following table illustrates the aggregate financial information of the Group's immaterial associates and joint ventures that are not individually material.

	31 December	
	2014	2013
	Unaudited	Unaudited
Profit from continuing operations	705,688	1,029,429
Other comprehensive income	2,771	(63)
Total comprehensive income	708,459	1,029,366

(d) As at 31 December 2014, there was no commitment to the joint ventures (31 December 2013: Nil).

(e) There were not any significant restrictions on the ability of the Group's associates and joint ventures to transfer funds to the Group in form of cash dividends or to repay corporate loans or advances made by the Group (2013: Nil).

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

#### Non-current

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
At fair value:				
Equity investments	357,848	2,533,833	300,428	2,533,833
At cost:				
Equity investments	10,613,631	10,514,648	1,467,194	1,401,042
	10,971,479	13,048,481	1,767,622	3,934,875
Less: Allowance for impairment losses	413,881	161,341	151,729	151,729
Total	10,557,598	12,887,140	1,615,893	3,783,146
Analysed into:				
Listed	357,848	2,533,833	300,428	2,533,833
Unlisted	10,199,750	10,353,307	1,315,465	1,249,313
	10,557,598	12,887,140	1,615,893	3,783,146

#### Current

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
At fair value:				
Debt securities	10,847,436	6,450,844	18,238,016	13,500,099
Equity investments	11,915,670	8,497,677	7,766,112	5,305,143
Others	16,142,125	8,664,685	12,442,009	4,693,137
	38,905,231	23,613,206	38,446,137	23,498,379
Less: Allowance for impairment losses	626,820	795,864	14,094	275,415
Total	38,278,411	22,817,342	38,432,043	23,222,964
Analysed into:				
Listed	20,062,011	13,820,393	18,343,871	10,928,815
Unlisted	18,216,400	8,996,949	20,088,172	12,294,149
	38,278,411	22,817,342	38,432,043	23,222,964

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

## Group

	31 December	
	2014	2013
Non-current		
Equity investments	122,635	122,208
Others	183,533	—
	306,168	122,208
Analysed into:		
Listed	—	—
Unlisted	306,168	122,208
	306,168	122,208
Current		
Equity investments	8,378,051	7,084,225
Others	3,749,508	4,829,912
	12,127,559	11,914,137
Analysed into:		
Listed	8,359,578	7,102,494
Unlisted	3,767,981	4,811,643
	12,127,559	11,914,137

## 25. REFUNDABLE DEPOSITS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Margin trading	852,987	262,987	329,214	176,723
Performance bonds	2,254	296	1,395,087	383,069
Credit deposits	2,497,855	761,400	2,403,002	675,169
Total	3,353,096	1,024,683	4,127,303	1,234,961

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 26. DEFERRED INCOME TAX ASSETS AND LIABILITIES

#### Group

Deferred income tax assets:	Depreciation allowance	Change in fair value of financial assets measured through profit and loss	Change in fair value of available-for-sale financial assets	Allowance for impairment losses on available-for-sale financial assets	Change in fair value of derivatives	Accrued staff costs	Others	Total
At 1 January 2014	12,824	112,319	274,822	153,023	80,988	543,215	146,063	1,323,254
Credited/(debited) to the statement of profit or loss	23,212	(112,319)	—	(2,095)	1,287,215	451,527	(99,081)	1,548,459
Credited/(debited) to other comprehensive income	(194)	—	(274,822)	—	—	(897)	485	(275,428)
At 31 December 2014	35,842	—	—	150,928	1,368,203	993,845	47,467	2,596,285

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

## 26. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

## Group

Deferred income tax liabilities:	Amortisation allowance	Change in fair value of financial assets measured at fair value through profit and loss	Change in fair value of available-for-sale financial assets	Change in fair value of derivatives	Change in fair value of financial liabilities measured at fair value through profit and loss	Others	Total
At 1 January 2014	628,263	218	217,822	154	1,697	24,132	872,286
Debited/(credited) to the statement of profit or loss	(75,507)	1,450,260	—	(154)	4,280	1,440	1,380,319
Debited/(credited) to other comprehensive income	2,382	(342)	355,686	—	—	123	357,849
At 31 December 2014	555,138	1,450,136	573,508	—	5,977	25,695	2,610,454

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 26. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

#### Company

Deferred income tax assets:	Change in fair value of financial assets measured at fair value through profit and loss	Change in fair value of available-for-sale financial assets	Allowance for impairment losses on available-for-sale financial assets	Change in fair value of derivatives	Accrued staff costs	Others	Total
At 1 January 2014	112,319	312,232	68,854	81,130	354,836	402	929,773
Credited/(debited) to the statement of profit or loss	(112,319)	—	(65,330)	1,287,063	329,949	456	1,439,819
Credited to other comprehensive income	—	(312,232)	—	—	—	—	(312,232)
At 31 December 2014	—	—	3,524	1,368,193	684,785	858	2,057,360

Deferred income tax assets:	Change in fair value of financial assets measured at fair value through profit and loss	Change in fair value of available-for-sale financial assets	Allowance for impairment losses on available-for-sale financial assets	Change in fair value of derivatives	Accrued staff costs	Others	Total
At 1 January 2013	—	128,160	7,985	257,914	393,299	1,590	788,948
Credited/(debited) to the statement of profit or loss	112,319	—	60,869	(176,784)	(38,463)	(1,188)	(43,247)
Credited to other comprehensive income	—	184,072	—	—	—	—	184,072
At 31 December 2013	112,319	312,232	68,854	81,130	354,836	402	929,773

## 26. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

## Company

Deferred income tax liabilities:	Change in fair value of financial assets measured at fair value through profit and loss	Change in fair value of available-for-sale financial assets	Change in fair value of derivatives	Change in fair value of financial liabilities measured at fair value through profit and loss	Others	Total
At 1 January 2014	—	—	—	1,697	—	1,697
Debited/(credited) to the statement of profit or loss	1,427,325	—	—	4,280	4,767	1,436,372
Debited/(credited) to other comprehensive income	—	367,924	—	—	—	367,924
At 31 December 2014	1,427,325	367,924	—	5,977	4,767	1,805,993

Deferred income tax liabilities:	Change in fair value of financial assets measured at fair value through profit and loss	Change in fair value of available-for-sale financial assets	Change in fair value of derivatives	Change in fair value of financial liabilities measured at fair value through profit and loss	Others	Total
At 1 January 2013	245,215	—	—	—	—	245,215
Debited/(credited) to the statement of profit or loss	(245,215)	—	—	1,697	—	(243,518)
At 31 December 2013	—	—	—	1,697	—	1,697

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 27. MARGIN ACCOUNTS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Margin accounts	74,135,256	34,301,932	48,702,527	22,183,838

Margin accounts are the funds the Group lends to the customers in margin financing and securities lending business. Margin accounts are guaranteed by sufficient collaterals, no impairment was made as at 31 December 2014 (31 December 2013: RMB0.24 million).

### 28. FINANCIAL ASSETS HELD FOR TRADING

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Debt securities	64,050,942	46,339,931	54,064,456	41,826,929
Equity investments (i)	46,269,983	11,307,641	38,586,116	9,128,095
Others	3,430,636	214,103	2,418,234	259,274
Total	113,751,561	57,861,675	95,068,806	51,214,298
Analysed into:				
Listed	103,623,461	54,298,020	92,650,572	50,955,023
Unlisted	10,128,100	3,563,655	2,418,234	259,275
	113,751,561	57,861,675	95,068,806	51,214,298

- (i) Includes RMB95 million of securities lent out under securities lending arrangements as at 31 December 2014 (31 December 2013: RMB333 million).



## 29. DERIVATIVE FINANCIAL INSTRUMENTS

## Group

	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivative	259,065	219,616	599,601	636,265
Currency derivative	82,874	163,557	85,032	86,077
Equity derivative	6,664,763	4,717,018	5,518,113	562,243
Credit derivative	165,676	209,927	274,177	26,248
Others	109,248	28,967	14,445	15,328
<b>Total</b>	<b>7,281,626</b>	<b>5,339,085</b>	<b>6,491,368</b>	<b>1,326,161</b>

## Company

	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivative	226,111	215,516	658,739	697,811
Equity derivative	769,374	5,079,161	106,027	625,699
Credit derivative	127,263	208,121	228,979	22,205
Others	18	19	—	—
<b>Total</b>	<b>1,122,766</b>	<b>5,502,817</b>	<b>993,745</b>	<b>1,345,715</b>

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures were settled daily and the corresponding payments or receipts were included in "cash and bank balances" as at 31 December 2014. Accordingly, the amount of mark-to-market gain or loss of unexpired stock index futures contracts included in derivative financial instruments above was nil.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 30. REVERSE REPURCHASE AGREEMENTS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Analysed by collateral:				
Securities	33,114,142	10,919,228	28,684,234	10,689,228
Debts	9,367,198	11,065,042	8,824,167	11,025,042
Others	381,555	107,722	420,800	720
<b>Total</b>	<b>42,862,895</b>	<b>22,091,992</b>	<b>37,929,201</b>	<b>21,714,990</b>
Analysed by counterparty:				
Banks	2,878,703	96,139	2,878,703	96,139
Other financial institutions	4,109,297	13,645,979	3,184,711	13,458,977
Others	35,874,895	8,349,874	31,865,787	8,159,874
<b>Total</b>	<b>42,862,895</b>	<b>22,091,992</b>	<b>37,929,201</b>	<b>21,714,990</b>

As part of the reverse repurchase agreements, the Group has received securities that it is allowed to repledge in the absence of default by their owners. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group has an obligation to return the collateral to its counterparties at the maturity of the contracts. As at 31 December 2014, the Group had received securities as collateral with a fair value of approximately RMB6,288.93 million on these terms (31 December 2013: RMB9,732.76 million). In addition, securities with a fair value as shown above have been repledged are RMB2,542.29 million (31 December 2013: RMB4,483.08million).

### 31. OTHER CURRENT ASSETS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Accounts due from clients	7,966,725	5,743,850	—	—
Accounts due from brokers	1,692,822	1,439,538	—	—
Settlement deposits receivable	2,291,044	646,994	3,355,573	318,931
Interest receivable	3,152,563	2,165,507	2,607,931	1,962,870
Accounts due from equity transfer	1,031,964	—	—	—
Deferred expenses	248,843	139,262	73,929	7,935
Dividends receivable	2,852	21	2,114	—
Others	4,996,740	1,613,565	18,287,580	3,199,499
Less: Impairment loss	38,724	7,098	3,434	1,609
<b>Total</b>	<b>21,344,829</b>	<b>11,741,639</b>	<b>24,323,693</b>	<b>5,487,626</b>

### 32. CASH HELD ON BEHALF OF CUSTOMERS

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

### 33. CASH AND BANK BALANCES

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Cash on hand	283	434	85	76
Deposits in banks	37,966,906	27,684,190	19,782,109	16,097,567
<b>Total</b>	<b>37,967,189</b>	<b>27,684,624</b>	<b>19,782,194</b>	<b>16,097,643</b>

As at 31 December 2014, the Group had restricted funds of RMB2,398.68 million (31 December 2013: RMB2,015.71 million).

### 34. CUSTOMER BROKERAGE DEPOSITS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Customer brokerage deposits	101,845,838	45,196,159	46,487,203	16,261,083

Customer brokerage deposits represent the amounts received from and repayable to clients arising from the ordinary course of the Group's securities brokerage business. For more details, please refer to note 32 "cash held on behalf of customers".

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 35. FINANCIAL LIABILITIES HELD FOR TRADING

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Current				
Debt securities	687,253	1,872,030	413,270	1,855,352
Equity	772,938	970,065	—	—
Others	1,148,123	—	890,220	—
<b>Total</b>	<b>2,608,314</b>	<b>2,842,095</b>	<b>1,303,490</b>	<b>1,855,352</b>

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

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Non-current:				
Others	2,647,377	1,487,334	—	—
Current				
Equity	—	2,263	—	—
Others	25,809,281	16,438,752	2,883,978	—
<b>Total</b>	<b>25,809,281</b>	<b>16,441,015</b>	<b>2,883,978</b>	<b>—</b>

### 37. REPURCHASE AGREEMENTS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Analysed by collateral:				
Securities	376,491	—	—	—
Debts	52,611,995	42,849,040	51,094,887	42,837,565
Others	71,925,960	12,855,215	69,366,145	12,225,215
<b>Total</b>	<b>124,914,446</b>	<b>55,704,255</b>	<b>120,461,032</b>	<b>55,062,780</b>
Analysed by counterparty:				
Banks	56,737,966	14,207,626	54,804,966	14,007,626
Other financial institutions	39,228,371	29,086,932	37,717,828	28,656,932
Others	28,948,109	12,409,697	27,938,238	12,398,222
<b>Total</b>	<b>124,914,446</b>	<b>55,704,255</b>	<b>120,461,032</b>	<b>55,062,780</b>

## 38. TAXES PAYABLE

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Income tax	2,106,380	1,349,589	1,030,350	756,301
Business tax	235,559	208,830	151,294	155,849
Others	953,526	644,925	565,370	455,906
<b>Total</b>	<b>3,295,465</b>	<b>2,203,344</b>	<b>1,747,014</b>	<b>1,368,056</b>

## 39. SHORT-TERM LOANS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Analysed by nature:				
Credit loans	3,447,346	2,194,329	1,000,000	100,000
Collateralised loans	1,204,070	330,891	—	—
<b>Total</b>	<b>4,651,416</b>	<b>2,525,220</b>	<b>1,000,000</b>	<b>100,000</b>
Analysed by term:				
Maturity within one year	4,651,416	2,525,220	1,000,000	100,000

As at 31 December 2014, the interest rates on the short-term loans were in the range of 0.21% to 7% (31 December 2013: 0.2% to 7%).

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 40. SHORT-TERM FINANCING INSTRUMENT PAYABLES

The commercial paper issued by the Group and the Company are as follows:

	31 December 2014	31 December 2013
Analysed by maturity:		
Maturity within one year	17,997,658	11,998,130
	17,997,658	11,998,130

Name	Issue date	Maturity date	Issue price	Nominal interest rate	31 December 2014	31 December 2013
13 CITIC CP009	2013/10/17	2014/1/16	4,000,000	5.19%	—	3,999,762
13 CITIC CP010	2013/11/11	2014/2/10	4,000,000	5.75%	—	3,999,366
13 CITIC CP011	2013/12/4	2014/3/5	4,000,000	6.40%	—	3,999,002
14 CITIC CP001	2014/1/9	2014/4/10	4,000,000	6.15%	—	—
14 CITIC CP002	2014/2/14	2014/5/16	5,000,000	5.56%	—	—
14 CITIC CP003	2014/3/6	2014/6/5	5,000,000	4.99%	—	—
14 CITIC CP004	2014/4/10	2014/7/10	5,000,000	4.90%	—	—
14 CITIC CP005	2014/5/9	2014/8/8	3,000,000	4.39%	—	—
14 CITIC CP006	2014/6/12	2014/9/11	4,000,000	4.49%	—	—
14 CITIC CP007	2014/8/14	2014/11/13	5,000,000	4.58%	—	—
14 CITIC CP008	2014/9/4	2014/12/4	5,000,000	4.57%	—	—
14 CITIC CP009	2014/10/15	2015/1/14	5,000,000	4.40%	4,999,743	—
14 CITIC CP010	2014/12/3	2015/3/4	5,000,000	4.50%	4,998,777	—
14 CITIC D1	2014/12/15	2015/12/15	8,000,000	5.50%	7,999,138	—
<b>Total</b>			66,000,000		17,997,658	11,998,130

As at 31 December 2014, short-term financing instrument payables comprised of commercial papers and short-term corporate bonds.

## 41. OTHER CURRENT LIABILITIES

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Salaries, bonuses and allowances payable	5,266,610	3,295,862	2,792,015	1,468,431
Funds payable to securities holders	184,777	194,925	171,503	181,634
Funds payable to securities issuers	7,792	61,260	7,617	61,086
Accounts due to brokers	2,854,093	1,501,150	—	—
Long-term borrowings due within one year	5,000,000	—	5,000,000	—
Settlement deposits payable	11,596,232	2,370,612	8,540,024	1,284,485
Fee and commissions payable	306,232	290,701	95,745	73,043
Interest payable	1,566,572	890,888	1,471,794	846,584
Dividends payable	12,715	2,050	22	22
Others	2,557,465	1,153,771	6,341,571	5,021,561
<b>Total</b>	<b>29,352,488</b>	<b>9,761,219</b>	<b>24,420,291</b>	<b>8,936,846</b>

## 42. BONDS PAYABLE

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Analysed by maturity:				
Maturity within five years	29,693,984	12,706,194	20,979,205	7,982,534
Maturity over five years	13,473,379	13,470,914	13,473,379	13,470,914
	<b>43,167,363</b>	<b>26,177,108</b>	<b>34,452,584</b>	<b>21,453,448</b>

Name	Issue date	Issue price	Coupon rate	Value date	Maturity date	Circulation	
						date	Issue amount
06 CITICS Bond	5/29/2006	RMB100	4.25%	5/31/2006	5/31/2021	8/18/2006	1,500,000 <sup>(1)</sup>
CITIC SEC B1805	5/3/2013	USD99.753	2.50%	5/3/2013	5/3/2018	5/6/2013	4,930,543 <sup>(2)</sup>
13 CITICS 01	6/7/2013	RMB100	4.65%	6/7/2013	6/7/2018	6/28/2013	3,000,000 <sup>(3)</sup>
13 CITICS 02	6/7/2013	RMB100	5.05%	6/7/2013	6/7/2023	6/28/2013	12,000,000 <sup>(4)</sup>
13 CITICS 03	8/5/2013	RMB100	5.00%	8/5/2013	8/5/2016	8/23/2013	5,000,000 <sup>(5)</sup>
14 CITICS C1	4/28/2014	RMB99.67	5.90%	4/28/2014	4/28/2018	5/23/2014	5,980,000 <sup>(6)</sup>
14 CITICS C2	10/24/2014	RMB100	5.65%	10/24/2014	10/24/2019	11/5/2014	7,000,000 <sup>(7)</sup>
CITIC SECURITIES FIN MTN	10/30/2014	USD99.945	3.50%	10/30/2014	10/30/2019	10/31/2014	3,972,885 <sup>(8)</sup>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 42. BONDS PAYABLE (Continued)

- (1) Pursuant to the approval by the CSRC, the Company issued a 15-year bond amounting to RMB1.5 billion from 25 May to 2 June 2006 which was guaranteed by CITIC Group.
- (2) CITIC Securities Finance 2013 Co., Ltd issued a 5-year bond with a face value of USD0.8 billion (RMB4.94 billion) from 25 April to 3 May 2013 which was guaranteed by Bank of China (Macau Branch). The Company provides a counter-guarantee to Bank of China within the scope of guarantee.
- (3) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB3 billion from 7 June to 14 June 2013.
- (4) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12 billion from 7 June to 14 June 2013.
- (5) Pursuant to the approval by the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB5 billion from 5 August to 7 August 2013.
- (6) Pursuant to the approval by the CSRC, the Company issued a 4-year unguaranteed bond with a face value of RMB6 billion on 28 April 2014.
- (7) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB7 billion on 24 October 2014.
- (8) CITIC Securities Finance MTN Co., Ltd. established the USD3 billion Medium Term Note Programme dated 17 October 2014 guaranteed by the Company with no counter-guarantee scheme scheduled. On October 23 2014, the Company carried out a drawdown under the Programme to offer and issue the Drawdown Notes in an aggregate nominal amount of USD0.65 million.

### 43. LONG-TERM LOANS

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Analysed by nature:				
Credit loans	1,686,802	—	545,000	—
Collateralised loans	567,000	567,000	—	—
Guaranteed loans	60,591	—	—	—
<b>Total</b>	<b>2,314,393</b>	<b>567,000</b>	<b>545,000</b>	
Analysed by maturity:				
Maturity within five years	2,314,393	567,000	545,000	—

As at 31 December 2014, the interest rates on the long-term loans were in the range of 3.28% to 8%.



## 44. OTHER NON-CURRENT LIABILITIES

## Group

	31 December	
	2014	2013
Risk provision payables	190,387	140,828

## 45. ISSUED SHARE CAPITAL

Share capital of the Group and the Company is as follows:

	31 December 2014		31 December 2013	
	Number of shares (Thousand)	Nominal Value	Number of shares (Thousand)	Nominal Value
Registered, issued and fully paid:				
A shares of RMB1 each	9,838,580	9,838,580	9,838,580	9,838,580
H shares of RMB1 each	1,178,328	1,178,328	1,178,328	1,178,328
	11,016,908	11,016,908	11,016,908	11,016,908

As at 31 December 2014, the number of shares of the Company in issue was 11,016,908,400 (31 December 2013: 11,016,908,400).

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 46. RESERVES

#### Group

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

#### (a) Capital reserve

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

#### (b) Surplus reserves

##### (i) Statutory surplus reserve

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

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

##### (ii) Discretionary surplus reserve

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

#### (c) General reserve

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

## 46. RESERVES (Continued)

## Group (Continued)

(d) *Investment revaluation reserve*

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

(e) *Foreign currency translation reserve*

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

(f) *Distributable profits*

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

The movements in reserves and retained profits of the Company are set out below:

## Company

	Reserves					Sub-total	Retained profits
	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve			
Balance as at 1 January 2014	34,415,560	5,352,561	9,784,401	(890,542)	48,661,980	12,011,655	
Profit for the year	—	—	—	—	—	6,605,910	
Other comprehensive income	—	—	—	2,040,469	2,040,469	—	
Total comprehensive income	—	—	—	2,040,469	2,040,469	6,605,910	
Dividend – 2013						(1,652,537)	
Appropriation to surplus reserves	—	361,209	—	—	361,209	(361,209)	
Appropriation to general reserve	—	—	1,321,182	—	1,321,182	(1,321,182)	
Balance as at 31 December 2014	34,415,560	5,713,770	11,105,583	1,149,927	52,384,840	15,282,637	

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 46. RESERVES (Continued)

#### Company (Continued)

	Reserves					Sub-total	Retained profits
	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve			
Balance as at 1 January 2013	34,369,462	5,061,676	9,202,630	(338,324)	48,295,444	13,280,530	
Profit for the year	—	—	—	—	—	2,908,854	
Other comprehensive income	46,098	—	—	(552,218)	(506,120)	—	
Total comprehensive income	46,098	—	—	(552,218)	(506,120)	2,908,854	
Dividend – 2012	—	—	—	—	—	(3,305,073)	
Appropriation to surplus reserves	—	290,885	—	—	290,885	(290,885)	
Appropriation to general reserve	—	—	581,771	—	581,771	(581,771)	
Balance as at 31 December 2013	34,415,560	5,352,561	9,784,401	(890,542)	48,661,980	12,011,655	

### 47. CASH AND CASH EQUIVALENTS

	31 December	
	2014	2013
Cash on hand	283	434
Deposits in banks	35,568,228	25,668,478
Total	35,568,511	25,668,912

## 48. DISPOSAL OF SUBSIDIARIES

Name	Net Assets	Net income from the beginning of the year to the date of disposal
Tianjin Jingzheng Property Services Ltd	3,512,351	10,750
Tianjin Shenzheng Property Services Ltd	1,508,746	6,916

According to CITIC Securities Announcement No. 2013-060, "Announcement of regarding CITIC Securities transfer 100% stake of wholly owned Tianjin Jingzheng Property Services Ltd and of wholly owned Tianjin Shenzheng Property Services Ltd", CITIC Securities to carry out a relevant specific innovation financial business, transfer entire equity of Tianjin Jingzheng and of Tianjin Shenzheng to a non-public fund wholly owned company, which is initially established by CITIC GS Fund Management Co., Ltd. . As of 28 April 2014, CITIC Securities completed the disposal of the two subsidiaries. Relevant financial information is as follows:

Name	Disposal date	Profit or loss recognition method
Tianjin Jingzheng Property Services Ltd	28 April 2014	cost approach
Tianjin Shenzheng Property Services Ltd	28 April 2014	cost approach

	28 April 2014	
	Tianjin Jingzheng	Tianjin Shenzheng
Assets	3,559,051	1,522,498
Liabilities	46,700	13,752
Revenue	54,158	24,834
Expense	39,830	16,742
Gain on disposal of subsidiaries	25,838	10,934
Satisfied by cash	3,508,520	1,505,810

Name	Net Assets	Net income from the beginning of the year to the date of disposal
Chongqing CITIC GS Equity Investment Management Co., Ltd.	840,587	(7)
Shanghai Mintai Industrial Development Co., Ltd.	679,601	(9)

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 48. DISPOSAL OF SUBSIDIARIES

Chongqing CITIC GS Equity Investment Management Co., Ltd. and Shanghai Mintai Industrial Development Co., Ltd. are the subsidiaries of Goldstone Investment, which is the Group's subsidiary. On December 21 2014, Goldstone Investment and Wuhan Contemporary Science Industry Group Co., Ltd. signed the "Equity transfer agreement", in which, Goldstone Investment will transfer the equity of the above two subsidiaries. On December 31 2014, the above transaction was completed. Relevant financial information is as follows:

Name	Disposal date	Profit or loss recognition method
Chongqing CITIC GS Equity Investment Management Co., Ltd.	31 December 2014	cost approach
Shanghai Mintai Industrial Development Co., Ltd.	31 December 2014	cost approach

	31 December 2014	
	Chongqing CITIC GS equity investment management co., Ltd.	Shanghai Mintai industrial development co., Ltd.
Assets	840,587	679,601
Liabilities	—	—
Non-controlling interests	79,997	—
Revenue	4	4
Expense	12	12
Gain on disposal of subsidiaries	862,918	770,674
Satisfied by cash	1,623,508	1,450,674

#### Net cash flows from disposal of subsidiaries

	2014	2013
Total consideration	8,088,512	—
Cash and cash equivalents received	7,053,616	—
Cash and cash equivalents in the subsidiaries disposed of	(3,765)	—
Net cash inflow from disposal of subsidiaries	7,049,851	—

#### 49. INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

The Group is principally involved with structured entities through financial investments. These structured entities generally purchase assets through financing. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them. The interests held by the Group in the unconsolidated structured entities are set out as below:

Structured entities sponsored by the Group:

Unconsolidated structured entities sponsored by the Group mainly include investment funds and asset management plans sponsored by the Group. The nature and aim of the structured entities is to manage investors' assets and collect management fees. Financing is sustained through investment products issued to investors. The interests held by the Group in the unconsolidated structured entities mainly involve management fees and performance fees collected from managed or directly controlled structured entities.

As at 31 December 2014, the maximum exposure to loss and the book value of relevant balance sheet items of the Group arising from the interest held of directly held structured entities sponsored by the Group are set out as below:

	31 December 2014	
	Carrying amount	Maximum exposure to loss
Financial assets designated as at fair value through profit or loss	62,503	62,503
Available-for-sale financial assets	830,932	830,932
Repurchase agreements	381,555	381,555

In 2014, The Group obtained management fee, commission and performance fee amounting to RMB1,160.32 million from unconsolidated structured entities sponsored by the Group, for which the Group held no interest in as at the balance sheet date.

Structured entities sponsored by third party financial institutions:

As at 31 December 2014, the maximum exposure to loss and the book value of relevant balance sheet items of the Group arising from the interest held of directly invested structured entities that are sponsored by third party financial institutions are set out as below:

	31 December 2014	
	Carrying amount	Maximum exposure to loss
Financial assets designated as at fair value through profit or loss	1,902,418	1,902,418
Available-for-sale financial assets	19,878,169	19,878,169

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 50. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or customers. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

#### Repurchase transactions

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received.

#### Securities lending arrangements

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition and their associated financial liabilities:

	31 December 2014		31 December 2013	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	27,604,141	27,840,218	17,980,309	18,249,890
Securities lending	95,183	—	335,863	—
<b>Total</b>	<b>27,699,324</b>	<b>27,840,218</b>	<b>18,316,172</b>	<b>18,249,890</b>



## 51. COMMITMENTS AND CONTINGENT LIABILITIES

## (a) Capital commitments

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Contracted, but not provided for	302,086	55,950	165,466	52,322

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

## (b) Operating lease commitments

## (i) Operating lease commitments - as a lessee

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

	Group		Company	
	31 December 2014	2013	31 December 2014	2013
Within one year	728,524	423,998	478,370	118,175
After one year but not more than two years	638,574	311,956	472,141	92,582
After two years but not more than three years	577,159	201,627	452,300	71,133
After three years	1,202,622	378,363	1,020,455	229,649
Total	3,146,879	1,315,944	2,423,266	511,539

## (ii) Operating lease commitments - as a lessor

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 51. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

#### (c) Legal proceedings

The small and medium enterprise private debt/asset management plan managed by China AMC, a subsidiary controlled by the Company, subscribed for the private bonds (the bonds are referred to as “13 Stda 01”, for a term of two years at a coupon rate of 10.2% p.a.) issued by Xiamen Stdawee Fashion Co., Ltd. (“Stdawee”) in the amount of RMB25 million on 7 June 2013. Stdawee could not make the first stage interest payment for “13 Stda 01” bonds that was due on 13 June 2014. To safeguard the legitimate interests of the asset management plan and the principals, China AMC filed a lawsuit on 30 June 2014 against Sino-capital Guaranty Trust Co., Ltd. (中海信达担保有限公司), the guarantor of the “13 Stda 01” private bonds, requesting Sino-capital Guaranty Trust Co., Ltd. to assume its joint and several guarantee liabilities to settle the claim for damages of approximately RMB30.40 million. China AMC also applied for property preservation to the People’s Court of Chaoyang District, Beijing, requesting to freeze an RMB30.40 million bank deposit of Sino-capital Guaranty Trust Co., Ltd. or to seal up or detain properties of the same value, using properties owned by China AMC as guarantee. The People’s Court of Chaoyang District, Beijing, issued to China AMC a filing acceptance notice on 1 July 2014. Up to the date this financial statements being approved, the case is still under trial.

On 25 April 2014, Qingdao Jindingxin Petty Loan Co., Ltd, a subsidiary of CITIC Securities (Shandong) (a wholly-owned subsidiary of the Company) granted a loan in an amount of RMB10 million to Qingdao Jinghao Mining Co., Ltd (“Jinghao Mining”). As Jinghao Mining failed to repay the principal and interest of such loan on the scheduled repayment date, in order to safeguard its legal rights and interests, Qingdao Jindingxin Petty Loan Co., Ltd brought a litigation action against Jinghao Mining as well as guarantors with joint liabilities, on 21 January 2015 to claim a compensation of approximately RMB10.9 million. Currently, the intermediate people’s court of Qiangdao City has accepted such case and sealed up in turn a property of a guarantor under joint liabilities. Up to the date this financial statements being approved, the case is still under trial.

## 52. RELATED PARTY DISCLOSURES

## (1) Largest shareholder of the Company

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

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

## (2) Subsidiaries

Details of the Company’s subsidiaries are disclosed in note 21.

## (3) Associates and joint ventures

Details of the Company’s associates and joint ventures are disclosed in note 22.

## (4) Related party transactions

## (a) Largest shareholder of the Company – CITIC Limited

## Transactions during the year

	2014	2013
Income from providing services	—	10,000
Interest expense	—	60
Total	—	10,060

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 52. RELATED PARTY DISCLOSURES (Continued)

#### (4) Related party transactions (Continued)

##### (b) Subsidiaries

##### Transactions during the year

	2014	2013
Interest expense	187,677	22,420
Interest income	154,249	113,918
Investment income	134,763	76,316
Lease fees received	1,304	13,236
Income from providing services	18,617	2,492
Expense from receiving services	78,683	5,627
Total	575,293	234,009

##### Balances at the end of the year

	31 December	
	2014	2013
Available-for-sale financial assets	8,051,446	7,672,814
Refundable deposits	1,393,891	382,850
Deposits for investments -- Stock index futures	968,992	496,565
Derivative financial assets	314,148	67,546
Reverse repurchase agreements	982,350	—
Financial assets held for trading	401,090	—
Due from banks and other financial institutions	150,000	1,660,000
Other current assets	20,052,620	2,908,956
Financial liabilities designated as at fair value through profit or loss	2,522,226	—
Derivative financial liabilities	532,572	75,615
Customer brokerage deposits	37,911	42,722
Other current liabilities	6,396,132	4,751,504
Total	41,803,378	18,058,572

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

## 52. RELATED PARTY DISCLOSURES (Continued)

## (4) Related party transactions (Continued)

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

**Transactions during the year**

	2014	2013
Lease fees received	13,586	24,512
Lease expenses paid	10,609	34,299
Interest income	336,106	425,399
Interest expense	77,873	5,410
Income from providing services	102,208	31,198
Expense on receiving services	76,992	90,027
Investment income	11,681	7,804
<b>Total</b>	<b>629,055</b>	<b>618,649</b>

**Balances at the end of the year**

	31 December	
	2014	2013
Other current assets	316	754
Other current liabilities	3,242	3,677
Cash held on behalf of customers (i)	14,168,906	3,461,084
Cash and bank balances (i)	3,961,201	10,266,294
<b>Total</b>	<b>18,133,665</b>	<b>13,731,809</b>

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 52. RELATED PARTY DISCLOSURES (Continued)

#### (4) Related party transactions (Continued)

(d) *Controlling Shareholder and actual controller of the largest shareholder of the Company and their subsidiaries.*

##### Transactions during the year

	2014	2013
Income from providing services	561,841	44,343
Lease expenses paid	26,011	—
Expense from receiving services	2,565	2,675
Interest expense	26	21
Total	590,443	47,039

##### Balances at the end of the year

	31 December	
	2014	2013
Other current liabilities	103	68

##### Guarantees between related parties

During the period from 25 May 2006 to 2 June 2006, the Company issued a 15-year bond with an aggregate face value of RMB1.5 billion. The bond was guaranteed by CITIC Group Corporation (the actual controller of the largest shareholder of the Company). As at 31 December 2014, the total guarantees provided by CITIC Group Corporation amounted to RMB1.5 billion (31 December 2013: RMB1.5 billion). The guarantee was inherited by CITIC Corporation Limited according to the reorganization agreement of CITIC Group Corporation.

## 52. RELATED PARTY DISCLOSURES (Continued)

## (4) Related party transactions (Continued)

## (e) Associates

**Transactions during the year**

	2014	2013
Lease fees received	2,142	3,437
Income from providing services	222	651
Expense from receiving services	100	—
<b>Total</b>	<b>2,464</b>	<b>4,088</b>

**Balances at the end of the year**

	31 December	
	2014	2013
Other current liabilities	—	833

(f) *As at 31 December 2014, the collective asset management plan managed by the Company held by the Company and its subsidiaries amounted to RMB341 million (31 December 2013: RMB405 million).*

(g) *Key management personnel*

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives.

The aggregate compensation for key management personnel during the reporting periods, other than those disclosed in note 11, is as follows:

	2014	2013
Salary and other short term employment benefits	28,955	33,927

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 53. FAIR VALUE AND FAIR VALUE HIERARCHY

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

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

#### Fair value hierarchy

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

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

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

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

The Group uses valuation techniques or counterparty quotations to determine the fair value when it is unable to obtain open market quotation in active markets.

The main parameters used in valuation techniques include underlying securities price, interest rates, foreign exchange rates, volatilities, correlations and counterparty credit spreads and others, which are all observable and obtainable from the open market.

For certain unlisted equity (private equity), uncirculated equity, unlisted funds and part of over-the-counter derivatives transactions held by the Group, the management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value and market comparison approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, etc. As at 31 December 2014, fair value changes resulting from changes in the unobservable inputs were not significant. The Group has established internal control procedures to control the Group's exposure to such financial instruments.



## 53. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

## Fair value hierarchy (Continued)

## (a) Financial instruments recorded at fair value

31 December 2014	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets held for trading	59,515,083	52,602,775	1,633,703	113,751,561
– Debt securities	15,543,307	48,507,635	—	64,050,942
– Equity investments	43,955,156	681,124	1,633,703	46,269,983
– Others	16,620	3,414,016	—	3,430,636
Financial assets designated as at fair value through profit or loss	8,360,869	3,933,041	139,817	12,433,727
Derivative financial assets	27,445	7,254,181	—	7,281,626
Available-for-sale financial assets	5,955,786	26,982,371	5,698,102	38,636,259
– Debt securities	725,005	10,122,431	—	10,847,436
– Equity investments	5,177,749	770,847	5,698,102	11,646,698
– Others	53,032	16,089,093	—	16,142,125
<b>Total</b>	<b>73,859,183</b>	<b>90,772,368</b>	<b>7,471,622</b>	<b>172,103,173</b>
<b>Financial liabilities:</b>				
Financial liabilities held for trading	1,041,444	1,566,870	—	2,608,314
Financial liabilities designated as at fair value through profit or loss	—	28,435,440	21,218	28,456,658
Derivative financial liabilities	4,665	5,334,420	—	5,339,085
<b>Total</b>	<b>1,046,109</b>	<b>35,357,948</b>	<b>21,218</b>	<b>36,404,057</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 53. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

#### Fair value hierarchy (Continued)

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

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

## 53. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

## Fair value hierarchy (Continued)

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

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

	As at 1 January 2014	Total gains recorded in profit or loss	Total gains recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	As at 31 December 2014
<b>Financial assets:</b>								
Financial assets held for trading	498,950	205,847	—	1,371,203	42,154	2,032	402,175	1,633,703
– Equity investments	498,950	205,847	—	1,371,203	42,154	2,032	402,175	1,633,703
Financial assets designated as at fair value through profit or loss	134,614	4,732	471	—	—	—	—	139,817
Available-for-sale financial assets	3,227,543	209,867	1,731,343	801,030	152,774	—	118,907	5,698,102
– Equity investments	3,227,543	209,867	1,731,343	801,030	152,774	—	118,907	5,698,102
<b>Financial liabilities:</b>								
Financial liabilities designated as at fair value through profit or loss	23,252	(2,115)	81	—	—	—	—	21,218

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

Gains on Level 3 financial instruments included in the profit or loss for the year comprise:

	2014			2013		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains in the profit or loss for the year	299,251	119,080	418,331	48,219	112,381	160,600

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 53. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

#### Fair value hierarchy (Continued)

##### (c) Transfers between Level 1 and Level 2

During the year ended 31 December 2014, there were no transfers of fair value measurement between Level 1 and Level 2 (2013: Nil).

##### (d) Financial instruments not measured at fair value

The tables below summaries the carrying amounts and fair values of bonds payable not presented at fair value on the date of financial reporting.

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

Group	Carrying amount		Fair value	
	31 December 2014	2013	31 December 2014	2013
Bonds payable	43,167,363	26,177,108	44,279,150	25,201,106

Company	Carrying amount		Fair value	
	31 December 2014	2013	31 December 2014	2013
Bonds payable	34,452,584	21,453,448	35,445,374	20,462,756

## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT

### Overview

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

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

### Structure of Risk Management

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

#### *Level 1: Board of Directors*

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### Structure of Risk Management (Continued)

##### *Level 2: Executive Committee (Operation Management)*

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

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

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and Executive Committee of the Company, and is responsible for monitoring and managing the daily risk of the Company within its designated authority, and to decide and approve material matters related to risk management and relevant system. There is a risk management sub-working group under the Risk Management Committee, which is the main body responsible for daily monitoring and management of the financial risks over the securities investment business and facilitating executing decisions made by the Risk Management Committee. The risk management sub-working group comprises the credit risk management sub-working group which is responsible for supporting and coordinating the execution of decisions regarding daily credit risk monitoring and management.

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

## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### *Level 3: Division/Business Lines*

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (a) Credit risk

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

The credit risk of the Group mostly arises from three aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of customers, if the Group does not require the clients to pay sufficient margin deposits in advance according to the laws, the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or face financing gaps due to other factors on the settlement date, and accordingly resulting in losses; secondly, credit risk arising from the collateral trading businesses including margin financing and securities lending, stock repo, stock-pledged repo and deposit business such as equity swap business, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested.

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

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

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

For credit products investment, in respect of trust investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recovery, and in respect of fixed income investments, the Company has established the counterparty credit approval policy, and developed certain investment restrictions based on the credit ratings.

For cross-border business, the Company has established a series of credit risk management framework and procedures which met the international standards, in order to provide support and assistance for the Company's cross-border business.



## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

## (a) Credit risk (Continued)

(i) *Maximum exposure to credit risk without taking account of any collateral and other credit enhancements*

The maximum credit risk exposure of the Group and of the Company without taking account of any collateral and other credit enhancements is set out below:

**Group**

	31 December	
	2014	2013
Available-for-sale financial assets	27,187,276	16,493,752
Held-to-maturity investments	142,585	—
Refundable deposits	3,353,096	1,024,683
Margin accounts	74,135,256	34,301,932
Financial assets held for trading	72,953,646	48,455,620
Derivative financial assets	7,281,626	6,491,368
Reverse repurchase agreements	42,862,895	22,091,992
Cash held on behalf of customers	96,840,688	40,125,321
Bank balances	37,966,906	27,684,190
Others	21,590,537	11,839,866
<b>Total maximum credit risk exposure</b>	<b>384,314,511</b>	<b>208,508,724</b>

**Company**

	31 December	
	2014	2013
Available-for-sale financial assets	30,871,799	19,024,100
Refundable deposits	4,127,303	1,234,961
Margin accounts	48,702,527	22,183,838
Financial assets held for trading	62,176,861	42,874,281
Derivative financial assets	1,122,766	993,745
Reverse repurchase agreements	37,929,201	21,714,990
Cash held on behalf of customers	48,359,199	16,892,425
Bank balances	19,782,108	16,097,567
Others	24,564,224	7,202,153
<b>Total maximum credit risk exposure</b>	<b>277,635,988</b>	<b>148,218,060</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### (ii) Risk concentrations

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

31 December 2014	By geographical area		
	Mainland China	Outside Mainland China	Total
Available-for-sale financial assets	27,187,276	—	27,187,276
Held-to-maturity investments	142,585	—	142,585
Refundable deposits	3,290,462	62,634	3,353,096
Margin accounts	72,035,141	2,100,115	74,135,256
Financial assets held for trading	65,061,008	7,892,638	72,953,646
Derivative financial assets	803,969	6,477,657	7,281,626
Reverse repurchase agreements	42,404,063	458,832	42,862,895
Cash held on behalf of customers	92,509,248	4,331,440	96,840,688
Bank balances	31,073,518	6,893,388	37,966,906
Others	8,534,733	13,055,804	21,590,537
<b>Total maximum credit risk exposure</b>	<b>343,042,003</b>	<b>41,272,508</b>	<b>384,314,511</b>

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

## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

## (b) Liquidity risk

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

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

**Group**

	31 December 2014						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
Non-derivative financial liabilities:							
Customer brokerage deposits	101,845,838	—	—	—	—	—	101,845,838
Financial liabilities held for trading	—	422,670	1,054,651	320,629	86,992	801,337	2,686,279
Financial liabilities designated as at fairvalue through profit or loss	10,803,128	7,000	354,753	—	—	17,293,481	28,458,362
Repurchase agreements	—	68,297,145	40,849,511	17,890,921	—	—	127,037,577
Due to banks and other financial institutions	—	11,089,465	825,778	—	—	—	11,915,243
Short-term loans	—	4,665,379	—	—	—	—	4,665,379
Short-term financing instrument payables	—	10,110,945	8,440,000	—	—	—	18,550,945
Bonds payable	—	—	2,070,337	36,726,829	16,051,500	—	54,848,666
Long-term Loans	—	9,674	29,021	2,358,273	—	—	2,396,968
Others	13,315,015	7,959,121	495	1,227	—	394	21,276,252
<b>Total</b>	<b>125,963,981</b>	<b>102,561,399</b>	<b>53,624,546</b>	<b>57,297,879</b>	<b>16,138,492</b>	<b>18,095,212</b>	<b>373,681,509</b>
Cash flows from derivative financial liabilities settled on a net basis	—	293,217	2,353,656	1,855,982	613	603,973	5,107,441
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(12,483,505)	(368,964)	—	—	—	(12,852,469)
Contractual amounts payable	—	12,651,610	409,003	—	—	—	13,060,613
	—	168,105	40,039	—	—	—	208,144

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (b) Liquidity risk (Continued)

##### Group

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

## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

## (b) Liquidity risk (Continued)

## Company

	31 December 2014						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	46,487,203	—	—	—	—	—	46,487,203
Financial liabilities held for trading	—	418,530	937,063	—	—	—	1,355,593
Financial liabilities designated as at fair value through profit or loss	—	7,000	1,875,828	1,001,151	—	—	2,883,979
Repurchase agreements	—	66,154,333	39,913,859	17,890,921	—	—	123,959,113
Due to banks and other financial institutions	—	10,625,241	661,086	—	—	—	11,286,327
Short-term loans	—	1,009,727	—	—	—	—	1,009,727
Short-term financing instrument payables	—	10,110,945	8,440,000	—	—	—	18,550,945
Bonds payable	—	—	1,808,750	26,991,500	16,051,500	—	44,851,750
Long-term loans	—	9,674	29,021	574,021	—	—	612,716
Others	8,958,577	5,087,460	—	—	—	—	14,046,037
<b>Total</b>	<b>55,445,780</b>	<b>93,422,910</b>	<b>53,665,607</b>	<b>46,457,593</b>	<b>16,051,500</b>	<b>—</b>	<b>265,043,390</b>
Cash flows from derivative financial liabilities settled on a net basis	—	1,252,139	2,209,794	1,717,399	—	131,782	5,311,114
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(12,483,505)	(368,964)	—	—	—	(12,852,469)
Contractual amounts payable	—	12,651,610	409,003	—	—	—	13,060,613
	—	168,105	40,039	—	—	—	208,144

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (b) Liquidity risk (Continued)

##### Company

	31 December 2013						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	16,261,083	—	—	—	—	—	16,261,083
Financial liabilities held for trading	—	1,903,988	—	—	—	—	1,903,988
Repurchase agreements	—	48,085,053	7,412,667	—	—	—	55,497,720
Due to banks and other financial institutions	—	2,905,359	—	—	—	—	2,905,359
Short-term loans	—	103,150	—	—	—	—	103,150
Short-term financing instrument payables	—	12,174,825	—	—	—	—	12,174,825
Bonds payable	—	—	1,059,250	11,737,000	16,721,250	—	29,517,500
Others	1,676,111	—	—	—	—	—	1,676,111
<b>Total</b>	<b>17,937,194</b>	<b>65,172,375</b>	<b>8,471,917</b>	<b>11,737,000</b>	<b>16,721,250</b>	<b>—</b>	<b>120,039,736</b>
Cash flows from derivative financial liabilities settled on a net basis	—	(211,513)	(59,530)	398,052	—	—	127,009
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(3,481,642)	—	—	—	—	(3,481,642)
Contractual amounts payable	—	3,503,852	—	—	—	—	3,503,852
	—	22,210	—	—	—	—	22,210

## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (c) Market risk (Continued)

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

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

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

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



## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

## (c) Market risk (Continued)

## (i) VaR

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

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

The Group and Company’s VaR analysis by risk categories is summarised as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Price-sensitive financial instruments	341,292	175,575	296,169	129,156
Interest rate-sensitive financial instruments	75,509	32,542	68,851	31,584
Exchange rate-sensitive financial instruments	22,087	9,243	6,876	6,625
Total portfolio VaR	368,535	181,734	323,998	141,439

	2014			2013		
	Average	Highest	Lowest	Average	Highest	Lowest
Price-sensitive financial instruments	145,497	343,278	75,038	196,046	318,428	102,043
Interest rate-sensitive financial instruments	32,856	99,154	8,057	32,407	71,953	9,067
Exchange rate-sensitive financial instruments	8,529	16,205	5,297	7,785	12,368	5,032
Total portfolio VaR	156,590	404,600	80,344	204,316	332,548	117,906

## (ii) Interest rate risk

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (c) Market risk (Continued)

##### (ii) Interest rate risk (Continued)

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

Sensitivity of revenue	Group December 31		Company December 31	
	2014	2013	2014	2013
Change in basis points				
+25 basis points	(153,897)	(161,271)	(125,811)	(151,293)
- 25 basis points	155,557	163,212	129,026	153,561

Sensitivity of equity	Group December 31		Company December 31	
	2014	2013	2014	2013
Change in basis points				
+25 basis points	(22,921)	(15,248)	(21,166)	(13,221)
- 25 basis points	23,153	15,362	21,384	13,318

##### (iii) Currency risk

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

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

## 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

## (c) Market risk (Continued)

## (iii) Currency risk (Continued)

**Group**

Currency	Change in currency rate	Sensitivity of revenue	
		As at 31 December 2014	As at 31 December 2013
USD	-3%	465,840	175,193
HKD	-3%	(106,781)	(57,282)

Currency	Change in currency rate	Sensitivity of equity	
		As at 31 December 2014	As at 31 December 2013
USD	-3%	(133,111)	(149,517)
HKD	-3%	(195,897)	(173,034)

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

The tables below summarise the Group's and the Company's exposure to foreign currency exchange rate risk as at 31 December 2014 and 2013. The Group's and the Company's exposure to RMB is provided in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group and the Company in RMB equivalent, categorised by the original currencies. Derivative financial instruments are included in the net off-balance sheet position using notional amounts.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 54. FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (c) Market risk (Continued)

##### (iii) Currency risk (Continued)

###### Group

	RMB	As at 31 December 2014			Total
		USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	94,248,935	(6,712,246)	4,671,362	8,923,434	101,131,485

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

###### Company

	RMB	As at 31 December 2014			Total
		USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	67,488,386	967,217	10,228,782	—	78,684,385

	RMB	As at 31 December 2013			Total
		USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	58,710,420	4,997,776	7,982,347	—	71,690,543

##### (iv) Price risk

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

As at 31 December 2014, the proportion of the Group's equity investment to total assets further increased. The financial assets held for trading and financial assets designated as at fair value through profit or loss accounted for approximately 11.42% of the total assets with a rise of 4.60 percentage points, while the available-for-sale financial assets accounted for approximately 2.43% of the total assets with a drop of 1.34 percentage points.

## 55. EVENTS AFTER THE REPORTING PERIOD

### 1. Investment in equity of Zhengtong Company

To facilitate the interconnection of securities business, 36 organizations including the Company, ChinaAMC and CITIC Futures set up Zhengtong Company jointly on 8 January 2015. The registered capital of Zhengtong Company is RMB1,225 million, among which RMB50 million is contributed by the Company, RMB50 million by ChinaAMC and RMB15 million by CITIC Futures. The investment was passed by the 29th meeting of the 5th Session of the Board.

### 2. Acquisition of KVB Kunlun Financial Group Limited

The 33rd Meeting of the 5th Session of the Board held on 29 January 2015 considered and approved the resolution on acquiring a 60% stake in KVB Kunlun Financial Group Limited. The Company signed a restricted equity transfer agreement with KVB Kunlun Holdings Limited to acquire its 1.2 billion shares of KVB Kunlun Financial Group Limited (60% percent of its total issued share capital in the announcement date) at a consideration of the purchase price is HK\$780 million (equivalent to HK\$0.65/share).

### 3. Issuance of commercial papers

From January to March 2015, the Company completed the issuance of RMB5 billion in the first tranche of commercial papers, RMB5 billion in the second tranche of commercial papers and RMB5 billion in the third tranche of commercial papers, with coupon rates of 4.93%, 5.10% and 4.90% respectively, in accordance with the Notice of People's Bank of China on the Issuance of Commercial Papers by CITIC Securities Company Limited (Yin Fa [2014] No.222), the resolution passed by the 2013 Third Extraordinary General Meeting of the Company, and the resolution passed by the 17th meeting of the 5th Session of the Board and relevant authorization. The term of all tranches is 91 days.

### 4. Withdrawal of Offshore Medium Term Note for the second time

CITIC Securities Finance MTN withdrew its offshore medium term note for the second time via private placement on 16 March 2015, which amounts to USD50 million at will mature on 30 September 2015. The withdrawal was guaranteed by CITIC Securities under irrevocable joint and several liability, and the note withdrawn was not traded publically in Hong Kong's stock exchange or any other exchange. In the subsequent period, CITIC Securities Finance MTN withdrew an aggregated amount of USD700 million.

## NOTES TO FINANCIAL STATEMENTS

31 December 2014

(In RMB thousands, unless otherwise stated)

### 55. EVENTS AFTER THE REPORTING PERIOD (Continued)

#### 5. Issuance of 2015 Subordinated Bonds (1st Tranche)

Pursuant to the Resolution on General Authorization Regarding Onshore and Offshore Issuance of Corporate Debt Financing Instruments by the Company approved at the 2013 First Extraordinary General Meeting of the Company, the issuance of 2015 Subordinated Bonds (1st Tranche) was completed on 16 March 2015. With an offering size of RMB11.5 billion, a term of five years and a coupon rate of 5.5%, these subordinated bonds are attached issuer call option at the end of the third year.

#### 6. Proposed profit distribution after the reporting period

According to the board resolution passed in the Board of Directors' meeting of the Company held on 23 March 2015, the Company makes the following arrangements based on net profit of the current year: (i) statutory surplus reserve amounting to RMB361,209 thousand; (ii) 10% of audited after-tax profit for the year is charged as general risk reserve, with an amount of RMB660,591 thousand; (iii) 10% of audited after-tax profit for the year is charged as transaction risk reserve, with an amount of RMB660,591 thousand; and (iv) cash dividends for the year of RMB3.10 yuan is distributed for every 10 shares (pre-tax), if the Company completes the issue of new H Shares by the record date for the payment of the dividends in respect of its H Shares, the cash dividend for every Share for 2014 will be subject to adjustment accordingly based on the approximate total amount of RMB3,415,242 thousand (tax inclusive) and the total number of Shares after the issue. The proposed profit distribution plan for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

### 56. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2015.

## ***DOCUMENTS AVAILABLE FOR INSPECTION***

Financial statements with the signatures and seals of the Company's responsible person, financial officer and financial department manager.

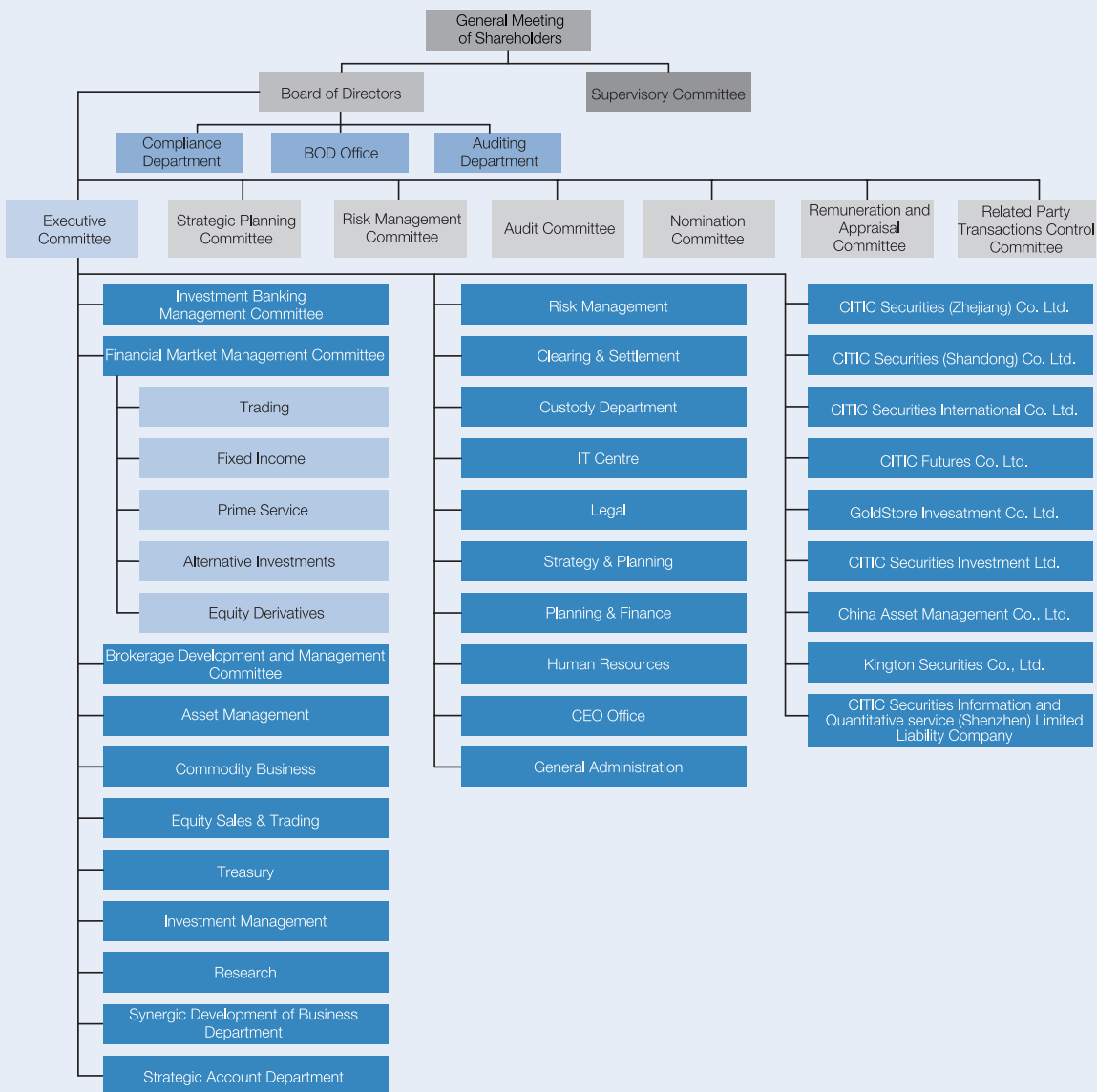
The original copy of the audit report with signatures and seals of the accounting firm and CPAs.

The original copies of the documents and announcements of the Company published during the reporting period in the media designated by the CSRC for information disclosures.

Annual reports posted on other stock exchanges.

The Articles of Associations.

# APPENDIX 1: ORGANIZATION CHART



Note 1: The Investment Banking Management Committee comprised the Financial Industry Team, the Energy and Chemical Industry Team, the Equipment Manufacture Industry Team, the Infrastructure and Real Estate Industry Team, the Telecom, Internet, Media and Entertainment Team, the Pharmaceutical Team, the Consumer Team, the Regional IBS Team, the Investment Project Recommendation Team, the Private Equity Industry Team, the International Business Team, the Quality Control Team, the Human Resource Pool, the Equity Capital Market Department, the Debt Capital Market Department, the Merger & Acquisition Division, the Operation Department and other departments/business lines. The Brokerage Development and Management Committee comprised departments such as the Marketing Management Department, the Financial Product Development Department, the Customer Service Development, the Operation Management Department and the Corporate Finance Service Department, as well as Beijing Branch, Shanghai Branch, Guangdong Branch, Hubei Branch and Jiangsu Branch.

Note 2: During the reporting period, with the approval of the Board, the Company incorporated the Corporate Development and Finance Department into the Investment Banking Management Committee, renamed the Audit Department as the Auditing Department, established the Custody Department and set up a branch in the Shanghai Pilot Free Trade Zone.

Note 3: On 12 February 2015, the Board of the Company agreed to establish the Strategic Account Department.



## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

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

No.	Date of Publication	Subject Matter
1	2014-1-1	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2013
2	2014-1-10	Announcement of the Results of Issuance of Tranche 1 of Commercial Papers in 2014; Announcement on the Financial Data for December 2013
3	2014-1-14	Announcement on the Official Appointment of Mr. LIU Wei, Mr. CHEN Jun and Mr. YAN Jianlin as Executive Committee Members
4	2014-1-21	Announcement on Approval of Conducting Agent Services Business for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Spot Gold Contracts
5	2014-1-22	Announcement on Preliminary Financial Data for the Year of 2013
6	2014-1-25	Announcement of Resolutions Passed at the 21st Meeting of the 5th Session of the Board
7	2014-1-27	Announcement of Resolutions Passed at the 22nd Meeting of the 5th Session of the Board
8	2014-1-29	Announcement on the Approval of Changes to the Articles of Association
9	2014-2-8	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2014
10	2014-2-12	Announcement on the Financial Data for January 2014
11	2014-2-15	Announcement of the Results of Issuance of Tranche 2 of Commercial Papers in 2014; Announcement on Performance of Commitments
12	2014-3-4	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2014
13	2014-3-7	Announcement of the Results of Issuance of Tranche 3 of Commercial Papers in 2014; Announcement of Change of the Articles of Association; Announcement on the Financial Data for February 2014; Articles of Association and Appendices (revised for the second time in 2013)
14	2014-3-18	H Share Announcement – Notification of Board Meeting
15	2014-3-19	Announcement on Appointment of Mr. LIU Lefei as Vice Chairman
16	2014-3-28	2013 Annual Report and its Summary; Announcement of Resolutions Passed at the 23rd Meeting of the 5th Session of the Board; Announcement of Resolutions Passed at the 9th Meeting of the 5th Session of the Supervisory Committee; Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2014; Announcement on Main Accounting Policy and Accounting Estimate Changes; Announcement on Progress of Performance of Company Commitments; Indicative Announcement; 2013 Annual Audit Report; 2013 Annual Internal Control Evaluation Report; Audit Report on Internal Control; Explanatory Statement on Main Accounting Policy and Accounting Estimate Changes; Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties; 2013 CSR Report; 2013 Work Reports of the Independent Non-Executive Directors; Annual Report of the Audit Committee of the 5th Session of the Board on the Performance of Duties in 2013; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Relevant Matters at the 23rd Meeting of the 5th Session of the Board; Rules of Procedure of the Nomination Committee of the Board of Directors
17	2014-4-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2014

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
18	2014-4-5	Announcement on the Launch of Pilot Internet-based Securities Business
19	2014-4-10	Announcement on the Financial Data for March 2014
20	2014-4-11	Announcement of the Results of Issuance of Tranche 4 of Commercial Papers in 2014
21	2014-4-16	Announcement on Name Change of Wholly Owned Subsidiary CITIC Wantong Securities Co., Ltd.; H Share Announcement – Notification of Board Meeting
22	2014-4-17	Indicative Announcement
23	2014-4-26	Trustee Report (2013) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2013) for the Corporate Bonds (Tranche 2) in 2013
24	2014-4-29	Announcement of the Results of Issuance of Subordinated Bonds (Tranche 1) in 2014
25	2014-4-30	2014 First Quarterly Report; Announcement of Resolutions Passed at the 24th Meeting of the 5th Session of the Board; Notice of the 2013 Annual General Meeting; Documents of the 2013 AGM; Announcement on Progress of Performance of Company Commitments; Announcement on Solicitation of Investors' Opinions on the 2013 Profit Distribution Plan
26	2014-5-6	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2014
27	2014-5-8	Announcement on the Financial Data for April 2014
28	2014-5-10	Announcement of the Results of Issuance of Tranche 5 of Commercial Papers in 2014; Announcement on Net Capital Change
29	2014-5-28	Announcement on Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013; Follow-up Rating Report on the Corporate Bonds (Tranche 1) in 2013 (2014); Follow-up Rating Report on the Corporate Bonds (Tranche 2) in 2013 (2014)
30	2014-5-30	Announcement on Interest Payment in 2014 for the Corporate Bonds (Tranche 1) in 2013; Second Notice of the 2013 Annual General Meeting; Announcement on Progress of Performance of Company Commitments
31	2014-6-4	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2014
32	2014-6-7	Announcement on the Financial Data for May 2014
33	2014-6-10	Announcement of Resolutions Passed at the 25th Meeting of the 5th Session of the Board
34	2014-6-13	Reminder Notice of the 2013 Annual General Meeting; Announcement of the Results of Issuance of Tranche 6 of Commercial Papers in 2014
35	2014-6-19	Announcement of Resolutions Passed at the 2013 Annual General Meeting; Announcement on the Company's Relief from Relevant Commitments; Legal Opinion of the 2013 Annual General Meeting
36	2014-6-27	Announcement on Approval of the Establishment of a New Subsidiary in Shanghai
37	2014-7-3	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2014
38	2014-7-9	Announcement on the Financial Data for June 2014
39	2014-7-11	Announcement on Approval of the Establishment of Seven New Securities Branches

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
40	2014-7-12	Announcement on Approval of the Split of the Company's Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.
41	2014-7-22	Preliminary Financial Data for the Half Year of 2014
42	2014-7-29	Announcement on Interest Payment in 2014 for the Corporate Bonds (Tranche 2) in 2013
43	2014-8-2	Announcement on the Completion of Filing with the People's Bank of China in respect of the Issue of Commercial Papers; H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2014
44	2014-8-7	Announcement on the Financial Data for July 2014; Announcement on the Change of the Name of the Largest Shareholder of the Company
45	2014-8-8	Announcement on the Distribution of the 2013 Dividend for A Shares
46	2014-8-15	Announcement of Results of Issuance of Tranche 7 of Commercial Papers in 2014
47	2014-8-19	H Share Announcement – Notification of Board Meeting
48	2014-8-27	Announcement on Change of the Largest Shareholder's Shareholding Structure
49	2014-8-28	Announcement on the Change in Name of the Shareholder of the Largest Shareholder of the Company
50	2014-8-29	Interim Report for 2014; Summary of Interim Report for 2014; Announcement of Resolutions Passed at the 26th Meeting of the 5th Session of the Board; Announcement on the Progress of the Split of the Company's Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.
51	2014-9-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2014
52	2014-9-5	Announcement on the Financial Data for August 2014; Announcement of Results of Issuance of Tranche 8 of Commercial Papers in 2014
53	2014-9-11	Announcement on the Approval of Changes to the Articles of Association
54	2014-9-27	Announcement on the Resignation of An Independent Non-executive Director
55	2014-10-1	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2014
56	2014-10-14	Announcement on the Approval of the Qualification of the Custodian Business for Securities Investment Funds
57	2014-10-15	Announcement on the Financial Data for September 2014; Announcement on the Changes to the Articles of Association; Articles of Association (revised in 2014)
58	2014-10-16	Announcement of Results of Issuance of Tranche 9 of Commercial Papers in 2014
59	2014-10-18	Announcement on the Establishment by An Indirect Wholly-owned Subsidiary of An Overseas Medium Term Note Programme Guaranteed by the Company; H Share Announcement – Announcement of the Establishment of Guaranteed Medium Term Note Programme by CITIC SECURITIES FINANCE MTN CO., LTD.; Notice of Listing of the US\$3,000,000,000 Medium Term Note Programme on the Stock Exchange of Hong Kong Limited
60	2014-10-21	H Share Announcement – Notification of Board Meeting
61	2014-10-25	Announcement on the Results of Issuance of Second Tranche of Subordinated Bonds in 2014

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
62	2014-10-31	2014 Third Quarterly Report; Announcement of Resolutions Passed at the 28th Meeting of the 5th Session of the Board; Announcement on the Absorption and Merger of the Wholly-owned Subsidiary CITIC Securities (Zhejiang) Company Limited; Announcement on the First Drawdown by An Indirect Wholly-owned Subsidiary under the Medium Term Note Programme Guaranteed by the Company
63	2014-11-4	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2014
64	2014-11-6	Notice of the 2014 First Extraordinary General Meeting; Meeting Documents of the 2014 First Extraordinary General Meeting
65	2014-11-7	Announcement on the Financial Data for October 2014
66	2014-11-8	Announcement on the Filing of Issuance of Short-term Corporate Bonds of Securities Firms with Shanghai Stock Exchange
67	2014-11-14	Notice of the 2014 First Meeting of Bondholders of the 2013 Corporate Bonds
68	2014-11-27	Announcement on Approval of the Establishment of Nine New Securities Branches
69	2014-12-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2014
70	2014-12-3	Second Notice of the 2014 First Extraordinary General Meeting
71	2014-12-4	Announcement on the Results of Issuance of Tranche 10 of Commercial Papers in 2014
72	2014-12-5	Announcement on the Financial Data for November 2014; Announcement on the Approval of the Absorption and Merger of CITIC Newedge Futures Co., Ltd. by the Wholly-Owned Subsidiary CITIC Futures Co., Ltd.
73	2014-12-9	Announcement on Unusual Price Movement of Shares
74	2014-12-16	Announcement of Resolutions Passed at the 30th Meeting of the 5th Session of the Board; Announcement of the Results of Issuance of Short-term Corporate Bonds (Tranche 1) in 2014
75	2014-12-17	Reminder Notice of the 2014 First Extraordinary General Meeting
76	2014-12-18	Announcement on Unusual Price Movement of Shares
77	2014-12-23	Announcement of Resolutions Passed at the 2014 First Extraordinary General Meeting; Legal Opinion of the 2014 First Extraordinary General Meeting
78	2014-12-24	Announcement of Resolutions Passed at the 2014 First Meeting of Bondholders of the 2013 Corporate Bonds
79	2014-12-29	Announcement of Resolutions Passed at the 31st Meeting of the 5th Session of the Board; Announcement on the New Issuance of H Shares by the Company
80	2014-12-30	Announcement on the Progress of the Absorption and Merger of CITIC Newedge Futures Co., Ltd. by CITIC Futures Co., Ltd.
81	2014-12-31	Notices of the 2015 First Extraordinary General Meeting and the 2015 First A Shareholders Class Meeting; Meeting Documents of the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting

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

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

Information disclosures made by the Company on the HKExnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) during the reporting period are set out as follows:

No.	Date of Publication	Subject Matter
1	2014-1-9	Announcement on the Financial Data for December 2013; Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 1 of Commercial Papers in 2014
2	2014-1-13	Announcement on the Official Appointment of Mr. LIU Wei, Mr. CHEN Jun and Mr. YAN Jianlin as Executive Committee Members
3	2014-1-20	The Company Was Approved to Conduct Agent Services Business for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Spot Gold Contracts
4	2014-1-21	Preliminary Financial Data for the Year 2013
5	2014-1-24	Announcement on Election of Additional Vice Chairman and Change of Members of the Special Committees of the Board of Directors; Directors' List and Their Roles and Responsibilities
6	2014-1-26	Announcement on the Company's Successful Bid for the Land Use Rights of A Land Parcel in Shenzhen
7	2014-1-28	Announcement on the Approval of Changes to the Articles of Association
8	2014-2-7	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2014
9	2014-2-11	Announcement on the Financial Data for January 2014
10	2014-2-14	Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 2 of Commercial Papers in 2014; Announcement on Performance of Commitments
11	2014-3-3	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2014
12	2014-3-6	Announcement on the Financial Data for February 2014; Announcement of Change of the Articles of Association; Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 3 of Commercial Papers in 2014; Articles of Association and Appendices
13	2014-3-17	Notification of Board Meeting
14	2014-3-18	Announcement on Approval relating to the Appointment of Mr. LIU Lefei as Vice Chairman; Directors' List and Their Roles and Responsibilities
15	2014-3-27	2013 Annual Results Announcement; Announcement — (1) Proposed Issuance of Onshore and Offshore Corporate Debt Financing Instruments (2) Potential Related Party/Connected Transactions Involved in the Issuance of Onshore and Offshore Corporate Debt Financing Instruments (3) Proposed Amendments to the Articles of Association; Announcement of Change of the Largest Shareholder's Shareholding Structure; Directors' List and Their Roles and Responsibilities; Rules of Procedure of the Nomination Committee of the Board of Directors; Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 23rd Meeting of the 5th Session of the Board; Announcement of Resolutions Passed at the 9th Meeting of the 5th Session of the Supervisory Committee; Announcement on Related Party/Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2014; Announcement on Main Accounting Policy and Accounting Estimate Changes; Announcement on Progress of Performance of Company Commitments; 2013 Annual Internal Control Evaluation Report; Audit Report on Internal Control; Explanatory Statement on Main Accounting Policy and Accounting Estimate Changes; Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties; 2013 CSR Report; 2013 Work Reports of the Independent Non-Executive Directors; Annual Report of the Audit Committee of the 5th Session of the Board on the Performance of Duties in 2013

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
16	2014-4-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2014
17	2014-4-4	Overseas Regulatory Announcement — Announcement on the Launch of Pilot Internet-based Securities Business
18	2014-4-9	Announcement on the Financial Data for March 2014
19	2014-4-10	Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 4 of Commercial Papers in 2014
20	2014-4-15	Notification of Board Meeting; Announcement on Name Change of Wholly Owned Subsidiary CITIC Wantong Securities Co., Ltd.
21	2014-4-16	Announcement on Change of the Largest Shareholder's Shareholding Structure
22	2014-4-25	Overseas Regulatory Announcement — Trustee Report (2013) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2013) for the Corporate Bonds (Tranche 2) in 2013
23	2014-4-28	Completion of Subordinated Bond (Tranche 1) Issuance in 2014
24	2014-4-29	2013 Annual Report; Circular, Notice, Reply Slip and Proxy Form for 2013 Annual General Meeting; Announcement on Solicitation of Investors' Opinions on the 2013 Profit Distribution Plan; Announcement on CITIC Futures's Acquisition of a 58% Equity Interest in CITIC Newedge Futures; First Quarterly Results Report for 2014; Overseas Regulatory Announcement — Announcement on Progress of Performance of Company Commitments; Announcement of Resolutions Passed at the 24th Meeting of the 5th Session of the Board
25	2014-5-5	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2014
26	2014-5-7	Announcement on the Financial Data for April 2014
27	2014-5-9	Overseas Regulatory Announcement — Announcement of the Results of Issuance of the Tranche 5 of Report for Commercial Papers in 2014; Announcement on Net Capital Change
28	2014-5-27	Overseas Regulatory Announcement — Announcement on Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013; Follow-up Rating Report on the Corporate Bonds (Tranche 1) in 2013 (2014); Follow-up Rating Report on the Corporate Bonds (Tranche 2) in 2013 (2014)
29	2014-5-29	Second Notice of 2013 Annual General Meeting; Overseas Regulatory Announcement - Announcement on Progress of Performance of Company Commitments; Announcement on Interest Payment in 2014 for the Corporate Bonds (Tranche 1) in 2013
30	2014-6-3	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2014
31	2014-6-6	Announcement on the Financial Data for May 2014
32	2014-6-9	Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 25th Meeting of the 5th Session of the Board
33	2014-6-12	Overseas Regulatory Announcement — Reminder Notice of the 2013 Annual General Meeting; Announcement of the Results of Issuance of the Tranche 6 of Commercial Papers in 2014
34	2014-6-18	Announcement on the Poll Results of the 2013 Annual General Meeting and Distribution of the 2013 Final Dividend; Overseas Regulatory Announcement — Announcement on the Company's Relief from Relevant Commitments
35	2014-6-26	Overseas Regulatory Announcement - Announcement on Approval of the Establishment of a New Subsidiary in Shanghai

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
36	2014-7-2	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2014
37	2014-7-8	Announcement on the Financial Data for June 2014
38	2014-7-10	Overseas Regulatory Announcement — Announcement on Approval of the Establishment of Seven New Securities Branches
39	2014-7-11	Announcement on Approval of the Split of the Company's Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.
40	2014-7-21	Preliminary Financial Data for the Half Year of 2014
41	2014-7-28	Overseas Regulatory Announcement — Announcement on Interest Payment in 2014 for the Corporate Bonds (Tranche 2) in 2013
42	2014-8-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2014; Overseas Regulatory Announcement — Completion of Filing with the People's Bank of China in respect of the Issue of Commercial Papers
43	2014-8-6	Announcement on the Financial Data for July 2014; Announcement on the Change of the Name of the Largest Shareholder
44	2014-8-7	Overseas Regulatory Announcement — Announcement on the Distribution of the 2013 Dividend for A Shares
45	2014-8-14	Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 7 of Commercial Papers in 2014
46	2014-8-18	Notification of Board Meeting
47	2014-8-26	Announcement on Change of the Largest Shareholder's Shareholding Structure
48	2014-8-27	Announcement on the Change in Name of the Shareholder of the Largest Shareholder
49	2014-8-28	2014 Interim Results Announcement; Announcement on the Progress of the Split of the Company's Wholly-owned Subsidiary CITIC Securities (Zhejiang) Co., Ltd.; Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 26th Meeting of the 5th Session of the Board
50	2014-9-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2014
51	2014-9-4	Announcement on the Financial Data for August 2014; Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 8 of Commercial Papers in 2014
52	2014-9-10	Announcement on the Approval of Changes to the Articles of Association
53	2014-9-15	2014 Interim Report
54	2014-9-26	Announcement on the Resignation of An Independent Non-executive Director
55	2014-9-30	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2014
56	2014-10-13	Announcement on the Approval of the Qualification of the Custodian Business for Securities Investment Funds
57	2014-10-14	Announcement on the Financial Data for September 2014; Announcement on the Changes to the Articles of Association; Articles of Association
58	2014-10-15	Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 9 of Commercial Papers in 2014
59	2014-10-17	Announcement of the Establishment of Guaranteed Medium Term Note Programme by CITIC SECURITIES FINANCE MTN CO., LTD.; Notice of Listing of the US\$3,000,000,000 Medium Term Note Programme on the Stock Exchange of Hong Kong Limited

## APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
60	2014-10-20	Notification of Board Meeting
61	2014-10-24	Announcement on the Completion of Issuance of 2014 Second Tranche of Subordinated Bonds
62	2014-10-30	2014 Third Quarterly Report; Announcement - (1) Proposed Absorption and Merger of the Wholly-owned Subsidiary CITIC Securities (Zhejiang); and (2) Proposed Change of Business Scope of the Company and Amendments to the Articles of Association; Announcement on the Drawdown under the Guaranteed Medium Term Note Programme of CITIC SECURITIES FINANCE MTN CO., LTD.; Notice of Listing of US\$650,000,000 3.50 per cent. Guaranteed Notes Due 2019 on the Stock Exchange of Hong Kong Limited; Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 28th Meeting of the 5th Session of the Board; List of Directors and their Roles and Functions
63	2014-11-3	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2014
64	2014-11-5	Circular, Notice, Reply Slip and Proxy Form for 2014 First Extraordinary General Meeting
65	2014-11-6	Announcement on the Financial Data for October 2014
66	2014-11-7	Overseas Regulatory Announcement — Announcement on the Filing of Issuance of Short-term Corporate Bonds of Securities Firms with Shanghai Stock Exchange
67	2014-11-13	Overseas Regulatory Announcement — Notice of the 2014 First Meeting of Bondholders of the 2013 Corporate Bonds
68	2014-11-26	Overseas Regulatory Announcement — Announcement on Approval of the Establishment of Nine New Securities Branches
69	2014-12-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2014
70	2014-12-2	Second Notice of the 2014 First Extraordinary General Meeting
71	2014-12-3	Overseas Regulatory Announcement — Announcement of the Results of Issuance of Tranche 10 of Commercial Papers in 2014
72	2014-12-4	Announcement on the Financial Data for November 2014; Announcement on the Approval of the Absorption and Merger of CITIC Newedge by the Wholly-Owned Subsidiary CITIC Futures
73	2014-12-8	Announcement on Unusual Price Movement of A Shares
74	2014-12-15	Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 30th Meeting of the 5th Session of the Board; Announcement of the Results of Issuance of Short-term Corporate Bonds (Tranche 1) in 2014
75	2014-12-16	Overseas Regulatory Announcement — Reminder Notice of the 2014 First Extraordinary General Meeting
76	2014-12-17	Announcement on Unusual Price Movement of A Shares
77	2014-12-22	Announcement on the Poll Results of the 2014 First Extraordinary General Meeting
78	2014-12-23	Overseas Regulatory Announcement — Announcement of Resolutions Passed at the 2014 First Meeting of Bondholders of the 2013 Corporate Bonds
79	2014-12-28	Announcement - Proposed Specific Mandate to Issue New H Shares and Proposed Consequential Amendments to the Articles of Association
80	2014-12-29	Announcement on the Progress of the Absorption and Merger of CITIC Newedge Futures Co., Ltd. by CITIC Futures Co., Ltd.
81	2014-12-30	Notice, Reply Slip and Proxy Form for the 2015 First Extraordinary General Meeting; Notice, Reply Slip and Proxy Form for the 2015 First H Shareholders Class Meeting



## **APPENDIX 3: ADMINISTRATIVE CONSENTS AND APPROVALS OBTAINED DURING THE REPORTING PERIOD**

No.	Date of approval	Title and number of approval
1	2014-1-26	Approval of Amendment of Material Clauses in the Articles of Association of CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No. 17) issued by the Shenzhen Bureau of the CSRC
2	2014-3-10	Approval for Qualification of LIU Lefei as a Senior Management Member at Chairman Level of a Securities Company (Shen Zheng Ju Xu Ke Zi [2014] No. 32) issued by the Shenzhen Bureau of the CSRC
3	2014-4-3	Approval of Qualifications of Yan Jun as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2014] No. 147)
4	2014-4-3	Approval of Qualifications of Zhao Lei as the Head of a Securities Company's Branch (Su Zheng Jian Ji Gou Zi [2014] No. 148)
5	2014-4-29	Approval of Qualifications of Han Rui as the Head of a Securities Company's Branch (Nei Zheng Jian Xu Ke [2014] No. 13)
6	2014-5-23	Approval of Qualifications of Zhu Jianfeng as the Head of a Securities Company's Branch (Guang Dong Zheng Jian Xu Ke [2014] No. 111)
7	2014-6-4	Approval of Qualifications of Dong Jingjing as the Head of a Securities Company's Branch (Liao Zheng Jian Xu Ke [2014] No. 32)
8	2014-6-18	Approval for the Establishment of a Branch by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No. 98) issued by the Shenzhen Bureau of the CSRC
9	2014-7-3	Approval for the Establishment of 7 Branches by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No.104) issued by the Shenzhen Bureau of the CSRC
10	2014-9-2	Approval of Amendment of Material Clauses in the Articles of Association of CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No. 147) issued by the Shenzhen Bureau of the CSRC
11	2014-10-10	Reply Letter in Relation to the Approval of CITIC Securities Company Limited for the Qualification of the Custodian Business for Securities Investment Funds (Zheng Jian Xu Ke [2014] No. 1044)
12	2014-11-19	Approval for the Establishment of 9 Branches by CITIC Securities Company Limited (Shen Zheng Ju Xu Ke Zi [2014] No. 186) issued by the Shenzhen Bureau of the CSRC

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Beijing (15 branches)	CITIC Securities	Beijing Branch	4/F, Jincheng Jianguo No.5, 5 Jianguomen North Avenue, Dongcheng District, Beijing	0086-10-65648685	0086-10-65648685
	CITIC Securities	Beijing Headquarter Branch	Room 2001, 20/F, No.4 Building, No.48 Liangmaqiao Road, Chaoyang District, Beijing	0086-10-60833671	0086-10-60833671
	CITIC Securities	Beijing Capital Mansion Branch	2404, Building 1, 6 South Xinyuan Road, Chaoyang District, Beijing	0086-10-84832684	0086-10-84864715
	CITIC Securities	Beijing Guomao Branch	5/F, Block B, Shimao Tower, No. 92A Jianguo Road, Chaoyang District, Beijing	0086-10-85890121	0086-10-85890040
	CITIC Securities	Beijing Huijialou Branch	Building 1, Compound 28, Xiangjunbeili, Chaoyang District, Beijing	0086-10-57602565	0086-10-57602570
	CITIC Securities	Beijing East Third Ring Middle Road Branch	Unit 01, Floor 7, Building 2, Compound 39 Guangqu Road, Chaoyang District, Beijing	0086-10-87152735	0086-10-87703070
	CITIC Securities	Beijing Anwai Avenue Branch	1 Andingmenwai Avenue, Chaoyang District, Beijing	0086-10-64250720	0086-10-84121391
	CITIC Securities	Beijing Wangjing Branch	16/F, Block C, Focus Square, No. 6 Futong East Avenue, Chaoyang District, Beijing	0086-10-84785402	0086-10-84785471
	CITIC Securities	Beijing Jianguomen Branch	4/F, Jincheng Jianguo No.5, 5 Jianguomen North Avenue, Dongcheng District, Beijing	0086-10-65648977	0086-10-65648855
	CITIC Securities	Beijing Fuwai Avenue Branch	3/F, Baiyun Tower, 1 Baiyun Road, Xicheng District, Beijing	0086-10-63441159	0086-10-63482715
	CITIC Securities	Beijing North Third Ring Middle Road Branch	43-3 North Third Ring Middle Road, Haidian District, Beijing	0086-10-82070509	0086-10-82070509
	CITIC Securities	Beijing Zizhuyuan Road Branch	9/F China Arsenal Tower, 69 Zizhuyuan Road, Haidian District, Beijing	0086-10-68966702	0086-10-68966702
	CITIC Securities	Beijing Fengguanlu Branch	2/F, Building 11, 16 Fengguan Road, Fengtai District, Beijing	0086-10-52277221	0086-10-52217221
	CITIC Securities	Beijing Tiantongyuan Branch	Room 102, Building A4, First section, North Tiantongyuan, Changping District, Beijing	0086-10-80141028	0086-10-80127328
	CITIC Futures	Beijing Branch	47-(07), 7/F,47 Guangqumennei Avenue, Dongcheng District, Beijing	0086-10-57762888	0086-10-57762999

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Tianjin (3 branches)	CITIC Securities	Tianjin Youyi Road Branch	42 Youyi Road, Hexi District, Tianjin	0086-22-28138825	0086-22-28358942
	CITIC Securities	Tianjin Dagang Branch	1/F, Trade Tower, Oil Field Court 3, Dagang District, Tianjin	0086-22-25920550	0086-22-25910549
	CITIC Futures	Tianjin Branch	Room 05, 7/F, Office Building, Furun Center, southwest side on the Junction of Jiangxi Road and Hefei Street, Hexi District, Tianjin	0086-22-23463880	0086-22-23463880
Hebei Province (4 branches)	CITIC Securities	Shijiazhuang Northern Jianshe Street Branch	26-5 Northern Jianshe Street, Qiaodong District, Shijiazhuang , Hebei	0086-311-66772007	0086-311-66772070
	CITIC Securities	Tangshan Jianshe North Road Branch	B-2, 92 Jianshe North Road, Lubei District, Tangshan , Hebei	0086-315-5266356	0086-315-5266357
	CITIC Securities	Baoding Dongfengzhong Road Branch	1690 Middle Dongfeng Road, New City Area, Baoding, Hebei	0086-312-7517356	0086-312-7517357
	CITIC Futures	Shijiazhuang Branch	8/F, Podium Building, Fubang Plaza 5 Jianshebei Avenue, Shijiazhuang, Hebei	0086-311-86068686	0086-311-86068686
Shanxi Province (2 branches)	CITIC Securities	Taiyuan Yingze West Street Branch	4/F, International Energy Center, 100 Yingze West Street, Wanbolin District, Taiyuan , Shanxi	0086-351-6192108	0086-351-6191978
	CITIC Futures	Taiyuan Branch	Rooms 307-308, Building D, Huade Plaza Community, Changfeng Street, Xiaodian District, Taiyuan, Shanxi	0086-351-8373675	0086-351-8339637
Shaanxi Province (2 branches)	CITIC Securities	Xi'an Keji Road Branch	Room 11301, Block 1, E-yang International Building, 27 Keji Road, Xi' an , Shaanxi Province	0086-29-88222554	0086-29-88258582
	CITIC Futures	Xi'an Branch	Room 4D, 4/F, East Wing Podium, Gaoxin Telecom Plaza, 56 Gaoxin Road, High and New-Tech Development Zone, Xi'an City, Shaanxi Province	0086-29-88993255	0086-29-88993256
Ningxia Hui Autonomous Region (2 branches)	CITIC Securities	Yinchuan West Wenhua Street Branch	Room 503, Office Building C, Yinchuan World Trade Center, Xingqing District, Yinchuan City, Ningxia Hui Autonomous Region	0086-951-5102598	0086-951-5102589
	CITIC Futures	Yinchuan Branch	Rooms B03, B05&B06, 8/F, Building B, Yinchuan World Trade Center, 106 West Wenhua Street, Xingqing District, Yinchuan, Ningxia Hui Autonomous Region	0086-951-5198139	0086-951-5198130

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Gansu Province (1 branch)	CITIC Futures	Lanzhou Branch	Rooms 1302 & 1303, 13F, Poly Tower A, 1 Zhangye Road, Chengguan District, Lanzhou, Gansu	0086-931-8107691	0086-931-8107690
Xinjiang Uygur Autonomous Region (1 branch)	CITIC Futures	Urumqi Branch	Rooms R, S, T & U, 34/F, Zhongtian Building, 165 North Xinhua Road, Tianshan District, Urumqi, Xinjiang	0086-991-2310393	0086-991-2310337
Inner Mongolia Autonomous Region (2 branches)	CITIC Securities	Hohhot Ruyihe Street Branch	10th Complex, Jintailiwan, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	0086-471-3953959	0086-471-5983536
	CITIC Futures	Baotou Branch	8/F, Keyuan Mansion, Shifu West Road, Kun District, Baotou, Inner Mongolia Autonomous Region	0086-472-6862618	0086-472-6862600
Heilongjiang Province (1 branch)	CITIC Futures	Harbin Branch	Room 407, 4/F, Block B, 7 Shanghai Street, Daoli District, Harbin, Heilongjiang	0086-451-51645557	0086-451-51645558
Jilin Province (2 branches)	CITIC Securities	Changchun Renmin Avenue Branch	Room 1706, 7088 Renmin Avenue, Nanguan District, Changchun, Jilin Province	0086-431-81970887	0086-431-81970892
	CITIC Futures	Jilin Branch	4/F, 111-8 Jiefang Road Central, Chuangying District, Jilin, Jilin	0086-432-62882001	0086-432-62882088
Liaoning Province (6 branches)	CITIC Securities	Shenyang Fuda Road Branch	335 Fengtian Street, Shenhe District, Shenyang, Liaoning	0086-24-88598898	0086-24-88598852
	CITIC Securities	Dalian Xinghaiguangchang Branch	Room 1-1-4, Building 13, No. 6 of Section B2, Dalian Xinghai Square, Shahekou District, Dalian, Liaoning	0086-411-82553277	0086-411-82809103
	CITIC Securities	Anshan Shengli Road Branch	148 South Shengli Road, Tiedong District, Anshan, Liaoning	0086-412-2294202	0086-412-2294228
	CITIC Securities	Fushun Yumin Road Branch	Room 34, Shopfront Unit 77, 8 Yumin Road, Xinfu District, Fushun, Liaoning	0086-24-53960306	0086-24-53960305
	CITIC Securities	Shenyang Branch	1-4-1, 146 Beizhan Road, Shenhe District, Shenyang, Liaoning	0086-24-31042969	0086-24-62651180
	CITIC Futures	Dalian Branch	Rooms 2508, 2509, 3305, 3306, 3307 & 3201, Futures Square, Building A, Dalian International Finance Conference Center, 129 Huizhan Road, Shahekou District, Dalian, Liaoning	0086-411-84807783	0086-411-84806772

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Shanghai (22 branches)	CITIC Securities	Shanghai Branch	10/F, 1568 Century Avenue, Pudong New District, Shanghai	0086-21-61768696	0086-21-61768696
	CITIC Securities	Shanghai Liyang Road Branch	2/F, 1088 Liyang Road, Hongkou District, Shanghai	0086-21-61673530	0086-21-61673530
	CITIC Securities	Shanghai Citic Plaza Branch	Rooms 2901B & 2902A, 859 North Sichuan Road, Hongkou District, Shanghai	0086-21-58660760	0086-21-58660763
	CITIC Securities	Shanghai West Nanjing Road Branch	Rooms 2401-2402, 1168 West Nanjing Road, Jingan District, Shanghai	0086-21-52928566	0086-21-52928530
	CITIC Securities	Shanghai Huaihai Middle Road Branch	29/F & 32/F, Huaihai Middle Road, Huangpu District, Shanghai	0086-21-53858202	0086-21-53858290
	CITIC Securities	Shanghai Caoxi North Road Branch	17/F, 375 North Caoxi Road, Xuhui District, Shanghai	0086-21-33973593	0086-21-33973587
	CITIC Securities	Shanghai Gubei Road Branch	Room 301, 1078 Gubei Road, Changning District, Shanghai	0086-21-62092178	0086-21-62091283
	CITIC Securities	Shanghai Changshou Road Branch	8 Lane 818, Changshou Road, Putuo District, Shanghai	0086-21-62322321	0086-21-62323663
	CITIC Securities	Shanghai Hengfeng Road Branch	Room 101, 2/F & 8/F, 1 Hengfeng Road, Zhabei District, Shanghai	0086-21-63813581	0086-21-63813608
	CITIC Securities	Shanghai Mudanjiang Road Branch	Rooms 4402-B, 1508 Mudanjiang Road, Baoshan District, Shanghai	0086-21-66861230	0086-21-66861220
	CITIC Securities	Shanghai Anting Branch	2/F, 29 Moyu Road, Anting Town, Jiading District, Shanghai	0086-21-59579234	0086-21-59568235
	CITIC Securities	Shanghai Jiading Branch	Room 908, 3099 Huiji Highway, Jiading District, Shanghai	0086-21-59130162	0086-21-59132632
	CITIC Securities	Shanghai Humin Road Branch	2 Sub-lane 111, Lane 7580, Humin Road, Minhang District, Shanghai	0086-21-54080136	0086-21-54807234
	CITIC Securities	Shanghai Dongfang Road Branch	Block C, 5/F, 710 Dongfang Road, Pudong New District, Shanghai	0086-21-68758300	0086-21-68758200
	CITIC Securities	Shanghai Pudong Avenue Branch	Rooms 203, 204 and 205A, 2/F, 1085 Pudong Avenue, Pudong New District, Shanghai	0086-21-68498012	0086-21-68498059
	CITIC Securities	Shanghai Shijidadao Branch	10/F, 1568 Century Avenue, Pudong New District, Shanghai	0086-21-61768739	0086-21-61768736
	CITIC Securities	Shanghai Zhangjiang Hi-tech Park Branch	Units 123 and 124, Division 112, Building 2, 88 Keyuan Road, Zhangjiang Hi-tech Park, Shanghai	0086-21-50805711	0086-21-50805710
	CITIC Securities	Shanghai Pilot Free Trade Zone Branch	Room 1004, 10/F, Tower Building, 1 Jilong Road, China (Shanghai) Pilot Free Trade Zone	0086-21-36711218	0086-21-36711211
	CITIC Securities	Shanghai Shihua Branch	1-3/F, 290 Shihua Long'an Road, Jinshan District, Shanghai	0086-21-57955812	0086-21-57955812
	CITIC Futures	Shanghai Citic Plaza Branch	Room 2904, 29/F, 859 North Sichuan Road, Hongkou District, Shanghai	0086-21-61051166	0086-21-61051111

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Futures	Shanghai Shijidadao Branch	Units C, D, E & H, 9/F, East Hope Tower, 1777 Century Avenue, Pudong New District, Shanghai	0086-21-61017300	0086-21-61019873
	CITIC Futures	Shanghai Pudianlu Branch	Rooms 3102-3104, 300 Songjin Road, Pudong New District, Shanghai	0086-21-68751268	0086-21-68751278
Jiangsu Province (17 branches)	CITIC Securities	Jiangsu Branch	5 Gaoloumen, Xuanwu District, Nanjing, Jiangsu	0086-25-83282413	0086-25-83282413
	CITIC Securities	Nanjing Gaoloumen Branch	5 Gaoloumen, Xuanwu District, Nanjing, Jiangsu	0086-25-83282420	0086-25-83601540
	CITIC Securities	Nanjing Baota Road Branch	8 North Baota Road, Lishui Economic Development Area, Nanjing, Jiangsu	0086-25-56606861	0086-25-56606863
	CITIC Securities	Suzhou Suyu Road Branch	8/F, Xintou Mansion, 308 Suyu Road, Suzhou Industrial Park, Jiangsu	0086-512-67620461	0086-512-67611812
	CITIC Securities	Wuxi Taihu Avenue Branch	Southern Portion of 6/F, Jinxing Muling Centre, 258 Taihu Avenue West, Nanchang District, Wuxi, Jiangsu Province	0086-510-83580068	0086-510-83580068
	CITIC Securities	Jiangyin Hebei Street Branch	7/F, Liangchen Plaza, 188 Hebei Street, Jiangyin, Jiangsu	0086-510-66200267	0086-510-66200066
	CITIC Securities	Changzhou Huanfu Road Branch	10 Huanfu Road, Wujin Administration Center, Changzhou, Jiangsu	0086-519-86565278	0086-519-86552644
	CITIC Securities	Xuzhou Jiefang South Rd. Branch	3/F, Annex Building, Diwang Mansion, 303 Jiefang Road, Xuzhou, Jiangsu	0086-516-83809600	0086-516-83809600
	CITIC Securities	Nantong Gongnong Road Branch	Room 2405, Jinronghui, 33 Gongnong Road, Chongchuan District, Nantong, Jiangsu	0086-513-55089611	0086-513-55089611
	CITIC Securities	Qidong Renmin Middle Road Branch	Basement of the East Gate of Jianzhuye Building, 683 Renmin Middle Road, Qidong, Jiangsu	0086-513-83350651	0086-513-83350651
	CITIC Securities	Rugao Jiankang South Road Branch	9 Jiankang South Road, Rucheng Town, Rugao, Jiangsu	0086-513-87653804	0086-513-87655715
	CITIC Securities	Haimen Renmin West Rd. Branch	226 Renmin West Road, Haimen, Jiangsu	0086-513-82210827	0086-513-82210827
	CITIC Securities	Yancheng Renmin South Road Branch	Eastern Portion of 4/F, International Venture Centre, 5 Renmin South Road, Yancheng, Jiangsu	0086-515-80992800	0086-515-80992801
	CITIC Securities	Zhenjiang Dianli Road Branch	Zone B, 18 Dianli Road, Runzhou District, Zhenjiang Jiangsu	0086-511-81983985	0086-511-81983986
	CITIC Securities	Zhangjiagang Renminzhong Road Branch	East Portion of 2/F, Tower B, Guotai Times Plaza, Remin West Road, Zhangjiagang, Jiangsu	0086-512-58995559	0086-512-58995551
	CITIC Futures	Wuxi Branch	Unit 707, Wuxi Financial Center, 10 Finance First Street, Binhu District, Wuxi, Jiangsu	0086-510-83030600	0086-510-83030601
	CITIC Futures	Suzhou Branch	West Portion of 8/F, 308 Suyu Road, Suzhou Industrial Park, Jiangsu	0086-512-62891575	0086-512-62890051

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Zhejiang Province (62 branches)	CITIC Securities (Zhejiang)	Ningbo Branch	15-1, Block 2, 235 Heji Street, Jiangdong District, Ningbo, Zhejiang	0086-574-88127219	0086-574-83029614
		Wenzhou branch	Room 701, Fortune Center, 577 Station Avenue, Wenzhou, Zhejiang	0086-577-88107058	0086-577-88102755
		Hangzhou Wensanlu Branch	Laiyinda Tower, 535 Wensan Road, Xihu District, Hangzhou, Zhejiang	0086-571-87991953	0086-571-87966303
		Hangzhou Hangda Road Branch	5/F, Block C, Dragon Century Plaza, 3 Hangda Road, Xihu District, Hangzhou, Zhejiang	0086-571-87903558	0086-571-87903544
		Hangzhou Gudun Road Branch	Room 903, Building 3, Zheshang Fortune Center, 87 Gudun Road, Xihu District, Hangzhou, Zhejiang	0086-571-88953001	0086-571-88952321
		Hangzhou Qingchunlu Branch	3/F and 5/F, Huadu Tower, 137 Qingchun Road, Shangcheng District, Hangzhou, Zhejiang	0086-571-87240406	0086-571-87240397
		Hangzhou Yan'anlu Branch	515 Yan'an Road, Xiacheng District, Hangzhou, Zhejiang	0086-571-85069366	0086-571-85159101
		Hangzhou Dinganlu Branch	4/F, Yintai Department Store West Lake Branch, 1 Anding Road, Xiacheng District, Hangzhou, Zhejiang	0086-571-87036105	0086-571-87036105
		Hangzhou Dongxin Rd. Branch	2/F, 977 Dongxin Road, Xiacheng District, Hangzhou, Zhejiang	0086-571-88130313	0086-571-88135623
		Hangzhou Fengqilu Branch	102-1 Fengqi Road, Xiacheng District, Hangzhou, Zhejiang	0086-571-85783588	0086-571-85783676
		Hangzhou Zhaohuilu Branch	2/F, Taihe Guoji Mansion, 168-7 Zhaohui Road, Zhaohuilu Street, Xiacheng District, Hangzhou, Zhejiang	0086-571-85771666	0086-571-85771577
		Hangzhou Jiefang East Road Branch	23/F, Dikai Ginza, 22 Jiefang East Road, Jiangnan District, Hangzhou, Zhejiang	0086-571-89900300	0086-571-85166500
		Hangzhou Sijilu Branch	Room 401, Dikai International Center, 76-6 Siji Road, Qianjiang New City, Hangzhou, Zhejiang	0086-571-86519009	0086-571-28937353
		Hangzhou Jiangnan Avenue Branch	Room 1217, Chuangxin Tower, 3850 Jiangnan Avenue, Binjiang District, Hangzhou, Zhejiang	0086-571-86703789	0086-571-86703787
		Hangzhou Xinnanlu Branch	Building C, New Century Plaza, 133 Shixin South Road, Xiaoshan District, Hangzhou, Zhejiang	0086-571-82620841	0086-571-82635797
		Hangzhou Nandajie Branch	5/F, Building 2, Bafangjiezu Tower, 263 South Avenue, Nanyuan Subdistrict, Yuhang District, Hangzhou, Zhejiang	0086-571-86238778	0086-571-86245646
		Hangzhou Shishan Rd. Branch	177 Shishan Road, Yuhang Subdistrict, Yuhang District, Hangzhou, Zhejiang	0086-571-88671260	0086-571-88628170
		Lin'an Qianwangjie Branch	431 Qianwang Street, Jincheng Town, Lin'an, Zhejiang	0086-571-63720468	0086-571-63732536

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Securities (Zhejiang)	Fuyang Yingbinlu Branch	12-8 Yingbin Road, Fuyang, Zhejiang	0086-571-61717888	0086-571-61716033
	CITIC Securities (Zhejiang)	Tonglu Yinchun South Road Branch	6/F, Block B, New Youth Plaza, Yingchun South Road, Tonglu County, Hangzhou, Zhejiang	0086-571-64625071	0086-571-64620952
	CITIC Securities (Zhejiang)	Ningbo Zhongshandonglu Branch	21/F, China Eastern Tower, 796 East Zhongshan Road, Jiangdong District, Ningbo, Zhejiang	0086-574-87719580	0086-574-87719929
	CITIC Securities (Zhejiang)	Ningbo Beilunxindalu Branch	548 Xinda Road, Beilun District, Ningbo, Zhejiang	0086-574-86965931	0086-574-86850129
	CITIC Securities (Zhejiang)	Ningbo Tiantongbeilu Branch	Building B, Hebang Tower, 939 North Tiantong Road, Jinzhou District, Ningbo, Zhejiang	0086-574-88355536	0086-574-88355146
	CITIC Securities (Zhejiang)	Yuyao Nanleilu Branch	10-68 Nanlei Road, Yuyao, Zhejiang	0086-574-62729400	0086-574-62729411
	CITIC Securities (Zhejiang)	Fenghua Qiaodongan Rd. Branch	3/F, 78 Qiaodongan Road, Yuelin Street, Fenghua, Zhejiang Province	0086-574-88861612	0086-574-88854056
	CITIC Securities (Zhejiang)	Cixi Ciyong Road Branch	177-181 Ciyong Road, Cixi, Zhejiang	0086-574-63129910	0086-574-63129913
	CITIC Securities (Zhejiang)	Wenzhou Tangjiaqiao Road Branch	2/F, Building 8, Yindu Garden, Tangjiaqiao Road, Lucheng District, Wenzhou, Zhejiang	0086-577-88107027	0086-577-88107190
	CITIC Securities (Zhejiang)	Yueqing Mingyanglu Branch	138 Mingyang Road, Yuecheng Town, Leqing, Yueqing	0086-577-62596598	0086-577-61600030
	CITIC Securities (Zhejiang)	Jiaxing Jiyanglu Branch	155 Jiyang Road, Jiaxing, Zhejiang	0086-573-82069341	0086-573-82069190
	CITIC Securities (Zhejiang)	Jiaxing Fanggong Road Branch	1301 Fanggong Road, Jiaxing, Zhejiang	0086-573-83180009	0086-573-83180010
	CITIC Securities (Zhejiang)	Zhapuyashan East Road Branch	159 Yashan East Road, Zhapu Port, Jiaxing, Zhejiang	0086-573-85522333	0086-573-85521333
	CITIC Securities (Zhejiang)	Jiashan Jinyangxilu Branch	3/F, Huizhong Tower, 51 West Jinyang Road, Jiashan County, Jiaxing, Zhejiang	0086-573-84233977	0086-573-84236053
	CITIC Securities (Zhejiang)	Haiyan Hebinxilu Branch	Yinyan Tower, 126 West Hebin Road, Wuyuan Town, Haiyan, Zhejiang Province	0086-573-86033570	0086-573-86033570
	CITIC Securities (Zhejiang)	Haining Haichang South Road Branch	1 to 4/F, No. 3 Building, Nanjiao Mansion, 299 Haichang South Road, Haizhou Street, Haining, Zhejiang	0086-573-87047777	0086-573-87033181
	CITIC Securities (Zhejiang)	Pinghu Renmingdonglu Branch	19 East Renmin Road, Danghu Sub-district, Pinghu, Zhejiang	0086-573-85120528	0086-573-85014315
	CITIC Securities (Zhejiang)	Tongxiang North Fuxing Rd. Branch	1/F & 3/F, Jinchang Building, 518 North Fuxing Road, Wutong Sub-district, Tongxiang, Zhejiang Province	0086-573-88138111	0086-573-88138106



## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Securities (Zhejiang)	Huzhou Huanchengxilu Branch	288 West Huangcheng Road, Huzhou, Zhejiang	0086-572-2212008	0086-572-2023021
	CITIC Securities (Zhejiang)	Changxing Jinlingzhonglu Branch	Hunainongken Building, 268 Jinling Middle Road, Changxing County, Huzhou, Zhejiang	0086-572-6025769	0086-572-6043309
	CITIC Securities (Zhejiang)	Shaoxing Yuewangcheng Branch	Block A, Cultural Industry Building, 117 Pianmen Zhi Street, Yuecheng District, Shaoxing, Zhejiang Province	0086-575-88096598	0086-575-88589005
	CITIC Securities (Zhejiang)	Shaoxing Xingyue Road Branch	Units 1201 & 1202, Fortune & Wisdom International Building, 1577 Xingyue Road, Shaoxing County, Shaoxing City, Zhejiang	0086-575-84136719	0086-575-84136728
	CITIC Securities (Zhejiang)	Zhuji Jidong Road Branch	21/F, 22/F & Eastern Portion of 2/F, 68 Jidong Road, Huandong Street, Zhuji, Zhejiang	0086-575-87222907	0086-575-87222203
	CITIC Securities (Zhejiang)	Shangyu Wangchonglu Branch	536 Wangchong Road, Shangyu, Zhejiang	0086-575-82596598	0086-575-81286822
	CITIC Securities (Zhejiang)	Shengzhou Shidaishangwuguangchang Branch	2 Yijing Road, Shengzhou, Zhejiang	0086-575-83000777	0086-575-83000779
	CITIC Securities (Zhejiang)	Jinhua Zhongshanlu Branch	Ocean Tower, 331 Middle Zhongshan Road, Jinhua, Zhejiang	0086-579-82337102	0086-579-82312327
	CITIC Securities (Zhejiang)	Pujiang Hongchangcaifuguangchang Branch	West Wing, Fortune Square, 33 East Renmin Road, Pujiang County, Jinhua, Zhejiang	0086-579-84113222	0086-579-84111672
	CITIC Securities (Zhejiang)	Yiwu Chengzhongzhonglu Branch	88 Middle Chengzhong Road, Yiwu, Zhejiang	0086-579-85561808	0086-579-85561877
	CITIC Securities (Zhejiang)	Dongyang Zhongshanlu Branch	82 Zhongshan Road, Wuning Town, Dongyang, Zhejiang	0086-579-86650188	0086-579-86650156

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Securities (Zhejiang)	Yongkang Jinchenglu Branch	3/F, 193 Ganghai Tower, 29 Jincheng Road, Yongkang, Zhejiang	0086-579-87196598	0086-579-87210782
	CITIC Securities (Zhejiang)	Quzhou Xinqiaojie Branch	2 Xinqiao Street, Quzhou, Zhejiang	0086-570-8596598	0086-570-83000779
	CITIC Securities (Zhejiang)	Taizhou Shifudadao Branch	1 to 3/F, First Time Life Square, 535 Shifu Avenue, Taizhou, Zhejiang Province	0086-576-88896598	0086-576-88612357
	CITIC Securities (Zhejiang)	Linhai Jingjiang Middle Road Branch	3/F, 193 Jingjiang Middle Road, Linhai, Taizhou, Zhejiang	0086-576-85895548	0086-576-85188873
	CITIC Securities (Zhejiang)	Wenling Wanchang Middle Road Branch	1-4/F, Building 1, Jianzhuye Tower, 588 Wanchang Middle Road, Chengdong Sub-district, Wenling, Zhejiang	0086-576-86207119	0086-576-86207160
	CITIC Securities (Zhejiang)	Lishui Showerfulu Branch	445 Showerfu Road, Liandu District, Lishui, Zhejiang	0086-578-2225602	0086-578-2225650
	Kington Securities	Cangnan Longgangdadao Branch	3/F, Building 20, Deya Garden, Longgang Avenue, Longgang Town, Cangnan County, Wenzhou, Zhejiang	0086-577-68625111	0086-577-68625152
	Kington Securities	Tiantai Xianhouxiang Branch	11 Xianhou Lane, Chicheng Sub-district, Tiantai County, Taizhou, Zhejiang	0086-576-83796598	0086-576-83922987
	CITIC Futures	Hangzhou Fengqilu Branch	3/F of Podium, Guoxin Property Mansion, 102 Fengqi Road, Hangzhou, Zhejiang	0086-571-85783892	0086-571-85096756
	CITIC Futures	Hangzhou Yan'an Road Branch	Room 1117, 11/F, Guo Xin Building, 515 Yan'an Road, Xiacheng District, Hangzhou, Zhejiang	0086-571-85060800	0086-571-85069980
	CITIC Futures	Ningbo Yinzhou Branch	Rooms 607, 609-612 and 615-618, Building B, 939 North Tiantong Road, Jinzhou District, Ningbo, Zhejiang	0086-574-82809855	0086-574-82809852
	CITIC Futures	Wenzhou Branch	Room 201, Building 8, Yindu Garden, Tangjiaqiao Road, Lucheng District, Wenzhou, Zhejiang	0086-577-55582952	0086-577-55582955
	CITIC Futures	Shaoxing Branch	Units A603-608, Morden Tower, 276 Zhongxing Road Central, Shaoxing, Zhejiang	0086-575-85099715	0086-575-85220226
	CITIC Futures	Yiwu Branch	6/F, 333-343 North Jiangbin Road, Yiwu, Zhejiang	0086-579-81560977	0086-579-85167000
	CITIC Futures	Wenling Branch	6/F Huitouwang Jiulong Tower, No. 1139 Wanchangzhong Road, Wenling City, Taizhou, Zhejiang	0086-576-86209625	0086-576-86209617
Fujian Province (8 branches)	CITIC Securities (Zhejiang)	Fujian Branch	Suite 803, Sino Plaza, 137 Wusi Road, Gulou District, Fuzhou, Fujian	0086-591-87905701	0086-591-87905702
	CITIC Securities (Zhejiang)	Fuzhou North Lianjiang Rd. Branch	2/F, Dongfangyinzuo, Yuefengyuan, 112 North Lianjiang Road, Jin'an District, Fuzhou, Fujian	0086-591-83796598	0086-591-88302078
	CITIC Securities (Zhejiang)	Xiamen Hubin South Road Branch	Unit 06, 10/F, Erqing Mansion, 339 Hubin South Road, Siming District, Xiamen, Fujian	0086-592-6885548	0086-592-6808305

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Securities (Zhejiang)	Xiamen Canglin Rd. Branch	3/F, Hongsheng Building, 119 Canglin Road, Haicang District, Xiamen, Fujian	0086-592-2196598	0086-592-5695273
	CITIC Securities (Zhejiang)	Quanzhou Baozhou Road Branch	A2425, 2426 & 2427, Tower A, SOHO Office Building, No. 3 Building, Quanzhou Puxi Wanda Plaza Commercial Complex on the south side of Baozhou Road (middle section), Fengze District, Quanzhou, Fujian	0086-595-28891801	0086-595-28291801
	CITIC Securities (Zhejiang)	Quanzhou Anjilu Branch	1/F and 5/F, Traffic Administration Building, 28 Anji Road, Luojiang District, Quanzhou, Fujian Province	0086-595-28996598	0086-595-28291838
	CITIC Securities (Zhejiang)	Sanming Xinshi Road Central Branch	2/F, Xuming Hotel, 127 Xinshi Road Central, Sanyuan district, Sanming, Fujian	0086-598-5180616	0086-598-5180617
	CITIC Futures	Xiamen Branch	Unit 06, 5/F., Erqing Building, 334 Hubinnan Road, Siming District, Xiamen, Fujian	0086-592-5893708	0086-592-5893708
Anhui Provinces (3 branches)	CITIC Securities	Hefei Suixi Road Branch	1/F, block A, Jinding Plaza, 287 Suixi Road, Luyang District, Hefei, Anhui	0086-551-65662888	0086-551-65662880
	CITIC Securities	Wuhu Xinshidaishangyejie Branch	No 155, Building 15, New Era Commercial Street, Yijiang District, Wuhu, Anhui	0086-553-5955959	0086-553-5955959
	CITIC Futures	Wuhu Branch	Suite 2101, Taixin Business Center, Yijiang District, Wuhu, Anhui	0086-553-5672180	0086-553-5672189
Jiangxi Province (10 branches)	CITIC Securities (Zhejiang)	Jiangxi branch	Room 04, 05, 06, 26/F, Liangfa Plaza, 129 Luyin Road, Honggutan New District, Nanchang, Jiangxi Province	0086-791-86396222	0086-791-83971521
	CITIC Securities (Zhejiang)	Nanchang Honggu Avenue Central Branch	Units 409 & 410, Grade A Office Building, B Zone, Central Plaza, Honggutan New District, Nanchang, Jiangxi	0086-791-88696598	0086-791-88532901
	CITIC Securities (Zhejiang)	Nanchang Xianshiyilu Branch	39 Xianshi No. 1 Road, Nanchang, Jiangxi	0086-791-86396122	0086-791-86396149
	CITIC Securities (Zhejiang)	Jingdezhen Changnan Ave. Branch	1/F, Chengshi Mingdu, 28 Changnan Avenue, Jingdezhen, Jiangxi	0086-798-2182098	0086-798-2182096
	CITIC Securities (Zhejiang)	Ganzhou Changzhengdadao Branch	2/F, West Building, Zhongting Square, 17 Changzheng Avenue, Ganzhou, Jiangxi	0086-797-8456588	0086-797-8456577
	CITIC Securities (Zhejiang)	Yichun Gaoshilu Branch	2/F, Yintai Tower, 91 Gaoshi Road, Yichun, Jiangxi	0086-795-2178888	0086-795-2178002
	CITIC Securities (Zhejiang)	Shangrao County Qiliu Road Branch	12 Qiliu Road, Shangrao County, Shangrao, Jiangxi	0086-793-6091168	0086-793-8259633
	CITIC Securities (Zhejiang)	Shangrao County Xinyang Road Branch	Sub-1, 10 Xinyang Road, Shangrao, Jiangxi	0086-793-6176888	0086-793-6091051
	CITIC Securities (Zhejiang)	Jiujiang Changhong Avenue Branch	5/F, Block B, 276 Changhong Avenue, Lushan District, Jiujiang, Jiangxi	0086-792-3908258	0086-792-3908266
	CITIC Futures	Nanchang Branch	Unit 603, Honggu Kaixuan Commercial and Office Composite Building, Honggutan New District, Nanchang, Jiangxi	0086-791-83960731	0086-791-83960755

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Shandong Province (56 branches)	CITIC Securities (Shandong)	Jinan Shandalu Branch	144 Shanda Road, Licheng District, Jinan, Shandong	0086-531-88199777	0086-531-88199777
	CITIC Securities (Shandong)	Jinan Yangguang New Road Branch	Room 1-104, 41 Yangguang New Road, Shizhong District, Jinan, Shandong	0086-531-82982188	0086-531-82982188
	CITIC Securities (Shandong)	Qingdao Headquarters Branch	Room 2001, Building No. 1, 222 Shenzhen Road, Laoshan District, Qingdao, Shandong	0086-532-85023606	0086-532-85022605
	CITIC Securities (Shandong)	Qingdao Yan'erdao Road Branch	Room 2, Block C1, 17 Yan'erdao Road, Shinan District, Qingdao, Shandong	0086-532-85883058	0086-532-85022363
	CITIC Securities (Shandong)	Qingdao Dengzhou Road Branch	21 Dengzhou Road, Shibe District, Qingdao, Shandong	0086-532-82723927	0086-532-82720257
	CITIC Securities (Shandong)	Qingdao Zhongshan Road Branch	1/F, Qingdao Yuexikelai Shopping Mall, 67 Zhongshan Road, Shinan District, Qingdao, Shandong	0086-532-82826311	0086-532-82826311
	CITIC Securities (Shandong)	Qingdao Jinsong No. 7 Road Branch	1-2/F, 16-25 Liaoyangdong Road, Laoshan District, Qingdao, Shandong	0086-532-83932558	0086-532-83932199
	CITIC Securities (Shandong)	Qingdao Maidao Road Branch	Room 63, 33 Haikou Road, Laoshan District, Qingdao, Shandong	0086-532-82825907	0086-532-82849968
	CITIC Securities (Shandong)	Qingdao Donghaixilu Branch	28 West Donghai Road, Shinan District, Qingdao, Shandong	0086-532-85022334	0086-532-85022804
	CITIC Securities (Shandong)	Qingdao Nanjinglu Branch	9 Nanjing Road, Shinan District, Qingdao, Shandong	0086-532-85753218	0086-532-85753212
	CITIC Securities (Shandong)	Qingdao Xianggangzhonglu Branch	Room 622, Block B, 6 Middle Xianggang Road, Shinan District, Qingdao, Shandong	0086-532-82020579	0086-532-82020577
	CITIC Securities (Shandong)	Qingdao Biaoshanlu Branch	36 Biaoshan Road, Shibe District, Qingdao, Shandong	0086-532-83627850	0086-532-83627850
	CITIC Securities (Shandong)	Qingdao Shandonglu Branch	Rooms 1 and 2, 1/F, 111 Shandong Road, Shibe District, Qingdao, Shandong	0086-532-80829689	0086-532-80829689
	CITIC Securities (Shandong)	Qingdao Weihai Road Branch	96 Weihai Road, Shibe District, Qingdao, Shandong	0086-532-83086300	0086-532-83086300
	CITIC Securities (Shandong)	Qingdao Jiadinglu Branch	7 Jiading Road, Sifang District, Qingdao, Shandong	0086-532-83768070	0086-532-83714299
	CITIC Securities (Shandong)	Qingdao Shenzhenlu Branch	19/F, Block A, Qingdao International Financial Plaza, 222 Shenzhen Road, Laoshan District, Qingdao, Shandong	0086-532-88967778	0086-532-88967778
	CITIC Securities (Shandong)	Qingdao Licang Shuyuan Road Branch	123-1 Shuyuan Road, Licang District, Qingdao, Shandong	0086-532-68078978	0086-532-68078978
	CITIC Securities (Shandong)	Qingdao Chengyang Chun Chenglu Branch	502, 502-1 Chun Cheng Road, Chengyang District Qingdao, Shandong	0086-532-68958722	0086-532-80960085

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Securities (Shandong)	Qingdao Jingjijishukaifaqujinggangshanlu Branch	638 Jinggangshan Road, Economic and Technological Development Zone, Qingdao, Shandong	0086-532-86887673	0086-532-86887033
	CITIC Securities (Shandong)	Qingdao Jiaozhou Huzhoulu Branch	252 Huzhou Road, Jiaozhou, Shandong	0086-532-87206889	0086-532-87206889
	CITIC Securities (Shandong)	Qingdao Jimo Lan'ao Road Branch	10/F, Dexin Building, 788 Lan'ao Road, Jimo, Shandong	0086-532-88510697	0086-532-88551828
	CITIC Securities (Shandong)	Qingdao Pingdu Renminlu Branch	137 Renming Road, Pingdu, Shandong	0086-532-88330899	0086-532-87369973
	CITIC Securities (Shandong)	Huangdao Shiqiaolu Branch	Zhuhai Subdistrict Office, 16 Shiqiao Road, Zhuhai Road, Jiaonan, Qingdao, Shandong	0086-532-82196577	0086-532-86170983
	CITIC Securities (Shandong)	Qingdao Laixi Qingdaolu Branch	118-7 Qingdao Road, Shuiji Subdistrict Office, Laixi, Shandong	0086-532-83433777	0086-532-83433777
	CITIC Securities (Shandong)	Zibo Liuquanlu Branch	4/F, Building No.2, No.3, 45A Liuquan Road, Zhangdian District, Zibo, Shandong	0086-533-2185550	0086-533-2185301
	CITIC Securities (Shandong)	Zibo Meishijie Branch	13 Meishi Street, Zhangdian District, Zibo, Shandong	0086-533-2178600	0086-533-2178600
	CITIC Securities (Shandong)	Zibo Yiyuan Jiankang Road Branch	Rooms 103 and 203, 1/F & 2/F, No.3 Building 008, Reconstruction Project of Nanmayi Village, Northwest Jiankang Road, Yiyuan County, Zibo, Shandong	0086-533-3227899	0086-533-3221299
	CITIC Securities (Shandong)	Zaozhuang Wenhuazhonglu Branch	77 Wenhua Middle Road, Shizhong District, Zaozhuang, Shandong	0086-632-8999888	0086-632-8999900
	CITIC Securities (Shandong)	Dongying Beiyilu Branch	1022 Beiji Road, Dongying District, Dongying, Shandong	0086-546-8276167	0086-546-8276167
	CITIC Securities (Shandong)	Yantai Nandajie Branch	118 South Avenue, Zhifu District, Yantai, Shandong	0086-535-6683819	0086-535-6683819
	CITIC Securities (Shandong)	Laizhou Wenhua Donglu Branch	628 Wenhua East Road, Laizhou, Shandong	0086-535-2275316	0086-535-2275310
	CITIC Securities (Shandong)	Yantai Longkou Shiyuanlu Branch	189 Shiyuan Road, Longkou, Shandong	0086-535-8577999	0086-535-8577993
	CITIC Securities (Shandong)	Weifang Sipinglu Branch	33A Siping Road, Kuiwen District, Weifang, Shandong	0086-536-8222257	0086-536-8222257
	CITIC Securities (Shandong)	Weifang Anqiu Xiangyanglu Branch	285 Xiangyang Road West, Anqiu, Shandong Province	0086-536-4296578	0086-536-4296698
	CITIC Securities (Shandong)	Weifang Changyi Beihailu Branch	1/F of CCB, 169 Beihai Road, Changyi, Shandong Province	0086-536-7796577	0086-536-7796577
	CITIC Securities (Shandong)	Weifang Yuanfei Road Branch	07, Building 3, 1078 Yuanfei Road, Kuiwen District, Weifang, Shandong	0086-536-2108118	0086-536-2108166
	CITIC Securities (Shandong)	Weifang Jinma Road Branch	Shop B-4, Commercial and Residential Building of Block AB, Section A, Shijiamingyuan, South of Dongfengdong Street and East of Jinma Road, High and New Technology Development Area, Weifang, Shandong	0086-536-8780096	0086-536-8780096

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Securities (Shandong)	Jining Wutaizha Road Branch	Street Outlet, Sunshine City Garden, Wutaizha Road, High and New Technology Development Area, Jining, Shandong	0086-537-2281777	0086-537-2221555
	CITIC Securities (Shandong)	Jining Zoucheng Taipingdonglu Branch	North Tower of BOC Tower, 51 Taiping East Road, Zoucheng, Jining, Shandong	0086-537-5306567	0086-537-5296577
	CITIC Securities (Shandong)	Tai'an Changchenglu Branch	Tian Long International Building, 96 Changcheng Road, Daiyue District, Tai'an, Shandong	0086-538-8288801	0086-538-8288801
	CITIC Securities (Shandong)	Weihai Qingdaobeilu Branch	5/F, CITIC Building, 2 North Qingdao Road, Huancui District, Weihai, Shandong	0086-631-5196577	0086-631-5190615
	CITIC Securities (Shandong)	Weihai Rongcheng Chengshandadao Branch	Building 88, Chengshan Avenue (Middle Section), Rongcheng, Shandong	0086-631-7697111	0086-631-7697118
	CITIC Securities (Shandong)	Rizhao Beijinglu Branch	218 Beijing Road, Rizhao, Shandong	0086-633-8775567	0086-633-8775567
	CITIC Securities (Shandong)	Laiwu Huayuan North Road Branch	98 Huayuan North Road, Laiwu, Shandong Province	0086-634-8196577	0086-634-8196599
	CITIC Securities (Shandong)	Linyi Jinqushanlu Branch	10/F, Block A, Kaiyuanshangcheng International, 10 Jinqushan Road, Lanshan District, Linyi, Shandong	0086-539-8321805	0086-539-8321805
	CITIC Securities (Shandong)	Dezhou Hubinzhongdadao Branch	10/F & 11/F, Huangming Culture Building, 909 Middle Hubinzhong Avenue, Decheng District, Dezhou, Shandong Province	0086-534-2650588	0086-534-2651298
	CITIC Securities (Shandong)	Dezhou Yucheng Xingzheng Street Branch	111 City Garden, Xingzheng Street, Yucheng, Shandong	0086-534-2651299	0086-534-2651299
	CITIC Securities (Shandong)	Liaocheng Dongchangdonglu Branch	40-3 East Dongchang Road, Liaocheng, Shandong	0086-635-8203302	0086-635-2995606
	CITIC Securities (Shandong)	Binzhou Huangheerlu Branch	694 Huanghe No. 2 Road, Binzhou, Shandong Province	0086-543-3318128	0086-543-3318128
	CITIC Securities (Shandong)	Binzhou Huanghewulu Branch	537 Huanghe No. 5 Road, Binzhou, Shandong Province	0086-543-3319761	0086-543-3315618
	CITIC Securities (Shandong)	Zhouping Daixisanlu Branch Branch	437 Daixi No. 3 Road, Zouping County, Binzhou, Shandong	0086-543-4327298	0086-543-4327405
	CITIC Securities (Shandong)	Heze Zhongshanlu Branch	Rooms 01008-02008, Building 3, Minrenju Community, Zhongshan Road, Heze, Shandong	0086-530-5596577	0086-530-5696577
	CITIC Securities (Shandong)	Tengzhou Xinxing North Road Branch	73-1-2 Xinxing North Road, Tengzhou, Shandong	0086-632-5085977	0086-632-5085877
	CITIC Futures	Jinan Branch	Rooms 502 and 512, 5/F, Block A, CITIC Plaza, 150 Luoyuan Avenue, Lixia District, Jinan, Shandong	0086-531-55705056	0086-531-55705033
	CITIC Futures	Qingdao Branch	Room 105, Building B, World Trade Center, 6 Middle Xianggang Road, Shinan District, Qingdao, Shandong	0086-532-85917806	0086-532-85917780

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Henan Province (7 branches)	CITIC Futures	Zibo Branch	5/F, No. A1, 12 West Renmin Road, Zhangdian District, Zibo, Shandong	0086-533-2312219	0086-533-2306117
	CITIC Securities (Shandong)	Henan Branch	16/F, 1 Shangwu Inner Ring Road, Zhengdong New Area, Zhengzhou, Henan Province	0086-371-55623175	0086-371-55623196
	CITIC Securities (Shandong)	Zhengzhou Shangwunehuanlu Branch	16/F, 1 Shangwu Inner Ring Road, Zhengdong New Area, Zhengzhou, Henan Province	0086-371-55623175	0086-371-55623196
	CITIC Securities (Shandong)	Zhengzhou Weiwu Road Branch	16 Weiwu Road, Jinshui District, Zhengzhou, Henan Province	0086-371-61713899	0086-371-61713799
	CITIC Securities (Shandong)	Luoyang Jiududonglu Branch	Eight units (including room 101) in Building 2, 313 East Jiudu Road, Laocheng District, Luoyang, Henan	0086-379-63535698	0086-379-63535699
	CITIC Securities (Shandong)	Nanyang Renminbeilu Branch	2/F, Nanyang Sanshege Trading Co., Ltd., 188 North Renmin Road, Nanyang, Henan	0086-377-63295548	0086-377-61619995
	CITIC Futures	Zhengzhou Branch	Rooms 1605 and 1610, Weilai Twoer, 69 Weilai Road, Jinshui District, Zhengzhou, Henan	0086-371-69102159	0086-371-65613348
Hubei Province (7 branches)	CITIC Futures	Jiaozuo Branch	Units 1707 and 1708, Hua Rong International Mansion, 1028 Tanan Road, Shanyang District, Jiaozuo, Henan	0086-391-8821506	0086-391-8821506
	CITIC Securities	Hubei Branch	16/F, CITIC Building, 747 Jianshe Avenue, Jiangnan District, Wuhan, Hubei	0086-27-85355300	0086-27-85355210
	CITIC Securities	Wuhan Jianshe Blvd. Branch	CITIC Tower, 747 Jianshe Blvd, Wuhan, Hubei	0086-27-85355310	0086-27-85355323
	CITIC Securities	Wuhan Xudongdajie Branch	7/F, Guodian Building, 113 Xudong Road, Hongshan District, Wuhan, Hubei	0086-27-88108300	0086-27-88108300
	CITIC Securities	Wuhan Guanshan Avenue Branch	1/F, Training Apartment, Main Campus, Huazhong University of Science and Technology, Hongshan District, Wuhan, Hubei	0086-27-87550829	0086-27-87550829
	CITIC Securities (Shandong)	Wuhan Dongfeng Avenue Branch	Room 101, Building 1, Block E, Donghe Center, Dongfeng No. 3 Road, Economic and Technology Development Area, Wuhan, Hubei	0086-27-84586966	0086-27-84586966
	CITIC Securities	Xiangyang Jiefang Road Branch	Kaifang Plaza, Special 1, Paopu Street, Jiefang Road, Fancheng District, Xiangyang, Hubei	0086-710-3442123	0086-710-3447123
	CITIC Futures	Wuhan Branch	Unit 1602-E, 16/F, Wuhan Poly Plaza, 99 Zhongnan Road, Wuchang District, Wuhan, Hubei	0086-27-87115288	0086-27-87115288

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Hunan Province (2 branches)	CITIC Securities	Changsha Furong Road Branch	2/F, Dingwang Mansion, 388 Furong Middle Road, Dingwangtai Subdistrict Office, Furong District, Changsha, Hunan	0086-731-85175358	0086-731-85361538
	CITIC Futures	Changsha Branch	Room 1726, Dingwang Mansion, 388 Furong Middle Road, Dingwangtai Subdistrict Office, Furong District, Changsha, Hunan	0086-731-88196662	0086-731-88196670
Guangdong Province (18 branches)	CITIC Securities	Guangdong Branch	37/F, Poly Center, 5 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong	0086-20-66609909	0086-20-66609961
	CITIC Securities	Guangzhou Linjiangdadao Branch	1/F & 11/F, Poly Center, 5 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong	0086-20-38983500	0086-20-38999500
	CITIC Securities	Guangzhou Panyu Guanghuananlu Branch	Units C103 and C201, Dong Han Yuan, 71 Guanghua South Road, Shiji Town, Panyu District, Guangzhou, Guangdong	0086-20-23882021	0086-20-23882010
	CITIC Securities	Shenzhen Headquarters Branch	12/F, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong	0086-755-23911655	0086-755-23911655
	CITIC Securities	Shenzhen Shennan Blvd Branch	19F Hailun Complex, 6021 Shennan Blvd, Futian District, Shenzhen, Guangdong	0086-755-83459949	0086-755-83459951
	CITIC Securities	Shenzhen Shennan Road Central CITIC Tower Branch	9/F, CITIC Tower, 1093 Shennan Road Central, Futian District, Shenzhen, Guangdong	0086-755-25986277	0086-755-25986563
	CITIC Securities	Shenzhen Longgang Huangge Road Branch	Units B401-F19, Factory No. 3, Ti'an Digital Innovation Park, 441 Huangge Road, Central, Longcheng Street, Longgang District, Shenzhen, Guangdong	0086-755-89377033	0086-755-89377633
	CITIC Securities	Shenzhen Qianhai Branch	Room 1717, Main Tower, Haiyun Center, Linhai Avenue, Nanshan District, Shenzhen, Guangdong	0086-755-82386168	0086-755-82382868
	CITIC Securities	Shenzhen Wanghai Road Branch	1/F & 2/F, Building 2, China Merchants Plaza, 1168 Wanghai Road, Shekou Subdistrict Office, Nanshan District, Shenzhen, Guangdong	0086-755-26028485	0086-755-26029520
CITIC Securities	Shenzhen Science Park Keyuan Road Branch	Lobby, 1/F, Block A, Financial Technology Building, 11 Keyuan Road, Nanshan District, Shenzhen, Guangdong	0086-755-83932616	0086-755-83932616	



## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
	CITIC Securities	Shantou Haibinlu Branch	West of Room 304, Haianningzhujuntong, 28 Haibin Road, Jinping District, Shantou, Guangdong	0086-754-88953899	0086-754-88951618
	CITIC Securities	Foshan Jihua Fifth Rd. Branch	3/F, Jinhai Plaza, No.21 Jihua Fifth Road, Foshan, Guangdong	0086-757-83283909	0086-757-83283930
	CITIC Securities	Huizhou Maidi East Road Branch	1-2/F, Building A1, A2, Luh Xincun, 8 Maidi East Road, Huizhou, Guangdong Province	0086-752-2889636	0086-752-2889637
	CITIC Securities	Dongguan Hongfu Road Branch	12/F Central Fortune Plaza, 92 Hongfu Road, Nancheng District, Dongguan, Guangdong	0086-769-23010697	0086-769-22361610
	CITIC Securities	Zhongshan Zhongshan 4th Road Branch	4/F, Block 2, Dixing Building, 82 Zhongshan 4th Road, Dong District, Zhongshan, Guangdong	0086-760-88889700	0086-760-88889705
	CITIC Securities	Jieyang Huanshi North Road Branch	Units A2112-A2114, Honghe Building, Huanshi North Road, Dongshan Sub-district, Rongcheng District, Jieyang, Guangdong	0086-663-8391010	0086-663-8391009
	CITIC Futures	Guangzhou Branch	3/F, 344 Changdi Avenue, Yuxiu District, Guangzhou, Guangdong	0086-20-81860157	0086-20-81862376
	CITIC Futures	Shenzhen Branch	Rooms 15C-15D, Tianmian City Tower, North-east Junction of Huanggang Road and Shennan Road Central, Futian District, Shenzhen, Guangdong	0086-755-83217470	0086-755-83210814
Guangxi Zhuang Autonomous Region (3 branches)	CITIC Securities	Nanning Keyuandadao Branch	52-1 Keyuan Avenue, High and New-tech Zone, Nanning, Guangxi Zhuang Autonomous Region	0086-771-2539005	0086-771-2539039
	CITIC Futures	Nanning Branch	Zone A, 10/F, Guangxi International Finance and Trade Center, 38 Shuangyong Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region	0086-771-5828417	0086-771-5828449
	CITIC Futures	Liuzhou Branch	Room A0806, 8/F, Block A, Jiayi Fortune Building, 10 Chenghua Road, Liuzhou, Guangxi Zhuang Autonomous Region	0086-772-3015658	0086-772-3010656
Yunnan Province (2 branches)	CITIC Securities	Kunming Huancheng West Road Branch	11/F, Tower B, Huahai Xingjingjie Building, 368 Huanchengxi Road, Xishan District, Kunming, Yunnan	0086-871-68318852	0086-871-68583323
	CITIC Futures	Kunming Branch	Rooms 2202 and 2203, 22/F, Diangao Commercial Building, Junction of Bailong Road and Huancheng East Road, Panlong District, Kunming, Yunnan	0086-871-63343660	0086-871-63355660

## APPENDIX 4: LIST OF DOMESTIC AND OVERSEAS BRANCHES

Area	Company Names	Branch Names	Address	Telephone	Facsimile
Sichuan Province (3 branches)	CITIC Securities	Chengdu Yulinbeijie Branch	3 Yulin North Street, Chengdu, Sichuan	0086-28-85568181	0086-28-85560026
	CITIC Securities	Deyang Ermeishan South Road Branch	1-1-1, Building A, East of Ermeishan South Road, Deyang, Sichuan	0086-838-2587628	0086-838-2587628
	CITIC Futures	Chengdu Branch	Unit 9, 26/F, Building No. 4, 666 Jincheng Avenue, Gaoxin District, Chengdu, Sichuan	0086-28-85132083	0086-28-85132509
Chongqing City (2 branches)	CITIC Securities	Chongqing Honghu East Road Branch	Units 2-8, Building No. 3, 11 Honghu East Road, Yubei District, Chongqing	0086-23-63025490	0086-23-63025490
	CITIC Futures	Chongqing Branch	Units 17-2 and 17-3, Building No.2, 2 Qiaobeiyuan, Jiangbei District, Chongqing	0086-23-88798072	0086-23-88798069
Hainan Province (2 branches)	CITIC Securities	Haikou Guoxingdadao Branch	Building B, East Section, Shengdajingdu, 61 Guoxing Avenue, Meilan District, Haikou, Hainan	0086-898-65308692	0086-898-65308692
	CITIC Futures	Haikou Branch	4/F, Jinshan Plaza, 6 Jinmao West Road, Longhua District, Haikou, Hainan	0086-898-68515855	0086-898-68515855
Guizhou Province (1 branch)	CITIC Futures	Guiyang Branch	Units 5, 6 and 7, 31/F, Unit 1, Block 7, Section E, Garden Project, 1 Huaguoyuan Street, Nanming District, Guiyang, Guizhou	0086-851-8581612	0086-851-5912493
Hong Kong SAR (4 branches)	CSI	CITIC Securities Brokerage (HK) Central Branch	4/F, the Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong	0086-852-22378998	0086-852-21406093
	CSI	CITIC Securities Futures (HK) Central Branch			
	CSI	CITIC Securities Brokerage (HK) Mongkok Branch	16/F Hang Seng Mongkok Building, 677 Nathan Road, Mong Kok, Kowloon	0086-852-22379309	0086-852-22168388
	CSI	CITIC Securities Futures (HK) Mongkok Branch			
	CSI	CITIC Securities Brokerage (HK) North Point Branch	Room 805 to 806, 8/F, Olympia Plaza, 255 King's Road, North Point, Hong Kong	0086-852-22168383	0086-852-28778630
	CSI	CITIC Securities Futures (HK) North Point Branch			
	CSI	CITIC Securities Brokerage (HK) Yuen Long Branch	10/F, Hang Seng Yuen Long Building, 91-93 Castle Peak Road, Yuen Long, New Territories	0086-852-35511888	0086-852-24753318
	CSI	CITIC Securities Futures (HK) Yuen Long Branch			

Note: Between January and March 2015, the CITIC Securities Guangzhou Huacheng Square Branch (906B and 906C, Guangsheng International Building, Huacheng Square, No.17 Zhujiang West Road, Tianhe District, Guangzhou, Guangdong) and the CITIC Securities Xi'an Weiyang Road Branch (Room 1006, Unit 1, Building 1, Jingfa International Building, No.132 Weiyang Road, Economic and Technological Development Zone, Xi'an, Shannxi) were newly established.



**中信证券股份有限公司**  
**CITIC SECURITIES CO.,LTD.**



[www.cs.ecitic.com](http://www.cs.ecitic.com)